HOUSE OF COMMONS DEBATES

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HOUSE OF COMMONS

Friday, November 21, 1986

The House met at 11 a.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

OFFICIAL LANGUAGES

ADOPTION OF ACT ASSURING ACCESS TO SERVICES IN FRENCH IN ONTARIO

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, Ontario Francophones had cause to rejoice this week, when Bill 8, which provides for access to French language services, was passed by the Ontario legislature and received royal assent. I would like to congratulate Premier Peterson's Liberal Government, which in making this historic gesture has advanced the cause of minority language rights in Canada.

Providing services in their own language for half a million Ontario citizens and potential access for six million Quebecers or other Francophones is no mean feat. To us, French-speaking Ontarians, Bill 8 also reflects the provincial Government's goodwill and thus augurs well for future constitutional negotiations.

I would like to emphasize that the position of the Liberal Party of Canada in these negotiations is to invite the Government of Ontario to adopt Sections 16 and 20 of the Canadian Charter of Rights and Freedoms and thus recognize in the Constitution the right of all French-speaking Canadians to use their mother tongue in Ontario.

* * *

[*English*]

AGRICULTURE

QUALITY OF WHEAT CROP AFFECTED BY RAIN

Mr. Gordon Taylor (Bow River): Mr. Speaker, Canada needs some basic reforms if we are go keep our farmers on the land. Young and middle-aged farmers are frustrated and worried about their future. Here is just one example and there are hundreds more just the same.

A third generation farmer has just completed his books for the year 1986. He had had the second largest crop in the history of the farm, which his grandfather and his father had farmed before him. Even though the price of wheat was below the cost of production, he was buoyant and happy until the crop was swathed, and then hope and cheer diminished daily as the rains came and continued day after day. Finally, when the threshing was done, instead of number one wheat all he had was feed valued at about $2 a bushel. "I didn't even break even, and what am I going to do for groceries for another year, and what about the clothes and books for the kids?" What, indeed? Surely when we can put a man on the moon we can provide ways and means to keep our farmers on the land.

* * *

• (1105)

HARBOURS AND PORTS

NANAIMO HARBOUR COMMISSION—CALL FOR INVESTIGATION

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, political patronage is undermining the smooth operation of the five-member Nanaimo Harbour Commission. The three federally appointed members have been calling for the resignation of the locally appointed commissioner who is also chairman. In turn, the chairman has been calling for an independent investigation of the commission but this has been refused by the Minister of Transport (Mr. Crosbie).

The Hon. Member for Nanaimo—Alberni (Mr. Schellenberg) claims that the Commission is an autonomous body which must solve its own problems, this in spite of the fact that a majority of its members are federal patronage appointments, including Doug McBride, the Hon. Member's former campaign manager. McBride and the other federal appointees diverted $8,000 from the Harbour Commission to a job seminar sponsored by the Hon. Member. Whatever the merits of the seminar, this does not seem to be the best use of Nanaimo Harbour funds.

The Minister of Transport has an obligation to investigate the Commission so that it can quit playing politics and get back to its basic job of running the harbour.

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NORTHERN AFFAIRS

HUNTING AND TRAPPING—ECONOMIC EFFECTS OF VIGILANTE TACTICS

Mr. Thomas Suluk (Nunatsiaq): Mr. Speaker, I am gravely concerned, along with a constituent of mine, Mr. Frank May of Arctic Bay on North Baffin Island, over the sinking of the

two Icelandic whaling ships in Reykjavik harbour, Iceland. It is imperative that we show that Canada does not approve of or support vigilante tactics of this nature. The basis of the northern economy, the fur trade, has suffered from the vigilante action of similar organizations in destroying people's livelihood.

Sealing and trapping of fur-bearing animals used to provide income, however meagre, for at least 50 per cent of the population. Now less than 10 per cent do any trapping at all. This has resulted in chronic unemployment and inactivity, with disastrous social and cultural consequences. With the pull-out of oil and gas exploration from the Beaufort Sea and closings in the mining sector, the North has been economically bombarded from all sides.

I call on the Ministers who are part of the action force on Arctic initiatives to take swift and immediate action to correct this grave injustice which was created in part by these vigilante groups.

* * *

TARIFFS

REMOVAL OF BOOK TARIFF ADVOCATED

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, a high percentage of Canadians are illiterate. They have the right to learn to read in order to be able to participate in the Canadian process and be more effective in the market-place. We are concerned about their right to read and write efficiently and effectively. We are also concerned about their right to read, when they can and if they wish, books of their own choice regardless of the author and regardless of the country of origin. It is for that reason that Canadians are very angry about the improper tax on books put in place by the Government.

The Mulroney Government imposed a 10 per cent tariff on certain types of books. It is the wrong target, it is discriminatory, it has free trade implications, and is going to bring about job losses. It will cost the consumer more to buy books. It is a disincentive to reading, and I encourage the Minister of Finance (Mr. Wilson) to remove this repressive tax.

* * *

APARTHEID

SOUTH AFRICA—WITHDRAWAL BY BATA SHOE COMPANY

Mr. Bob Hicks (Scarborough East): Mr. Speaker, as reported in today's *Globe and Mail*, one of the world's largest shoe-makers, Canadian-based Bata Shoe Company, has announced that it is selling its entire operations in South Africa to non-Canadian, non-South African buyers. This voluntary action flies in the face of a recent statement in the House by the Hon. Member for Nickel Belt (Mr. Rodriguez) who said: "Voluntary guidelines regarding investment in South Africa are not working".

• (1110)

This action by the Bata Shoe Company is the latest move by a prominent Canadian company to pull out of South Africa in protest against that Government's policy of apartheid. Last month Dominion Textile Incorporated of Montreal announced that it was selling its 50 per cent interest in a South African-based textile company. I congratulate the Bata officials on this decision, and trust that other Canadian companies still doing business in South Africa will follow Bata's example.

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PHARMACEUTICAL INDUSTRY

OPPOSITION TO PASSAGE OF AMENDING LEGISLATION

Mr. Neil Young (Beaches): Mr. Speaker, I am sure Members in the House will be interested to know that my office and other Members' offices are being deluged by letters from Canadians who are concerned about what the Government is proposing to do to pharmaceutical drugs. To bring the Government into the real world, I am sure it would like to hear what some of these people are saying.

One of them said: "I would like to add my name to the list of supporters against the drug Bill being passed by Conservatives. I have many health problems and I find the regular price of medication is beyond our reach. The arthritic medication is out-priced and at times I have to go without because I can't afford it". Another person writes: "I strongly protest because I know what it costs my husband a year to buy the heart medication he is on, and what it will cost if the medication doubles or triples in price. It takes away a good lump sum of our yearly earnings. It does not serve a purpose to hit the low-income people in the pocketbook through such a vital element to life as health".

I could not agree with these people more. That is why we are in total opposition to what the Government is trying to do to the health care needs of Canadians.

* * *

WELFARE

NEED FOR EXISTENCE OF FOOD BANKS CONDEMNED

Mr. John Nunziata (York South—Weston): Mr. Speaker, poverty in Canada is a national tragedy. There are 3.9 million Canadians living below the poverty line. That is almost 16 per cent of our population. There are 1.2 million children in Canada being raised in families which are living below the

poverty line. The Government is not doing enough for the poor in Canada.

The fact that so many of our fellow Canadians live in poverty suggests very strongly that there is a problem with our social welfare system. Instead of helping those in need, the Government has chosen to help its affluent and rich friends on Bay Street and elsewhere.

The Conservative Government and the wife of the Prime Minister (Mr. Mulroney) take pride in opening food banks. However, we in the Liberal Opposition will not rest until every last damn food bank in Canada is closed. I call upon the Government to take immediate action to assist the millions of Canadians living in poverty.

* * *

AGRICULTURE

CANOLA—DROP IN PRICE PAID TO GROWERS

Mr. Jack Scowen (Mackenzie): Mr. Speaker, the Saskatchewan Canola Growers Association is very concerned with the downgrading of rates paid to growers by the companies. There seems to be a slightly higher chlorophyl content in the current crop as compared to last year's. It would appear that companies buying the seed are taking advantage of the producer to the tune of from $22 to $35 per tonne, and even more if the elevator agent buys the seed as No. 3.

Last year 57 per cent of the crop was bought as No. 1 seed while 75 per cent was loaded in Vancouver as No. 1 seed. That is a substantial loss to the producer. The grading system has not been perfected in canola purchases. The buyer simply puts 100 seeds in a receptacle and rolls the seed. The grade is established by what he thinks is green. The Canadian Grain Commission also grades, but this is time consuming.

The Canadian Grain Commission should make a policy whereby agents—

Mr. Speaker: I regret that the Hon. Member's time has expired.

* * *

HUMAN RIGHTS

PERSECUTION OF BAHA'I COMMUNITY IN IRAN

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, the Baha'i community of Canada has thanked successive Canadian Governments and successive Canadian Parliaments for the concern, interest, and leadership displayed in bringing to public attenion the tragic situation of the Baha'i community in Iran.

• (1115)

Repression, executions, torture, imprisonment, arbitrary arrest and arbitrary deprivation of property continue in Iran. This arises because of the failure of the Iranian constitution to recognize Baha'is as persons, instead labelling them as unclean infidels.

The House and all Canadians must call for the inclusion of rights for all persons in Iran in the constitution of that country.

* * *

HUMAN RIGHTS

U.S.S.R.—CHILD ALLOWED TO JOIN PARENTS OUTSIDE COUNTRY

Mr. Andrew Witer (Parkdale—High Park): Mr. Speaker, some eight months ago I stood in the House to bring to your attention the case of Kaisa Randpere.

Kaisa, who is now three years old, was being held hostage by Soviet authorities who refused permission for the child to join her parents in the West.

The world community reacted to this inhumane separation of parents and child by mounting a campaign to free Kaisa. The letter-writing campaign played an important role in bringing to bear the weight of public opinion against the Soviet Union.

We have now received the good news that Kaisa will be allowed to join her parents at last. Her case is an example to all of us of what we can accomplish if we work together, speaking out against human rights violations wherever they occur.

Let us never forget that the greatest enemy of freedom is silence and that every Member of this House has a duty and responsibility to speak out for those who cannot speak for themselves.

* * *

SPORTS

CANADIAN FOOTBALL LEAGUE—BOOSTER FOR HAMILTON TIGER-CATS

Ms. Sheila Copps (Hamilton East): Mr. Speaker, the Hamilton Tiger-Cats are down but they are not out.

Mr. Nunziata: Go Argos.

Ms. Copps: As a matter of fact we happen to have in the galleries today students from my old high school, Bishop Ryan High School. They will be supporting the Hamilton Tiger-Cats because I and my team have promised, just like Vince Lombardi said, "When the going gets tough, the tough get going."

Mr. Nunziata: Down with the Tiger-Cats!

Ms. Copps: I am perfectly willing to bet with the Member for York South—Weston (Mr. Nunziata) that we will take him in the game this weekend.

ORAL QUESTION PERIOD

[*English*]

TRADE

UNITED STATES DUTY ON CANADIAN SOFTWOOD LUMBER

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, in the absence of the Minister for International Trade my question is directed to the Secretary of State for External Affairs. In a speech given to a group of U.S. businessmen three weeks ago, the Minister for International Trade said that the U.S. decision on softwood lumber was: "An unacceptable attempt to impose U.S. views on how other Governments should manage their natural resources." Last evening the Prime Minister accepted a proposal to negotiate with the Americans, as opposed to fighting that measure. Why has the Government now reversed its policy? Why has it done this double-backward somersault? Does this not put all the other natural resource industries in this country in real danger and at real risk to similar U.S. countervail action?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the short answer to the last part of that question is no. The Prime Minister will be making a statement later today as a result of agreements that have been reached between the Government of Canada and the Governments of the provinces which, as the Hon. Member will know, have been working together on this issue since it arose.

EFFECT OF POSSIBLE PRECEDENT

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, the reason we raise questions now is to try to determine why the Government has changed its position. Does this not set a very dangerous precident, if we accept in principle a U.S. decision that will have an application to the potash industry, the pulp and paper industry, and all other natural resource industries, and will give a signal to all the comparable U.S. industries to take similar action against these vital natural resource industries in Canada?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the Hon. Member, as the representative of western Canada in the Liberal Party, will know about time zone differences. I think he will find it advisable to await the statement by the Prime Minister, which will be made shortly in Vancouver.

Mr. Axworthy: It is because of the time zone difference that we are hoping that we can deflect the Prime Minister from this foolhardy position he seems to be undertaking.

CANADA-UNITED STATES NEGOTIATIONS—EXCHANGE VALUE OF CANADIAN DOLLAR

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, Mr. Murphy, the U.S. chief negotiator, said yesterday that a condition of a free trade agreement must be a change in the value of the Canadian dollar. Will that not put our resource industries in double jeopardy, not only facing an increase in export tax, but also losing their competitive advantage in world markets? Is that not another good reason for pause and not to undertake this dangerous course of beginning to negotiate a deal with the Americans rather than legitimately fighting it in the U.S. courts and international tribunals?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, in the course of one question the Member for Winnipeg—Fort Garry has misquoted the U.S. trade negotiator and described as foolhardy a proposal that he has not seen yet.

• (1120)

AUTO PACT—STATEMENT ATTRIBUTED TO UNITED STATES NEGOTIATOR

Hon. Herb Gray (Windsor West): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. It is clear from his speech yesterday that U.S. trade negotiator Murphy has not given up the idea of having the Auto Pact and its safeguards on the free trade negotiating table. Will the Secretary of State for External Affairs use this Question Period to send a clear message to Ambassador Murphy that the Government will not allow the Auto Pact, or its safeguards, to be up for negotiation in these free trade discussions and thereby give reassurance in this important matter to some 700,000 Canadian workers whose jobs are linked to the preservation of the Auto Pact and its current safeguards?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I would like to repeat the position taken by our chief negotiator, with a slight grammatical revision. Since the Auto Pact is not broken, we are not going to change it.

[*Translation*]

PROGRAMS FOR REGIONAL DEVELOPMENT IN PROVINCES—GOVERNMENT POSITION

Hon. Herb Gray (Windsor West): Mr. Speaker, in his speech, Ambassador Murphy also said that in the free trade talks his Governement will insist that the provinces change their purchasing and marketing policies.

Is the Government prepared to give up its important regional development programs for the provinces, or is the Government prepared to reject today this request by Ambassador Murphy?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, it is an established fact that when conducting negotiations, the spokesman for one side wants to express the position taken by that side. Mr. Murphy was speaking for the American side, and it is only natural that he should wish to indicate certain requests his side would make. The fact that he can do so is no indication that the Canadian side will acceed to those requests.

* * *

[*English*]

PHARMACEUTICAL INDUSTRY

FEDERAL FUNDING INQUIRY

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. Yesterday at the First Ministers' Conference many Premiers asked the Prime Minister for additional federal funds for regional economic development. The Prime Minister said he was interested in fairness but regretted there was no money left in the pot. Is it not hypocritical to talk about fairness when the Government is denying money for regional development and at the same time can find $100 million in additional funds to go to multinational drug companies to pay for increased drug costs?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, what this policy does is give Canadians an opportunity to participate in the drug and biotechnology research which is so vitally important to the health and future of this country. We have done this in a way which produces fair prices for the consumer. There are at least 3,000 direct jobs involved, and there will be more than that. If the Hon. Member wants to consider this only in the context of an economic development policy, this is an exceptionally efficient economic development policy. Thinking in terms of the health of Canadians and the future for this country not being involved in this high tech area, I do not see how anyone can responsibly criticize what we are trying to do.

Mr. Axworthy: I have news for you.

Mr. Broadbent: No one other than the whole country is criticizing the Government for what it is doing in this area.

PROPOSED PAYMENT TO NOVA SCOTIA

Hon. Edward Broadbent (Oshawa): Would the Minister try to explain to an unemployed steelworker in Cape Breton why his Premier has to ask for $25 million more to pay for additional drug costs and at the same time is being denied additional regional development money which could provide a job, perhaps, for that unemployed steel worker in Cape Breton?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I assume that unemployed steelworker, along with the Hon. Member and everyone in this House, is vitally interested in trying to find a cure for cancer. I am sure he is vitally interested in trying to find better drugs for disease. I am sure we are all vitally interested in this important area. I am sure that hypothetical steelworker would not like us to say as a country: "We are getting out of this business. We will let the rest of the world do the research. We will opt out and simply pay for drugs from other countries which do the research, through our raw materials". I am sure that steelworker would not support that policy.

• (1125)

GOVERNMENT POLICY

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my next question is addressed to the Deputy Prime Minister whose major responsibility is for allocation and making priority decisions.

[*Translation*]

My question is as follows: Is it fair for a Government to reduce its budget for regional development programs and at the same time increase the price of drugs and the cost to the very same provinces that need regional development assistance?

[*English*]

Mr. Thacker: Why do you hate young people so much?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I think the Minister of Consumer and Corporate Affairs dramatically illustrated that this is a tremendously good economic development program, not only from the standpoint of jobs and the enhancement of Canada's scientific and medical research community, but that it will give Canada the opportunity to do its fair share promoting the human instinct to develop cures for many of the diseases for which a cure has not yet been found. Canada has had a proud tradition in the past. We certainly want to provide the climate for that to continue in the future.

PRICE OF DRUGS

Ms. Sheila Copps (Hamilton East): Mr. Speaker, the Hon. Member for Lethbridge—Foothills asks us why we hate young people. We do not hate young people. We also intend to fight for the unemployed steelworker.

Why does the Minister of Consumer and Corporate Affairs insist on saying that the prices of drugs will not increase when the Canadian Drug Manufacturers Association calls this Bill a $650 million annual pill, when several Premiers at the First Ministers' Conference pointed out yesterday that the price of drugs in their provinces will be increasing, and when the Consumers' Association of Canada has quite clearly said that across the board there will be drug price increases? How can the Minister persist in telling the Canadian public that black is white?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I guess probably 10 or 12 times this week I have tried to answer that question. When the Bill gets to committee we will have a chance to deal with it, perhaps in a calmer atmosphere. However, I will ask the Hon. Member a rhetorical question in return. Has the Liberal Party which, in 1983, recognized that the Patent Act had to be changed because we were penalizing Canadian researchers and not doing our fair share of medical research in the world, thereby jeopardizing the future of a great many of our young scientists, as well as perhaps not providing as good health care as would be possible if we had that research in Canada, changed its mind?

ONTARIO MINISTERS' LETTERS

Ms. Sheila Copps (Hamilton East): Mr. Speaker, the Minister talks about calmness. He has had over three months to respond to a letter from the Minister of Health of the province which will be most affected by this legislation. Why did the Minister not even bother to reply to an August 7 letter from the Minister of Health for the Province of Ontario who pointed out the need for discussion before any introduction of legislation? He also pointed out in his letter that the Province of Ontario is where drug prices will be increasing, where there is the highest number of consumers of any province, and where more than half of the pharamaceutical industry, including generic and brand-name industries, are located. Why would the Minister not meet with Murray Elston? Why would he not even reply to his mail?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, as Mr. Elston said in his letter, he wanted our officials to contact, and they have been in contact. In fact, there have been no significant changes since June 27. I have a letter from the Minister of Consumer and Corporate Affairs of Ontario, Monte Kwinter, who states in part:

—it seems only fair that research-based companies in the pharmaceutical industry who expend large amounts of money for research in developing of new drugs should be able to recoup their moneys through patent protection for at least 12 years.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Beatty: Supplementary, Sheila!

Mr. Speaker: Order, please. The Hon. Member for Beaches.

REQUEST THAT MINISTER TABLE IMPACT STUDIES

Mr. Neil Young (Beaches): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. His arguments that the unemployed are willing to subsidize the multinational companies to provide jobs for themselves reminds me of the same Government's arguments that senior citizens were willing to take a reduction in pensions to reduce the deficit.

Mr. Murphy: Equally as ridiculous.

Mr. Young: Mr. Speaker, yesterday a number of provincial Premiers—

An Hon. Member: Speech!

Mr. Mazankowski: Double-talk over there.

Mr. Lewis: Where's the question?

Mr. Young: Control yourselves.

Yesterday a number of provincial Premiers indicated that the compensation the Government was offering on these legislative changes was totally inadequate. In view of this will the Minister not now agree to table in the House those cost impact studies which the Government has done on the actual cost to Canadians?

• (1130)

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I suppose I have answered that question four or five times. In committee I am prepared to show in great detail why in fact those cost estimates the Hon. Member keeps raising are in there. The cost estimates are based on assumptions which simply have no validity and I will be able to demonstrate that to the Hon. Member in committee if he will keep an open mind.

CONFIDENTIALITY OF STUDIES

Mr. Neil Young (Beaches): Mr. Speaker, could the Minister explain to the House why those cost-impact studies are not available to Members in the House because of cabinet confidences but somehow magically will be made available to Members in committee? Could the Minister explain that to us?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I have explained that several times. I invite the Hon. Member to re-read *Hansard* of this week. I wonder why members of the New Democratic Party feel that it is somehow wrong for Canadians to invest in research and development. What is immoral about Canada doing its fair share of research and development?

* * *

[*Translation*]

PATENTS

PROVISIONS IN JUNE LEGISLATION—MULTINATIONALS—GOVERNMENT POSITION

Mrs. Thérèse Killens (Saint-Michel—Ahuntsic): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. The legislation prepared by the former Minister in June contained a clause obliging the multinationals

to manufacture or purchase their active ingredients in Canada if they wanted to obtain a patent. The Ontario Minister of Health said yesterday on television that he deplored the fact that the new legislation had eliminated this provision. My question is as follows: why did the Minister give in to pressure by the multinationals?

[*English*]

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, as a matter of fact, on that matter we gave in to the generic companies which asked, as set out in their submission, "that compulsory licences to manufacture domestic synthetic fine chemicals be granted earlier than 10 years, as an example five or six years, in order to ensure a window of oppportunity for meaningful industrial activity". We provided a seven-year exclusivity so that generic companies will have that three-year window of opportunity and, incidentally, bring on generic competition in less time than 10 years. We did this in response to a request from the generic industry.

REQUEST THAT MINISTER REINSTATE PROVISION DRAFTED IN PREVIOUS LEGISLATION

Mrs. Thérèse Killens (Saint-Michel—Ahuntsic): Mr. Speaker, the June Bill gave a longer time of protection to the generic industry. This Bill will permit the multinationals to buy the ingredients outside Canada, in Puerto Rico for instance, and will not develop the Canadian fine chemicals industry. The Minister should read the Bill of last June and bring back that satisfactory provision. Will he bring it back?

[*Translation*]

Mr. Speaker: Order, please. The Hon. Member knows perfectly well that the use of such terms is inappropriate. Perhaps she could continue her question.

[*English*]

Mrs. Killens: Will the Minister bring back the provision that was in the June Bill?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): The Hon. Member is asking me that we not provide for there to be generic competition after seven years for manufacturing and to restore the June provision which provided for a full 10 years. Does the Hon. Member want generic competition after seven years or only after 10 years? She should make up her mind.

POSITION OF PROVINCES

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs. At the First Ministers' Conference the Prime Minister lectured the provinces on the need for keeping their deficits down, but at the same time the Government is loading millions of extra dollars of costs on the provinces so that it can give millions of dollars to multinational drug companies. Does the Minister think that Canadians are so dense that they will not be able to see through all this double-talk and hypocrisy?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, every province in Canada will benefit from the increased medical research at universities and teaching hospitals. The provinces will benefit from having better health care for citizens, from having research being conducted in the provinces, and from the creation of jobs for those young people who are now being educated in this important area. This will give them the opportunity to have a job in Canada and we think it is very important. We have done it in a way that produces fair prices, and if the Hon. Member would keep an open mind I am sure he would agree.

Mr. Speaker: Before the Hon. Member for Cowichan—Malahat—The Islands puts his second question, I would ask him to be more careful in the phrasing of it. He is getting very close to using words that are unparliamentary.

Mr. Manly: Mr. Speaker, I will try to be very careful with my words but this is a very important subject.

CREATION OF JOBS

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, the Canadian people are very concerned and want to know how the Government can go on talking about jobs in research when it has already cut back on just about every research program for which it has direct funding responsibilities. How can the Government do that and talk about research at the same time?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, the restoration of patent rights will generate at least 3,000 research jobs in Canada. How can members of the New Democratic Party object to that? Is the Hon. Member saying that, for ideological reasons, the only kind of research worth doing is that done in Government laboratories paid for directly by the taxpayer?

* * *

RAILWAYS

IMPLEMENTATION OF HORNER REPORT RECOMMENDATIONS

Mr. Jack Scowen (Mackenzie): Mr. Speaker, my question is directed to the Minister of Transport. What action is the Minister taking to implement the recommendations for the method of payment submitted by the Horner Report last spring?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, in the absence of the Minister of Transport, I will respond to that question. I know there has been work going on within the Department. The recommendations of the Horner Report are being studied

and I can assume that, in due course, the Minister will make an appropriate announcement.

* * *

ADMINISTRATION OF JUSTICE

CRIME PREVENTION—DEPARTMENT'S BUDGETARY CUT-BACKS

Hon. Bob Kaplan (York Centre): Mr. Speaker, my question is for the Solicitor General. In the light of two killings following convenience store robberies in Quebec and Alberta, I note that the Minister's Main Estimates will cut the crime prevention budget by more than 50 per cent. Convenience store robbery protection was a main emphasis of the crime prevention program. Does the Minister believe that crime prevention works, as he has said he believes? If so, why is he allowing his budget to be cut by more than 50 per cent in that important area?

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, I can advise the Hon. Member that I am well aware of the cuts made to the budget of my Department. After careful review of them, we are quite satisfied that no services such as those mentioned by the Hon. Member will indeed be affected in any way that will endanger the safety of the public.

MINISTER'S POSITION

Hon. Bob Kaplan (York Centre): Mr. Speaker, the Minister has been going around the country promoting crime prevention yet his budget has been cut by more than 50 per cent. How can he say that a cut of more than 50 per cent will not make a difference in the effectiveness of the convenience store robbery prevention program?

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, I have already answered the question. I will repeat the answer if the Hon. Member wishes. I have carefully reviewed the cuts that have been made to this particular Ministry and I can assure the Hon. Member that public safety and that of private citizens will not in any way be endangered.

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TRADE

UNITED STATES DUTY ON CANADIAN SOFTWOOD LUMBER—U.S. PETITION

Mr. Jim Fulton (Skeena): Mr. Speaker, my question is directed to the Right Hon. Secretary of State for External Affairs and is about the 15 per cent countervail on Canadian softwood. Since a termination agreement must be reached prior to December 30 and a prerequisite for that under U.S. law is the withdrawal of the U.S. petition, would the Minister advise if the American petitioners have agreed in any way to withdraw their petition and negotiate an agreement, or is he counting on the U.S. administration to arrange for that petition to be withdrawn?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, my answer to that question must be along the lines of my answer to the Hon. Member for Winnipeg—Fort Garry earlier today. There has been a federal-provincial conference in progress over the last two days and there has been a very extensive process of federal-provincial co-operation with regard to the countervail matter. The Prime Minister will be announcing the results of that consultation and that common Canadian action in a few hours Vancouver time.

GOVERNMENT POSITION

Mr. Jim Fulton (Skeena): Mr. Speaker, as of late last night the head of the U.S. coalition, Bill Lange, knew nothing of this verbal agreement between Mr. Baldrige of the United States and the Minister for International Trade, and the key issue is whether or not they are prepared to withdraw the petition.

• (1140)

My supplementary question for the same Minister results from a statement made on November 5 by the Director of U.S. Trade in the Minister's Department regarding the 15 per cent duty. He said that the subsidy determination is flawed in law and logic, is inconsistent with established U.S. practice, and is based on erroneous assumptions. Is that still the position of the Government of Canada? Do we intend to continue fighting to remedy this tragic situation before the U.S. Department of Commerce and GATT?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I can appreciate that some Members of the House grow impatient with the federal-provincial process. We are a federal country. There is a provincial interest in this matter. As I said earlier today, the Prime Minister will be making a statement on this matter in Vancouver where the federal-provincial conference is under way.

* * *

PETRO-CANADA

SALE OF COME-BY-CHANCE OIL REFINERY

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, my question is directed to the Deputy Prime Minister. Premier Peckford of Newfoundland stated yesterday that in the sale of the refinery at Come-by-Chance, Petro-Canada placed restrictive market conditions upon the new owners. Will the Deputy Prime Minister tell us whether the statements of Premier Peckford are correct, that there were restrictive market conditions placed upon the new owners?

Hon. Gerald S. Merrithew (Minister of State (Forestry and Mines)): Mr. Speaker, the deal that was struck was between

two companies, one which owned the particular asset, and the purchaser. As I understand, there were some conditions attached. But in the absence of the Minister of Energy, Mines and Resources, who is at the First Ministers' Conference, I would prefer to bring it to his notice and he will respond in due course.

EXISTENCE OF MARKET RESTRICTIONS QUERIED

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, I accept it as galling that the Government is not able to give an answer to this very important question. Restrictive market conditions are wrong. I want to know why the Government allowed Petro-Canada to put these restrictive market conditions in this sale.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, without agreeing with the premise of the question, the Acting Minister has undertaken to provide a full and comprehensive answer in an appropriate fashion. I am surprised that the Hon. Member would find that non-acceptable.

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TRADE

CANADA-UNITED STATES NEGOTIATIONS—EXCHANGE VALUE OF CANADIAN DOLLAR

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is directed to the Deputy Prime Minister. He will know that yesterday the free trade process took an ominous turn when the chief negotiator indicated that the American Congress would likely be calling for an increase in the value of the Canadian dollar. The only way that the Government could do that would be to increase interest rates significantly. Is the Government giving any consideration at all to increasing interest rates seriously as part of the free trade process?

Some Hon. Members: Oh, oh!

Miss MacDonald: Are you advocating that?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, the American trade negotiator said yesterday that these exchange rates between the two countries are generally not part of the negotiations. That is our Government's position.

GOVERNMENT'S POSITION ON INTEREST RATES

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, that is interesting, because it was also quoted that Peter Murphy said that he did not know if he could possibly sell an agreement to the Congress if Canada does not make concessions on its exchange rate. Now, that makes it pretty clear to anybody concerned with this process that they are asking for concessions; and Congress will only sign an agreement if those concessions are likely made. My question to the Deputy Prime Minister is this. Will he say categorically that the Government of Canada will not give any consideration at all to increasing interest rates as part of these discussions?

Some Hon. Members: Hear, hear!

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Hon. Member should know that interest rates have declined by almost four percentage points since this Government took office. The policy of this Government is to keep interest rates going down, not up like the Liberals and the NDP did when they were in office.

Some Hon. Members: Hear, hear!

Mr. Broadbent: When were we in office? That's a slip.

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DISASTERS

AIR-INDIA CRASH—DELAY IN LAYING CHARGES

Mr. John Nunziata (York South—Weston): Mr. Speaker, my first question is for the Solicitor General. I have given him notice of the question. It has been almost a year and a half since the Air-India crash; a year and a half since the premeditated, planned, and deliberate mass murder of 329 individuals, most of whom were Canadians. To date criminal charges have not been laid. Can the Solicitor General explain to Canadians, and especially to the families of the victims, why charges have not been laid? Will he not agree that there is insufficient evidence to pursue a criminal prosecution?

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, I appreciate the fact that the Hon. Member advised my office of this question this morning. I can advise the House and the Hon. Member that I checked with the Royal Canadian Mounted Police before coming to Question Period this morning. I am advised by them that the investigation is still being actively carried on. It is continuing. I can give no further information at this time.

REQUEST THAT ROYAL COMMISSION BE APPOINTED

Mr. John Nunziata (York South—Weston): Mr. Speaker, the delay is inexcusable. My supplementary question is directed to the Deputy Prime Minister. As the Hon. Minister knows, there has been an inquiry in Cork, Ireland; another in India. Yet there has not been an inquiry in Canada, notwithstanding the fact that most of the 329 victims were Canadians.

Will the Deputy Prime Minister, on behalf of the Government, immediately order a Royal Commission inquiry to investigate all aspects of the Air India crash, and specifically the conduct of External Affairs, the Royal Canadian Mounted Police, and the Canadian Security Intelligence Service?

An Hon. Member: Shame, shame!

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Canadian Aviation Safety Board did undertake a very extensive investigation into this matter. It is my recollection that the conclusions that were arrived at, both by the Canadian Aviation Safety Board and the inquiry in India, were quite similar in nature.

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EXTERNAL AFFAIRS

NICARAGUA—UNITED STATES FUNDING OF CONTRA ATTACKS

Mr. Dan Heap (Spadina): Mr. Speaker, my question is for the Secretary of State for External Affairs. Will the Minister tell the House, when he meets with the U.S. Secretary of State, Mr. George Schultz, in what terms he plans to convey the repugnance that Canadians feel toward the continuing violation of the Charters of the United Nations and the Organization of American States by the U.S. continuing funding of terrorist Contra attacks from Honduras into Nicaragua?

Some Hon. Members: Hear, hear!

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the Government of the United States knows that Canada differs fundamentally in our assessment of the problem in Central America, and consequently in the appropriate solutions. I have made that position clear on several occasions, and the Prime Minister has made it clear to the President. I will again be making that position clear to Secretary Schultz when I meet him later today. It is our view that our most constructive contribution to the resolution of the problems in Central America is to concentrate on the constructive, practical help that Canada can give, whether by way of development assistance, or by way of support for the Contadora process, rather than succumbing to the temptation of rhetoric and condemnation.

[*Translation*]

REQUEST THAT GOVERNMENT URGE HONDURAS TO HONOUR ITS COMMITMENTS

Mr. Dan Heap (Spadina): Mr. Speaker, I want to congratulate the Minister on this statement.

Considering the substantial amount of Canadian assistance being given to Honduras, could the Minister perhaps, through his good offices, urge the Government of Honduras to observe its commitments under the UN Charter and the Charter of the Organization of American States and cease giving asylum to the Contras?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I want to congratulate the Hon. Member, not only on the open attitude he has always shown with respect to political issues in Latin America but also on the competition he is giving me with respect to the use of French in this House.

I will take his question under advisement, and perhaps I could give him a more detailed answer on some other occasion.

* * *

[*English*]

NORTH ATLANTIC TREATY ORGANIZATION

INQUIRY CONCERNING POSITION OF LIBERAL PARTY

Mr. Bob Hicks (Scarborough East): Mr. Speaker, my question is directed to the Minister of National Defence. It concerns an article in *The Ottawa Citizen* today which reported that the Leader of the Opposition refused to indicate whether he would go along with resolutions that will be presented at the Liberal Convention calling for Canada to withdraw from NATO, and also to end Cruise Missile testing in Canada. Is the Minister aware of this article? Does he feel that the Leader of the Opposition should not leave any doubt in the minds of Canadians as to where he stands?

Mr. Broadbent: That is not his ministerial responsibility.

Some Hon. Members: Oh, oh!

Mr. Speaker: Order, please. It is probably appropriate for the Chair to comment that there has been a great deal of leniency exercised in recent years in this Chamber with respect to the quoting of articles and comments from other places and using them as the basis for a question. The Chair does not want to be unfair. We have just had an example of the reaction that is engendered in the Chamber when perhaps too full use is made of such quotes. However, I would ask the Hon. Minister to respond, keeping in mind that a debate in this Chamber in Question Period as to what somebody is quoted as having said in the press is not always helpful.

• (1150)

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, I will do my best to fit within the confines of your suggestion. I think I can say that since World War II NATO has stood as the most important defence of peace and freedom in the world. It has had the support of both major Governments in Canada, and any action by either major Party to indicate equivocal support for NATO will be viewed very gravely indeed by our allies.

Some Hon. Members: Hear, hear!

LABOUR RELATIONS

CANADIAN BROADCASTING CORPORATION DISPUTE—CONCILIATION COMMISSIONER'S REPORT

Mr. Rod Murphy (Churchill): Mr. Speaker, my question is for the Minister of Communications. A commissioner appointed by the Department of Labour issued a report in early October on the labour dispute between the Canadian Broadcasting Corporation and its employees who are members of the Canadian Union of Public Employees. The proposed settlement was acceptable to the union and workers are prepared to ensure labour peace on that basis. What steps is the Government willing to take to make sure that CBC implements the terms of the conciliation commissioner's report?

Hon. Flora MacDonald (Minister of Communications): Mr. Speaker, as the Hon. Member knows, seven different issues have been negotiated with regard to the disputes that have been under way. Two bargaining unions, NABET and CUPE, are in an official position to strike. However, I understand that negotiations and discussions are still going on, and I am hopeful there will be some resolution from these negotiations without having to move into a strike position.

AMOUNT OF GOVERNMENT FUNDING FOR CBC

Mr. Rod Murphy (Churchill): Mr. Speaker, I have a supplementary question. Would the Minister not agree that the federal Government's cut-backs in the CBC are, in part, the cause for the problems that are being faced by the workers?

Hon. Flora MacDonald (Minister of Communications): No, Mr. Speaker, I would not agree with that. I would be glad though to elaborate on the amount of funding that has gone to the CBC over the last number of years. In fact there has been an increase of $71 million in actual dollars over the last three years.

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PHARMACEUTICAL INDUSTRY

PRICE OF DRUGS—EFFECT OF AMENDING LEGISLATION

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs. Some provincial Premiers said that the price of drugs will increase in Canada. The Minister of Health for Ontario last night said that your proposals regarding the patent changes on pharmaceutical products—

Some Hon. Members: Order.

Mr. Gauthier: —will increase the price of all existing drugs in Ontario and promote untold increases in the prices for new drugs. Will the Minister not admit that he is jeopardizing the health care of Canadians, and that in the end the consumer will have to pay more for these drugs?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Of course not, Mr. Speaker. What I will admit is that this will restore some patent protection to researchers in Canada. It will result in 3,000 new high-tech jobs, the kinds of jobs the Member's Party keeps calling for. It will put us at least in the game of the exciting new biotechnologies that are coming along. It will mean that Canada will be a contributor to finding cures for diseases that still menace mankind.

[*Translation*]

Mr. Gauthier: After cutting right and left in Canada's research resources, university research and research budgets, it takes a lot of nerve to say that here in the House!

REQUEST FOR EXPLANATION OF DIFFERENCE BETWEEN COSTS AND PRICES FOR CONSUMERS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, perhaps the Minister could explain, in the language of his choice, the difference between the cost to the consumer and the consumer price. Doesn't it mean the same thing? It certainly feels the same to the consumer, who will have to pay in any case.

[*English*]

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, if the Liberal Party will co-operate with us and bring this legislation to committee, we can have the kinds of discussion the Member apparently wants. We can then look at all these factors. I am sure that when the Member does that he will see that any costs involved are more than compensated by the enormous benefits that will come to Canada as a result of this legislation.

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PUBLISHING INDUSTRY

CONTROL OF TEXTBOOK PUBLISHING COMPANY

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, the Government caved in on the sale of Prentice-Hall book publishers to Gulf and Western on condition that Gulf would sell control to Canadians of Ginn Company, a major publisher of elementary and high school children's textbooks. My question is for the Minister of Communications. Is the Minister aware that in its recent memorandum of sale, the American conglomerate, Gulf and Western, states that it now has absolutely no intention of giving up control over the operating decisions of the board of directors of Ginn Company? What has happened to the Tory policy of recovering Canadian control in this lucrative segment of the book publishing industry?

Hon. Flora MacDonald (Minister of Communications): Mr. Speaker, I am sure the Hon. Member knows that the book

publishing policy announced by my predecessor is in place. It is being followed, and applications that come before Investment Canada will be judged on the basis of that book publishing policy.

Mrs. Finestone: Mr. Speaker, if there is one area where words and deeds should match, it is in the book publishing area. Here we have a Canadian cultural industry that needs to be understood. I wish the Minister would read the memos.

Some Hon. Members: Speech.

GULF AND WESTERN CORPORATION'S POSITION

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, my supplementary question is for the Minister of Communications. Since Gulf and Western's decision to retain veto power at Ginn's board of directors is a direct violation of its commitment to Investment Canada, to the Baie Comeau policy, to the Prime Minister, will the Minister stop this subterfuge and direct Gulf to respect Canadian control conditions to which it had already agreed?

Some Hon. Members: More.

Hon. Flora MacDonald (Minister of Communications): Mr. Speaker, my colleague the Minister responsible for Investment Canada is charged with seeing that in any application before Investment Canada the players act in good faith. That includes Gulf and Western, and that will happen.

I also want to assure the Hon. Member that our interest in the book publishing industry is, thank goodness, better than that of the preceding Government which was represented by the Liberal Party. Just in this last few months, Sir, we announced new support for the book publishing industry in the amount of $65 million over the next five years, and that will go to assist Canadian publishers, Canadian writers, and Canadian publishing in this country.

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EXTERNAL AFFAIRS

LIFTING OF SANCTIONS AGAINST SOVIET UNION

Mr. Andrew Witer (Parkdale—High Park): Mr. Speaker, my question is for the Secretary of State for External Affairs. Canada is on record as condemning the Soviets for atrocities and gross human rights violations committed against the Afghan people, and following the invasion of Afghanistan in 1980 imposed sanctions against the Soviet Union. Last week the Minister announced his intention to lift these sanctions claiming that they were ineffective.

Will the Minister advise the House and the people of Canada why sanctions against South Africa work, while they apparently do not work against the Soviet Union, and why the Government of Canada is negotiating to re-establish cultural and scientific links with the Soviets at a time when Soviet troops are intensifying their attack against Afghan freedom fighters?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I will try to respond very briefly. The sanctions that were introduced by a Progressive Conservative Government against the Soviet Union in 1979 were successful at the time because they helped galvanize world opinion against the Soviet actions in Afghanistan. Those actions in Afghanistan continue to be deplorable and deplored by this Government. It is clear that if we want to change other aspects of the practices of the Soviet Union, particularly with regard to the freedom to move of their citizens, to family reunification, to other issues that are very close to the Hon. Member and to me, then we have to try some other instruments. We are doing that.

With regard to South Africa, I think that every day there is an indication of the increasing effectiveness of the policy that has been followed by this Government. The most recent indication was the very welcome decision announced yesterday by Bata Canada.

Mr. Speaker: The Hon. Member for Kenora—Rainy River. One question, please.

* * *

INDIAN AFFAIRS

LUBICON LAKE BAND—DISTRIBUTION OF INFORMATION BY CANADIAN EMBASSIES

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, since I am restricted to one question, I too would like to ask it of the Right Hon. Secretary of State for External Affairs. Can the Minister assure this House and the country with regard to the Lubicon Lake Band that he is not going to allow the use of Canada's foreign posts to distribute what, if not active disinformation, is at least a very highly coloured assessment of Canadian public opinion with regard to the Lubicon land claim?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, our view is that the Lubicon question is a question which should be resolved in Canada. There are legal processes that have not yet been exhausted by members of the Lubicon Band. We think it would be in everyone's interest, including the interest of resolving the question, if all parties would turn their attention of the resolution of that question here in Canada. Obviously, members of the Lubicon Band, as other Canadians, have the right to travel internationally and to make such representations that accord to the law of Canada and the country where they are visiting. They can expect to have the help of Canadian officials serving abroad in the legitimate activities they undertake.

[*Translation*]

Mr. Speaker: The Hon. Member for Papineau: one question, please.

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TRANSPORT

INQUIRY WHETHER GOVERNMENT PREPARED TO INSTRUCT RCMP TO CONDUCT INQUIRY INTO POSSIBLE SALE OF CN ROUTE

Hon. André Ouellet (Papineau): Mr. Speaker, in the absence of the Minister of State for Transport and his Parliamentary Secretary, I would like to ask the Deputy Prime Minister whether he is aware that CN Route is to be sold to a private company for about $23 million, although CN Route's real property is now estimated at between $50 and $70 million, and also that the sale of the company will put out of a job nearly 50 per cent of those who are now working for CN Route as permanent employees.

Is the Minister aware that CN has ordered a private investigation into certain allegations about the questionable aspects of this transaction? In the circumstances, is the Deputy Prime Minister prepared to ask the Royal Canadian Mounted Police to investigate?

• (1200)

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, in the absence of the Minister of Transport I would rather take that question as notice. Since the Hon. Member has outlined what might be some very serious allegations I would rather reserve any comment at this time.

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EXTERNAL AFFAIRS

U.S.S.R.—OBSERVANCE OF HELSINKI PACT

Mr. Gordon Taylor (Bow River): Mr. Speaker, my question is directed to the Right Hon. Secretary of State for External Affairs. Just four years after the Soviet Union signed the Helsinki Pact of 1975, the Communist army invaded Afghanistan and ruthlessly killed men, women, and children. It is still doing so. In recent trips to the UN and around the world has the Minister noticed any desire on the part of the Communists to live up to the Pact they signed in 1975 by withdrawing from Afghanistan, Ukraine, Poland, Hungary, et cetera?

Right Hon. Joe Clark (Secretary of State for External Affairs): The answer to that, Mr. Speaker, is no, I have not noted any particular interest or willingness on the part of the Soviet Union to change policies which are traditional to them and which are in many cases repugnant to Canada. It may be that there is a change in their attitude with regard to some questions of human contact. There is certainly a change in their rhetoric. I think we would all do well to judge them on their actions, not by their words. We should also do everything we can to encourage them to follow their words with concrete action.

* * *

BUSINESS OF THE HOUSE

Mr. Speaker: I should like to bring to the attention of Members, with respect to Private Members' business, that I have received written notice from the Hon. Member for Western Arctic (Mr. Nickerson) that due to a prior commitment he is unable to be present in the House on Monday, November 24, 1986 to move his motion during the hour for Private Members' business. Accordingly, I am directing the Table to drop that item of business to the bottom of the order of precedence. Since that notice will thereby be removed, the hour for Private Members' business will be extended and, pursuant to Standing Order 39(2), the House will continue with the business before it prior to that hour until the ordinary hour of daily adjournment.

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PRIVILEGE

ALLEGED PRIOR KNOWLEDGE OF LEGISLATIVE CONTENT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I indicated earlier in writing that I intended to rise today on a question of privilege regarding a very serious breach of the rights and privileges of this House. I would like to refer first to Citation 16 of Beauchesne's Fifth Edition where it describes the privileges of the House as the rights which are:

—"absolutely necessary for the due execution of its powers".

On Tuesday last the CBC program *The Journal* aired an interview with a Mr. C. J. Stettler, a former president of the U.S. Pharmaceutical Manufacturers Association. In that interview, taped some time before the tabling of Bill C-22, the drug patent Bill, Mr. Stettler indicated that he knew of specific changes made in the Bill since its passage was denied last summer. Let me re-emphasize that point because it is very important. An American citizen had prior knowledge of what was in this important Bill before it was actually laid upon the Table and its contents made known to Members of this House. Citation 22 of Beauchesne's Fifth Edition states the following:

> The power of the House to enforce its rules extends not only to Members and others admitted within the precincts of Parliament, but also to members of the general public who may interfere with the orderly conduct of parliamentary business.

Clearly this particular citizen of the United States had prior knowledge of this Bill. That constitutes an interference with

the orderly conduct of parliamentary business. I submit that this is comparable to a leak of budget information. In other words, given prior knowledge of the contents of this Bill, those individuals with that knowledge would be able to take advantage of it and make private personal gain. If foreign nationals were aware of the contents of a Bill which would significantly alter the production and marketing of drugs in Canada, it could have obvious and profound implications for the value of certain businesses both here and in the U.S.

I would like to make special reference to the leaking of information in the past which indicate the severity of this particular instance. In 1974 in the United Kingdom the Chancellor of the Exchequer made an offhand comment to a journalist on the evening of the presentation of his Budget. Because of the timing of a certain edition of the paper for which the journalist worked, news of a particular detail of the Budget came out prior to the Budget Speech. The Chancellor of the Exchequer, Mr. Hugh Dalton at the time, when he recognized his indiscretion, submitted forthwith his resignation which was accepted the following day.

In 1936, also in the United Kingdom, a Minister of the Crown made certain comments about the Budget which led to certain activity on the stock market. As soon as the Chancellor of the Exchequer learned of this, and believing that there was at least a clear possibility of a leak of budgetary information, he immediately initiated an investigation. That investigation led to the disclosure that the other Minister was responsible and the Minister in question felt the obligation to resign.

We all remember the incident not long ago, and I remember it vividly because I was finance critic for the NDP at the time, on Monday, April 18, 1983, when the then Minister of Finance, while leafing through his Budget Speech before the television cameras, inadvertently revealed a number of pages of the Budget Speech. I think it would be useful for Members of the House and yourself to read for a moment from *Hansard* the comments made at that time by the then Leader of the Opposition, the Hon. Member for Yukon (Mr. Nielsen). On Tuesday, April 19, 1983, he had this to say:

> Madam Speaker, I rise to raise a question of privilege involving a most serious budget leak which occurred yesterday. This being the first opportunity to raise that question, I take the opportunity. After hearing my submissions, no doubt you will want to seek the advice of other Hon. Members on the matter I raise. I would be prepared to move the appropriate motion should you find that there is a prima facie case of privilege.

He went on to say, and this is the critical part:

> Budget secrecy is a basic principle of our traditions of parliamentary Government. It means that the Minister responsible for bringing down a Budget is also held responsible to see to it that the provisions of that Budget are not prematurely released. The reasons for this are many. Foreknowledge of budgetary measures has led to the acquisition of private gain and to sharp market fluctuations.

• (1210)

As an aside, the case I am making today would indicate that the two cases we are now discussing are not dissimilar. Individuals, in this case outside of Canada, certainly stood to gain privately from prior knowledge of what the Bill was to include.

The Member for the Yukon went on to say:

> My information is current that those fluctuations are taking place and that the Canadian dollar is indeed now falling on the markets.
>
> It is not a principle that it is necessary to defend; it has been accepted in the parliamentary system ever since budgets existed. A breach of budget secrecy has always and invariably led to the resignation of the Minister.
>
> It must also be regarded as a breach of the oath which the Minister takes as a member of the Privy Council.
>
> A well known case in the United Kingdom was that involving the then Chancellor of the Exchequer, Hugh Dalton, who, in a casual conversation with reporters, hinted at a rise in the tax on tobacco. I will be coming back to that precedent. His resignation as a result of this imprudence took place immediately.
>
> Showing the seriousness with which the British House regards such matters, even though Mr. Dalton resigned the matter was referred to a special committee for a full investigation. Referring to the Dalton case among others, Professor S. R. Finer in public administration says that it was a case which raised "such doubts about his personal prudence and integrity as to cause him to resign".
>
> That is exactly the present case. This is not the first time the Minister has found himself in difficulties. He signed approval of the Gillespie contract and forgot that he had signed or seen it. It must be recalled that Mr. Gillespie was in a position to profit as a result of a measure included in the first budget presented by this Minister.
>
> While the Prime Minister (Mr. Trudeau) was satisfied that there was nothing in the guidelines to concern him in that episode, this is not a mere matter of guidelines. This is a matter reaching into the very heart of parliamentary integrity.
>
> What of the Minister's integrity? It would seem even redundant now to discuss it. It is a thing of rags and tatters. Prudence is a word that cannot be uttered in the same breath as the present Minister of Finance (Mr. Lalonde).
>
> There is extant a videotape showing the previous Minister of Finance at a photo opportunity and deliberately holding the page of his budget address close because, as he explains, "The cameramen are equipped with farseeing lenses". I am referring now to the previous Minister who, when caught in the same circumstances, held his budget close. He would not open the pages because he was aware of the telephoto lenses. That was his attitude at that time.

The then Leader of the Opposition went on with the following important comments:

> This Minister is entirely different. He clowned, he joked, and he talked in his interview of zoom lenses. I have a copy of that tape. He joked and said: "I hope you fellows do not have zoom lenses".
>
> He joked about the secrecy of that document and closed it up at one stage during that photo opportunity session so that it could not be seen. But he later opened it up to the exposure of the telephoto lenses. The question might be asked: "Did he know that they were shooting the pages of the budget as he turned them? He certainly was aware of the availability of zoom lenses because he himself mentioned that fact. All the time that this was going on and he was basking in the sunshine of self-indulgent publicity, his budget was being transferred to videotape. The great video leak was in full swing.

I remember that very distinctly, Mr. Speaker, because at the time which the then Leader of the Opposition was explaining, I was discussing the situation with the then Minister of Finance. He was indeed very concerned. We had a lengthy discussion during which he recognized that if there was sufficient information to be used inappropriately, it was in fact a breach of the privileges of the House. He recognized that at that time. However, as it turned out, as you well recall, that was not deemed to be the case by the Speaker. The Hon. Member for Yukon (Mr. Nielsen) continued:

As a result of this Minister's culpable indiscretion and lack of prudence, he has created a fatal flaw in the confidence of the House and the country. What was opened as a crack in the Gillespie affair is now a virtual chasm. It is a chasm that the Minister cannot cross. As a result of his clowning and desire for personal publicity, he made available across this country, to the moneymarkets and financial circles, an advance knowledge of the budget which could be used for personal gain.

Anyone with a knowledge of finance, being aware of the amount of the deficit revealed by the Minister and the amount of incentives to be raised by job creation—

Which, as you will recall, Mr. Speaker, was included in that Budget.

—would be able to draw certain conclusions which might be of great interest in financial circles and make available that gain.

In other words, private gain for certain individuals who would possess prior knowledge.

He continued:

It is not incumbent upon us at this time to show that great profits have been made, or even that it was possible for such to have taken place. Nor was this a case in the episode of Mr. Dalton or Mr. Thomas.

The following is the most important of my remarks:

Their resignation took place before the investigations by a special committee were made. It was merely necessary to show that a budget leak had taken place in those precedents. The resignations followed immediately and automatically.

In other words, proof was not necessary. The possibility of such an action taking place was sufficient to result in their resignations.

The Member for Yukon continued:

In this country in 1963 Mr. Walter Gordon's resignation went to the Prime Minister when he admitted bringing in outside economic advisers.

You will recall, Mr. Speaker, as a student of history, and knowing the individual personally, that he registered serious concern. The remarks continue:

No leak was shown. All that was shown in that case was that Mr. Gordon had consulted four economists in the preparation of his budget. When that was disclosed, he immediately tendered his resignation to the then Prime Minsiter, Mr. Pearson, who chose not to accept it. But nonetheless, the proper thing was done and the resignation was tendered. That does not alter the fact, Madam Speaker, that the resignation was tendered.

Mr. Lewis: Mr. Speaker, I rise on a point of order. I think you would find the House very sympathetic to the position that the Chair allow Members a reasonable amount of time in which to put forth their questions of privilege in order that you can decide whether or not a prima facie case of a breach of privilege has been made. While we find the remarks of the Hon. Member for Yukon to be interesting, this is not a case in which a question of privilege is being used as an escape valve to let off steam in the House. Therefore, I wonder if the Hon. Member might come directly to his question of privilege in order that the Chair may consider this and we may get on with it.

Mr. Speaker: The Chair thanks the Hon. Parliamentary Secretary for his intervention. I was just about to rise to ask the Hon. Member for Kamloops—Shuswap (Mr. Riis) whether he could assist the Chair in making a clear link between the situation of a leak of budget information and the present grievance which the Hon. Member brings to the House.

There is a convention, albeit not a rule, with respect to leaks of budget information which puts very great pressure on the Minister. Perhaps the Member could assist the Chair by showing exactly how those examples are apposite to the grievance which the Hon. Member brings which, as I understand it, briefly put, is that information as to the contents of a Bill which was going to be introduced into this Chamber somehow or other got out of the hands of the Government of Canada and was received by a stranger, if I can put it that way, before Hon. Members could see the Bill. That seems to be the grievance which the Hon. Member brings to the Chair.

I ask that he now concentrate on the link which I have asked him to establish. I do not say it is necessary to establish that link. As the Hon. Parliamentary Secretary has said, Members are impressed with the erudition of the presentation, but I now ask the Hon. Member to tighten up his presentation and get to the point in order that the Chair can deal with the matter. The Chair should advise the Hon. Member that the Chair views the matter as serious.

Mr. Riis: Mr. Speaker, I appreciate your intervention. I also appreciate the intervention made by the Parliamentary Secretary. I think it was appropriate. However, I would point out that the comments of the Hon. Member for Yukon went on for many more pages than I referred to. That is just to make the point that this is a very serious issue. As you have indicated, Mr. Speaker, you concur. I appreciate the intervention and will draw my comments to a rapid conclusion, knowing that other Members will want to participate in this discussion.

• (1220)

To put the concern very succinctly, we learned that the former president of the U.S. Pharmaceutical Manufacturers Association indicated clearly that he had prior knowledge of the contents of Bill C-22. I presume that the next number of days will determine whether will lead to significant changes in the amount of research, if any, being done in Canada, as well as the type of research. It will affect the success of Canadian drug companies and the relative success in Canada of multinational drug companies, particularly those located in the United States.

My point is that individuals having prior knowledge of the content of the Bill would obviously stand to gain financially and privately because of the implications that this information regarding these companies would have in terms of the value of their stocks on the stock-market or the value of the company operations *per se*.

I have attempted to relate this as being as serious a breach of privilege as that experienced when a budget leak occurs. As you have indicated, Mr. Speaker, the experience here and in the mother of parliament is very clear when it comes to budget leaks. I see a direct relationship between the two and suggest

that they are in fact similar to an end. I believe this is a prima facie case and a breach of privilege of all Members of the House. I hope that you concur with that observation.

Hon. Herb Gray (Windsor West): Mr. Speaker, the House Leader for the New Democratic Party has presented a very interesting and important point. It may be argued by a representative of the Government when one rises, that what the Hon. Member is talking about is not covered within any of the existing precedents with respect to parliamentary privilege as far as they apply to the Canadian House of Commons. However, I want to draw your attention to the fact that in amending our Standing Orders we changed the language of Standing Order 1, "Public Business". While I do not have the previous Standing Order in front of me, my recollection is that it was rather narrowly drafted to limit, what the Speaker could do in ruling on these kinds of claims, to what had previously been established or is still being established in the Parliament of the United Kingdom, as well as our own Parliament. However, Standing Order 1 headed "Public Business" now reads:

> In all cases not provided for hereinafter, or by other Order of the House, procedural questions shall be decided by the Speaker or Chairman, whose decisions shall be based on the usages, forms, customs and precedents of the House of Commons of Canada and on parliamentary tradition in Canada and other jurisdictions, so far as they may be applicable to the House.

Therefore, I submit that you are entitled to find that when it comes to dealing with matters of privilege, the final word has not been said and that it is possible for you to make a ruling, in effect extending what parliamentary privilege means for this House of Commons, to cover what may be new ground.

It might also be argued by a spokesperson for the Government that the tradition with respect to leaks of information about legislation has, until now, been limited to leaks of information contained in a budget statement or budgetary document. I submit if my contention is correct, that the final word has not been said on what constitutes parliamentary privilege for the Canadian House of Commons that it would be open for it to be held that this tradition should be extended to leaks of information involving legislation other than budget statements or budgetary legislation.

This is particularly a point to be considered when we are talking about something that a Government considers so serious and important as the legislation on prescription drugs now before the House. I think it is particularly important, if we are talking about information about this legislation falling into the hands of lobbyists—perhaps I should say representatives—of organizations in other countries.

If the Government is serious about respecting the paramount role of the House of Commons and its own accountability to the House of Commons, it should limit the information it gives about its intended legislation, prior to its tabling, to its own officials and the Members of the House of Commons to whom the Government is accountable. There is a tradition that some two hours or so in advance of the first reading of a Bill there is a briefing given to opposition critics about the contents of the Bill, and a copy of the Bill is sometimes given to them as well as other explanatory material. In fact, sometimes there is no briefing but the Bill and material explaining it are given under embargo to opposition critics. No matter which party forms the Government, I think it can be said to the credit of Hon. Members that such confidentiality has always been respected.

It is quite another matter if we are talking about giving that material to people who are not Members of the Canadian House of Commons or officials in the Public Service of Canada, but to others, particularly people in other countries. Therefore, I submit that it is open to you to find in these circumstances that our approach to privilege can be extended to the matter raised by the House Leader of the New Democratic Party.

In conclusion, if what we are discussing is not a breach of privilege, it is at the very least a breach of ethics. I think the House and the Canadian people should take note of the implications of detailed information about what is in a key piece of legislation, not yet presented by the Government to Parliament, coming into the hands of someone in another country who clearly is not authorized to have that information, at least a week before the Bill is tabled in the House. If this is not a matter of breach of parliamentary privilege, it raises a very interesting and important question of ethics.

I also believe that it is open to you, sir, to decide that, when it comes to parliamentary privilege as it pertains to the Canadian House of Commons, the precedents already there for you to consider are not the final word. It is open for you to extend the definition of privilege to new areas, and the area we are discussing could well be one of them.

Mr. Speaker: Before recognizing the Minister, the Chair wants to thank the Hon. Member for Windsor West (Mr. Gray) for his intervention. The question of ethics gives the Chair some concern. Perhaps the Hon. Member can assist the Chair and the House. I take it that when the Hon. Member raised the question of ethics, it was not an imputation against the present Minister or Members. That is the way the Chair has taken the remarks and I would want to assure all Hon. Members of that.

Mr. Gray (Windsor West): I would be happy to confirm that.

• (1230)

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, this has been a very interesting discussion of the law, so to speak, of parliamentary privilege. It is, however, not based on any facts which would warrant us now to divert into this kind of discussion.

I am sure it did not escape the notice of the Chair that the House Leader of the New Democratic Party (Mr. Riis) did not quote what Mr. Stettler said in the interview he gave to *CBC Journal*. The reason he did not is because Mr. Stettler did not

say he saw the Bill. Mr. Stettler said: "I think it's a better package than the draft released in June". He said: "I think it's a better package".

Mr. Benjamin: He knew the contents.

Mr. Andre: As I indicated in the House in answer to questions on more than one occasion, I believe, we have been engaged in consultations on this legislation since the end of June. We have discussed it with the Consumers' Association of Canada, the National Pensioners and Senior Citizens Federation, the National Anti-Poverty League, the Canadian Drug Manufacturers Association and the Pharmaceutical Manufacturers Association of Canada. My officials have been in discussion with all kinds of officials and people in my office have been in discussion. That is what consultation is all about. However, no one saw the Bill.

I will have to check the dates because I cannot be sure but I think that the interview Mr. Stettler gave *The Journal* was before I presented the Bill to my Cabinet colleagues for their approval. Therefore, he could not have known what was in the package because the package, *per se*, might not even have been established at the particular time of the interview.

I find it a little disturbing that my ethics would be questioned, that suggestions would be made that I have been consulting or taking instructions from a foreign Government, in view of the fact I stated explicitly here that I have talked to no one in the United States, from the Trade Office, or from the American Pharmaceutical Manufacturers Association. I stated that directly. In essence, what the Hon. House Leader of the New Democratic Party is doing is suggesting that I misled the House. He is saying that I did not tell the truth when I made that statement—

Mr. Benjamin: He didn't say that at all.

Mr. Andre: —because he is suggesting that somehow I caused the Bill to be shown to others previously.

Mr. Benjamin: No, he didn't say that either.

Mr. Andre: The only breach under the broad definition of "ethics" which occurred is when I extended the usual courtesies and told the New Democratic Party that I was going to introduce the Bill for first reading, gave those Hon. Members a briefing, and they used that knowledge to put together a filibuster procedure to prevent me from doing so. For the first time in Canadian history we actually had the refusal of a Party to grant the right to introduce a Bill.

Mr. Murphy: It's not the first time.

Mr. Andre: Never has the fundamental principle of democracy been challenged in that way. Never before has that happened. If there was a breach of privilege, Mr. Speaker, that might be the breach of privilege. To attempt to deny someone to introduce a motion or a Bill attacks the very roots of democracy.

Mr. Speaker: I do not want to cut off the Hon. Minister, but I do want to do something which I think Speakers probably do with some hesitancy. I want to mention the issue of relevancy and say that I think we should stay on point.

Second, I can advise the Hon. Minister, and I think it may be of some comfort to him, that I have not taken this point of privilege, or the remarks which have been made, as an attack on the honour and ethics of the Minister or of any Hon. Member in the Chamber.

Mr. Riis: Absolutely not.

Mr. Speaker: I have not taken it in that way.

Mr. Andre: I did.

Mr. Speaker: The reason the question of ethics did concern the Chair was that I was—

Mr. Benjamin: Now you are paranoid.

Mr. Speaker: Order, please. The reason the issue of ethics did concern the Chair was that there might be some misunderstanding in the Chamber as to the direction in which those remarks were aimed. That is why I rose a few moments ago. I hope all Hon. Members can accept that the Chair does not take anything which has been said as an attack on the personal honour of the Minister or any Hon. Member in the Chamber. I think that is the disposition. I see heads nodding in agreement on the opposition side. Will the Hon. Minister please continue?

Mr. Andre: If in fact there is no direct challenge or suggestion on the part of the New Democratic Party that I released the Bill or gave someone its contents, then why are we discussing a point of privilege? If the New Democratic Party accepts my word that in fact no such release was made by me, what can be the point of privilege? What is the use of this discussion about privilege if in fact those Hon. Members accept my word that I did not release.

I now have a copy of the transcript from the debate where Mr. Stettler said: "Some of the pricing features in that Bill were pretty bad and I think there's been some changes". He said: "I think there's been some changes". On the basis of that, that Party makes the accusation that I told the Americans before I told Canadians and have raised this frivolous point of privilege.

Mr. Benjamin: No, we didn't say that.

Mr. Andre: I personally find that offensive. I have been honest and courteous with that Party and it has used my courtesy in an attempt to frustrate this House from operating, and I find that offensive.

Mr. Benjamin: On the same point of privilege, Mr. Speaker.

Mr. Speaker: In the interests of perhaps keeping the discussion to the point, I just want to reiterate the point as the Chair sees it at this time, that is that, in whatever manner,

information which was in a Bill, information as to the contents of the Bill, got into the hands of someone outside of this place before it was in the hands of Hon. Members. I understand that is the short point, the narrow point, the point I am being asked to consider.

On that basis, the question is whether I should send this matter to the appropriate committee for considertaion. If I have missed the point, I would certainly ask the Hon. Member for Kamloops-Shuswap to correct me but I think that is the point and I would ask Hon. Members to keep to it.

Mr. Les Benjamin (Regina West): I think you are perfectly correct, Mr. Speaker, and I believe the Minister has missed the whole point. There is absolutely no reflection on the Minister personally. My colleague's question of privilege does not allege that the Minister himself personally gave the Bill to anyone who had no right to it or any business knowing about it. That is not the point.

The breach of privilege, as my colleague, the Hon. Member for Kamloops-Shuswap (Mr. Riis), pointed out, was a breach of the privilege of all Hon. Members of the House, and you as the guardian of that privilege have to rule, even if it is a precedent—it is time we had one—on the fact that someone outside this House and, more seriously, not necessarily from Canada but someone from another country, knew of the contents. He did not see the Bill. That is not being alleged in the question of privilege. What is being alleged as a question of privilege, and being stated by my colleague, is that someone from outside of this country knew about the contents of the Bill.

You, Mr. Speaker, have sat for some years in this place, as I have, as a private Member, and I believe you understand that I personally resent someone receiving knowledge of the contents of a Bill before Members of Parliament know about its contents.

• (1240)

The Deputy Prime Minister (Mr. Mazankowski) will appreciate, as do I, that in the course of negotiations and discussions dealing with legislation, as a matter of courtesy, a cabinet Minister will make available to a colleague in his own Party or to a colleague from this side of the House some knowledge with respect to what is in the Bill without showing him or her the Bill. That is something sacrosanct for those of us on this side of the House.

The Hon. Member's question of privilege has nothing to do with whether or not someone from outside this Chamber saw the Bill. They must have known about some of the contents of the Bill or how else could they have said that the contents are better than they were? This means that someone from outside the House, and what is worse someone from outside the country, knew about the contents of the Bill or some parts of it. Surely that is a breach of the privilege of all Members of the House, most particularly those Private Members who are not members of the Privy Council.

Mr. McDermid: You have no proof of that whatsoever.

Mr. Benjamin: There is such a thing as ministerial responsibility. We accept and believe the word of the Minister that at no time did he disclose the contents of the Bill, at no time did he show the Bill to anyone outside this Chamber. We accept that and take him at his word. However, when one considers the consultations that went on between legal eagles, drafters of legislation, officials of departments and other organizations, someone somewhere in the Department of Consumer and Corporate Affairs or in the Department of Justice, or elsewhere, had to have disclosed some of the contents of the legislation to people outside the Chamber.

Mr. Malone: Name them.

Mr. Benjamin: You cannot name them. All we know from the evidence, which is clear in the CBC transcript, is that a person knew about some of the contents of the legislation, otherwise they could not have said something to the effect that the new legislation will be better than it was. How else could they have said that if they had not known about the contents of the Bill?

Mr. McDermid: Quote them accurately!

Mr. Benjamin: This means that even though something happened about which the Minister knew absolutely nothing, and in which he had absolutely no part and is totally innocent as a Minister and as a person, there is still such a thing as ministerial responsibility. He is responsible for all that goes on under his authority in his Department.

I do not think it is proper—in fact, I think it is unforgivable—that anyone outside this Chamber would have knowledge of the contents of a piece of legislation. As a Private Member I ask you, Sir, that you rule that when someone makes statements outside of Parliament in terms of the contents of a piece of legislation that that in fact is a breach of the privilege of Members of the House.

Mr. Speaker: I wish to thank the Hon. Member for Regina West (Mr. Benjamin). I now call upon the Parliamentary Secretary to the Deputy Prime Minister and President of the Privy Council (Mr. Lewis).

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I have a few brief points with respect to procedure which I would like to raise. First, I wish to compliment my colleague, the Hon. Member for Kamloops—Shuswap (Mr. Riis), who, as everyone knows, is a well-informed Member of Parliament. Based on the fact that he is a well-informed Member of Parliament, I suggest to Your Honour that he saw this program, and I believe this is what he stated, on Tuesday evening, November 18. Citation 81 of Beauchesne's states in part:

> By its nature, a question of privilege is of such importance that it may be raised at any time, and S.O. 17 makes provision for the precedence of a question of privilege over all other business of the House.

Citation 82 of Beauchesne's states:

A question of privilege must be brought to the attention of the House at the first possible opportunity. Even a gap of a few days may invalidate the claim for precedence in the House.

I suggest to you, Mr. Speaker, that in that this program was shown on Tuesday evening and was but a momentary thing, if one wanted to bring a question of privilege related to it it should have been raised on Wednesday. I suggest that what we are arguing about here is a matter of debate with respect to whether and when the U.S. official had the alleged notice.

Your Honour will recall that as a result of diligent action on the part of the Government this Bill was printed on November 7. My colleague refers to a taped program shown on November 18. By my mathematics that leaves an 11-day gap during which officials would have had an opportunity to review the Bill as printed and appear on a television program.

Finally, I suggest that if this is a bona fide question of privilege which should be sent to the Standing Committee on Elections, Privileges and Procedure, then in fact we have an interesting situation. I say that because my colleagues opposite often practise a double standard in this regard. A Government document was leaked to the NDP on November 7 concerning alleged secret negotiations between Canada and the United States on automotive trade. That document was used in Question Period with no suggestion that its leak created a breach of privilege. If a leak with respect to a Bill is alleged to be a breach of privilege, then perhaps every time there is a leaked document Your Honour will find Members on the Government side suggesting that that, too, is a breach of privilege. I think one would not want that double standard to be lost in the technical arguments which I have just made.

Mr. Speaker: The Chair wishes to thank Hon. Members for their interventions. I will reserve on this matter which, as I have said, is a serious one. I see that the Hon. Member for Kamloops—Shuswap (Mr. Riis) is rising.

Mr. Riis: Mr. Speaker, I will keep my remarks brief. They refer primarily to the comments made by the Minister of Consumer and Corporate Affairs (Mr. Andre). I wish to clear the air in that respect.

At no time would I want to suggest that the Minister himself was in direct consultation or receiving direct advice from a citizen of a foreign country. I did not state that, Mr. Speaker, and I simply do not want the Minister to suggest that he is being accused of that.

The point is that in the television interview to which we are referring it was not so much the information which came about on that particular day, which I think was the eighteenth, but the comments made by Mr. Stettler reflecting comments and discussions he had had sometime prior to that, perhaps a week, a month or a year—who knows. It was simply at that point that it became, in a sense, a public issue in Canada. The reason I did not raise it earlier was because I was primarily referring to comments made in the House regarding information which occurred in the last couple of days. So my reference was not particularly to the television program. To clarify for the Parliamentary Secretary, it was information gleaned prior to the interview that concerns us.

As the Minister has accurately stated, he not speak directly to the principles being named here today, but simply referred to the fact that, and I think he confirmed this, Mr. Stettler, the Past President of the American Pharmaceutical Association, simply stated that it appeared to him to be a better package. Perhaps he was not absolutely certain of that, he did not say. However, it appeared to him on the information that he had received from some officials within the Minister's office or Department that it was a better package.

That is why in my earlier comments I referred to the point in the precedent set in the United Kingdom which talked about budget leaks, that it was not that individuals had seen the Budget in advance, or that they had it in their possession or that they had spoken to officials about specific clauses. At times it was something as inadvertent as the Minister involved referring in an off-handed manner to an increase in tobacco tax. That was deemed to be sufficient reason for the individual to essentially step down. That is precisely why I made that particular point.

• (1250)

I appreciate having an opportunity to say a word or two about the earlier statements, just to set the record very straight. I would ask, Mr. Speaker, since you have indicated that we have had adequate input to this point, that you rule on this matter. If you feel it appropriate, I look forward to pursuing this discussion in the appropriate committee upon your reference, Mr. Speaker.

Mr. Lewis: Mr. Speaker, we have heard from the Hon. House Leader of the New Democratic Party twice and his submissions have been very helpful. I do not want to be too technical and I am sure you will be fair in your ruling, but it does seem to me that the Hon. Member has, upon having had the floor twice, failed to follow up his question of privilege with a motion, as requested in Citation 81(2) of Beauchesne's that a complaint of a breach of privilege must conclude with a motion providing the House with an opportunity to take action. This is not done upon hearing your ruling, Mr. Speaker, but upon completing one's submission. I would submit that the Hon. Member has had two opportunities to make and complete his submissions but at no time did he move a motion.

Mr. Murphy: Mr. Speaker, I rise on the same point of order. If we check the records of the House, we will find that many Speakers have indeed listened to presentations ending with the Hon. Member saying that if the Speaker should deem it a prima facie question of privilege, the appropriate motion could or would be made. I think we are dealing with an attempt by the Government to prevent you from coming to your own decision, Mr. Speaker.

This case has been presented at some length and the precedents that do exist have been pointed out. As well, the

seriousness of the issue has been pointed out. For the Parliamentary Secretary to be nit-picking as he is at the present time is not helpful to the process. I believe he has been a Member of the House for the same number of years as, and perhaps a year or two longer considering his advanced years, but he does know the history of this and I do not believe—

Mr. Speaker: Order. At the risk of making any Hon. Member feel that we are closing off this debate prematurely, I will nonetheless advise the House that I think I have heard all the points made. Of course, as we know, Hon. Members are skilful in debate and all points that could be made for one side or the other are brought to the attention of the Chair. I am sure that was all the Parliamentary Secretary was doing. On the other hand, I must say that I am persuaded that the Chair has not been put in a position, as a consequence of anything the Hon. Member for Kamloops—Shuswap (Mr. Riis) said or did not say, of not being able to deal with the matter.

* * *

POINT OF ORDER

REQUEST FOR THE TABLING OF QUOTED DOCUMENTS

Mr. Rod Murphy (Churchill): Mr. Speaker, I rise on another point of order. During the course of Question Period, the Minister of Consumer and Corporate Affairs (Mr. Andre) did again quote from a document which he has not tabled in the House. In this case I am referring to a letter, from which he read at least one sentence, from the Minister of Corporate and Consumer Affairs of the Province of Ontario. I believe his name is Monte Kwinter. I believe it would be very important for the House and certainly within the rules and traditions of the House that the letter in its entirety be tabled at this time.

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I would certainly be pleased to do that. I will have to get a copy of it, but if we can assume that I am tabling it I will give it to the Clerk as soon as I can return after picking up a copy.

Mr. Murphy: Mr. Speaker, on a similar and related point, during debate on the Question of Privilege raised by the Hon. Member for Kamloops—Shuswap (Mr. Riis) the Minister again brought in a document of which he had possession but which was not in the possession of other Members of the House. I believe this was a transcript of the CBC program *The Journal* which was broadcast last Tuesday. Again, without taking too much of the time of the House, I would point out that that document should be tabled in the House and I think it would be very important, particularly in light of the question of privilege raised by the Hon. Member for Kamloops—Shuswap. However, the Minister is not here to respond—

Mr. Speaker: I think I should advise Hon. Members that the Minister had to leave the Chamber momentarily. I see the Minister returning. Perhaps he can respond to the point made by the Hon. Member for Churchill (Mr. Murphy).

Mr. Andre: Mr. Speaker, I have been trying to get all of the facts before the House. I am being prevented from doing so by specious points of order and questions of privilege. I would be delighted to table anything and everything I can.

Mr. Gauthier: Mr. Speaker, I rise on a point of order. I have just heard words that I cannot believe. The Minister told me about half an hour ago that he could not tell me about the costs and prices of drugs because he wanted to discuss, reveal and explain the matter in committee. The Minister cannot have it both ways. He should tell us now and he should not tell us that he has told us everything.

Mr. Speaker: The Hon. Member has a point. It is not a point of order.

ROUTINE PROCEEDINGS

[*English*]

HUMAN RIGHTS

GOVERNMENT RESPONSE TO FIRST REPORT OF STANDING COMMITTEE

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, on behalf of the Secretary of State for External Affairs (Mr. Clark) and pursuant to Standing Order 99(2), I rise to table in both official languages the comprehensive Government response to the First Report of the Standing Committee on Human Rights concerning sanctions against South Africa and aid to front-line states.

I move, seconded by the Minister of Consumer and Corporate Affairs (Mr. Andre):

That the House now proceed to Orders of the Day.

Mr. Axworthy: Mr. Speaker, I rise on a point of order in reference to the motion that has just been introduced by the Deputy Prime Minister (Mr. Mazankowski). I had submitted a Notice of Motion asking for an emergency debate and I think the two motions are in contrary order. I think it would be proper for the House to give me the courtesy of at least having the opportunity of presenting the Notice of Motion.

Mr. Speaker: I regret to advise the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) that the Chair is bound to deal with the motion of the Deputy Prime Minister (Mr. Mazankowski) now. I can advise Hon. Members that I received notice of an application made by the Hon. Member for Winnipeg—Fort Garry under Standing Order 29 for an emergency debate with respect to the discussion that has been in the public domain relating to Canadian and U.S. discussions and disputes over softwood lumber. I know that this is a matter of importance to all Hon. Members, but I cannot deal with it

now and I would hope that the Hon. Member for Winnipeg—Fort Garry would realize that I am not in a discretionary position.

Mr. Riis: Mr. Speaker, I rise on a point of order.

Mr. Speaker: I think the Chair is in the position of now proceeding with the motion and is bound to continue.

Mr. Mazankowski moves that the House now proceed to Orders of the Day. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

Mr. Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five Members having risen:

Mr. Speaker: Call in the Members.

The House divided on the Motion (Mr. Mazankowski) which was agreed to on the following division:

• (1300)

(*Division No. 23*)

YEAS

Members

Andre	Gurbin	McLean
Beatty	Halliday	Merrithew
Binns	Hamilton	Mitges
Blouin	Hicks	Nowlan
Boyer	Holtmann	Peterson
Cardiff	Jepson	Pietz
Champagne	Kelleher	Plourde
(Saint-Hyacinthe—Bagot)	Kempling	Scott (Hamilton—Wentworth)
Clifford	Kindy	Scowen
Côté (Lac-Saint-Jean)	Leblanc	Sparrow
Crouse	Lewis	Suluk
Daubney	Lopez	Thacker
Duplessis	MacDonald (Kingston and the Islands)	Towers
Fennell	MacKay	Tupper
Forrestall	Malone	Valcourt
Gérin	Marin	Wilson (Swift Current—Maple Creek)—55
Gormley	Mazankowski	
Graham	McCain	
Gray (Bonaventure—Îles-de-la-Madeleine)	McCuish	
	McDermid	
	McKenzie	

NAYS

Members

Axworthy	Grondin	Nicholson (Trinity)
Benjamin	Heap	Parry
Boudria	Hopkins	Riis
Finestone	Isabelle	Young —17
Gauthier	Kaplan	
Gray (Windsor West)	Manly	
	Murphy	

• (1330)

GOVERNMENT ORDERS

[*English*]

PATENT ACT

MEASURE TO AMEND

The House resumed, from Thursday, November 20, consideration of the motion of Mr. Andre that Bill C-22, an Act to amend the Patent Act and to provide for certain matters in relation thereto, be read the second time and referred to a legislative committee; and the amendment of Mrs. Killens (P.1378).

Mr. Speaker: It being after one o'clock p.m., I do now leave the chair until two o'clock p.m.

At 1.40 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Speaker: When we last considered Bill C-22, the Hon. Member for Winnipeg North (Mr. Orlikow) had proposed to move an amendment to the amendment of the Hon. Member for Saint-Michel—Ahuntsic (Mrs. Killens). The Deputy Speaker took the proposed sub-amendment under advisement and I am now prepared to rule.

Beauchesne 5th Edition, Citation 743 states:

An established form of amendment, such as the "six months" formula used to obtain the rejection of a bill, is not capable of amendment.

For this reason I must reject the proposed sub-amendment. I advise Hon. Members that debate will resume on the motion for second reading and the amendment. The Hon. Member for Burlington.

Mr. Riis: Point of order.

Mr. Bill Kempling (Burlington): Mr. Speaker, it is a pleasure to rise in the House today and speak to Bill C-22, an Act to amend the Patent Act. First, I want to offer my congratulations to the Minister of Consumer and Corporate Affairs (Mr. Andre) for introducing this piece of legislation which, in fact, I believe will benefit all Canadians. Bill C-22 represents a significant step toward the achievement of the Government's goals of sustained national economic growth and

job creation, and the continued protection of the Canadian consumer.

The proposed amendments have five principal objectives: to transform Canada's pharmaceutical sector into a world-class industry led by an unprecedented increase in investment and jobs in pharmaceutical research and development; to ensure drug prices remain reasonable throughout the creation of an independent price review board; to guarantee that the pharmaceutical industry's commitments for research and development are met; to maintain opportunities for growth in the Canadian generic industry; and finally to harmonize Canada's intellectual property laws with those of other western industrialized nations.

The protection of the consumer is an important part of this Bill. It is ensured in four different ways: a continued presence of existing generic drugs; a transitional payment to provincial drug plans; the provision for further generic competition; and the drug prices review board. This board will work in close cooperation with the provinces because of their particular interest in drug prices.

Provincial Governments will have the right to make representations directly to the board if they suspect an abuse in drug pricing. In cases of excessive prices, the board will have the authority to remove periods of protection. Not only will the board be monitoring the prices of all patented drugs, it will also have the power to review the performance of the innovative pharmaceutical industry through annual reports on research and development activities. This, together with a Cabinet review after four years and a full parliamentary review in the tenth year, will ensure that the commitments of the innovator sector to increase research and development in Canada are fulfilled.

Changes to the Patent Act to encourage investment in research and development in the pharmaceutical industry in Canada have long been sought by numerous scientific, medical, pharmacological, and research groups. The Government has received a firm commitment from the innovative drug sector to double the R and D to sales ratio from the prepolicy level. This represents a move from 4.9 per cent to 8 per cent in 1990, then to 10 per cent in 1995. That level is enjoyed by most other industrial countries. This amounts to a total of $1.4 billion in incremental research and development outlays above and beyond the normal expected growth.

The increase in research and development activities generated by Bill C-22 will result in the creation of about 3,000 scientific and research-related jobs in the innovative sector. This means that Canadian university graduates will have an excellent opportunity for employment here in Canada and that we will continue to benefit from their technological and scientific expertise. The new policy provides for research and development investment by the innovative sector by ensuring compensation for the risks associated with the research and development of new health-care products.

Bill C-22 will also provide for continued opportunities for the generic companies to grow and proper. First, it is important to remember that all generic drugs that have a compulsory licence and have received a notice of compliance from the Department of Health and Welfare are unaffected by this policy, and will continue to be available. Furthermore, there are new opportunities for fine chemical manufacturing by generic companies. All existing brand name drugs now on the market are available immediately to a generic firm if it manufactures the fine chemical ingredients in Canada instead of simply importing the chemicals, thereby creating additional jobs.

To allow for the immediate manufacture of a product in Canada by generic firms, all existing licences to import that have been granted to generic companies will automatically be extended to a licence to manufacture. One should also remember that the generic firms are not entirely dependent on products covered by compulsory licences to import.

The sale of drugs via compulsory licence, on average, amounts to less than 50 per cent of the revenues of generic firms. Therefore, the existence of a flourishing generic industry does not, and should not, depend upon compulsory licencing. Nevertheless, seven years after the first notice of compliance, or NOC, is granted for a new drug, a generic company will be able to manufacture the chemicals in Canada and sell the drugs in direct competition with the innovative company.

• (1410)

Opportunities for generic firms also exist through the sanctions available to the drug prices review board. If excessive pricing has been determined, the board could remove the period of patent protection to allow for generic competition.

In the case of the innovative sector, the law will include a Cabinet review of research and development commitments of the industry after four years. If the industry has not met its commitments, the Government will either reduce or remove the period of protection.

Consumer protection is ensured through generic competition of drugs now on the market, and in the future through a transitional payment to provincial drug plans by the drug prices review board. Canada's patent law will also be harmonized with the rest of the world resulting in increased investment, not only in the pharmaceutical industry but in other industries as well.

By promoting new investment, Canada will enter the same league as Japan, Italy and the United States in terms of R and D expenditures as a proportion of sales. The Canadian pharmaceutical sector will become a world class innovative industry led by a significant increase in investment and jobs and in research and development. In short, Bill C-22 will bring positive economic benefits to Canada while protecting Canadian consumers.

I might just say as well that I have been here for a few years and this subject has been on the table many times. I can recall many years ago sitting in the House when a Bill in draft form was brought forward and it was suggested that patents be eliminated. That came about as a result of an item which appeared in the report of the Economic Council of Canada. Someone had come to the conclusion that patents were the cause of inflation so the Liberal Government of the day, now the official Opposition, decided it was going to bring forward draft legislation and hope to have it accepted.

The object of the legislation was to eliminate patents altogether over a period of 10 years, which would then place us in the same position as the Soviet Union, the only other country in the world which does not recognize patents. In fact, our inventors and scientists were going to be issued a certificate of achievement rather than a patent. I recall travelling across the country speaking against that proposal.

Through the years we have seen other initiatives brought forth which were not accepted. We have watched the development of new drugs in other countries. I feel the Bill before us today is a move in the right direction. I want to see it moved forward in debate and into committee as quickly as possible. In view of that, I now move that the previous question be now put.

Mr. Speaker: I regret to advise the Hon. Member for Burlington (Mr. Kempling) that the motion he has placed before the House is out of order. I cite Beauchesne's Fifth Edition, page 158, Citation 459, and May, page 379. As a consequence, debate will continue.

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, first let me say that I am shocked and amazed that a distinguished Member of the House, the Hon. Member for Burlington (Mr. Kempling), who has long proclaimed his interest in the freedom of speech and debate in the House, would resort to a subterfuge of parliamentary tactics to try to suppress and expunge the free expression of opinion on a matter which affects so many Canadians. It is a great disappointment, not only to Hon. Members on this side of the House but, I am sure, to his constituents, that he would make such an effort to try to close off and snuff out the opportunity of the House of Commons of Canada to at least have a preliminary examination in second reading of this Bill.

However, Mr. Speaker, once again the wisdom of the Speaker has prevailed and we can now proceed to look more seriously at the pretensions and protestations we have heard from the Minister of Consumer and Corporate Affairs (Mr. Andre) who, in his activities in the House, in trying to justify the rationale for this particular piece of legislation, has looked so much like a person suffering from an extreme case of summer heat rash, uncomfortable, irritable and totally out of sorts with himself and with what he is trying to do.

The fact is that in trying to find the slightest shred of reasonable and rational justification, he has resorted to what is commonly known in the language of communications as the "big lie", the fabrication or setting up a whole series of straw arguments which do not hold any weight or substance. If I might, I would like to spend a moment or two examining some of the positions put forward by the Minister and refute and challenge them so that we can once again get back to the real issue, which is why do we have this Bill in front of us?

The first argument of the Minister of Consumer and Corporate Affairs is that really this is not going to have any impact upon price. He said it may increase the cost but will not affect the price. That is one of those interesting forms of what one can only call "Tory logic" that somehow the increase in cost has no impact upon the price.

• (1420)

The fact of the matter is that under the present system when a pharmaceutical manufacturer introduces a new drug it comes in at an artificially high price. It is only when the generic drug is introduced that the competitive dynamic forces the price down. So when the Minister says that this measure will not affect the price in any way he is talking about the original set price when a new drug is introduced. He is not talking about the type of price that would be in consequence of a competitive dynamic at work. He has neglected to explain what is the fundamental, rudimentary element of a market economy. That is surprising coming from a Conservative Minister since such Ministers love to wave the flag of the market economy.

In this case they are denying in no uncertain terms the workings of a market economy. They are saying that we are breaking the monopoly position established through the patent right and that through compulsory licensing we will change that. They are saying that we will eliminate the force of competition upon a particular drug, therefore eliminating the downward push and pressure on prices. That was clearly the import of the Eastman recommendation.

Dr. Eastman said that the compulsory licensing procedure had to be maintained at a reasonable rate for four years in order to maintain the competitive pressure on prices. When the Minister resorts to the form of dissembling information which states that, well, back in 1983 the Liberals said they would do the same as we are doing now, it is an unadulterated case of hog-wash. What was set up was the Eastman Commission which made recommendations to keep compulsory licensing and to increase royalties, but only somewhat for a four-year period. If that had been the prescription put forward by the Government then maybe we would be having a different type of debate today. The fact is that the Government has exceeded the impacts of the Eastman recommendation. In fact, by going to the 10-year patent protection the type of competitive force that we had has been eliminated.

What is interesting to consider is that if we look at the way in which the system will now work we will see that as pharmaceutical manufacturers introduce drugs they do so giving those drugs an eight or ten-year shelf life, at which time the generic drug manufacturers are prepared to come in to start

competing with the drug. At that time the original manufacturer will introduce a modified version of the drug, perhaps with a slight improvement or a change in packaging, or perhaps it will even throw in another small ingredient thus starting a new cycle of drugs. Through its massive marketing machinery it will be able to reintroduce this drug into doctors' offices and hospitals. This will prevent the generic drug producers from providing competitive pressure. In fact, what we will be faced with is a perpetual monopolistic situation.

It would have been more honest of the Minister if he had explained the working of such a system. However, he has totally ignored it. He has totally ignored the fact that we are now debating not some small modification but a major restructuring of the drug industry in Canada, along with the basic elimination of generic drug manufacturers.

That leads me to my second point. The Minister loves to stand up and say that this move will create 3,000 new jobs, new investment and new R and D. Where is the proof and substance for that? First, in the commentary of the 1983 Economic Council of Canada report it was clearly indicated that prior to the imposition of compulsory licensing in 1969 there was no higher rate of R and D investment. It was indicated that there was no higher rate of research and development in terms of cures for cancer and all the other things mentioned by the Minister. In fact, the level of R and D investment by the major pharmaceutical manufacturers was the same after 1969 as it was before 1969 when full patent protection was in place. Based upon this history there is no confidence that there will be any increase in investment.

What we will find is that there may even be less commitment since one of the changes that has taken place between June and October—a strange interlude of time in which the American drug manufacturers apparently had far more knowledge than Canadians did as to what was going on—is that the Government eliminated one of the few safeguards that was in the June legislation, a guarantee for manufacturers on investment in Canada. The one thing that the Government had said in June that would require foreign manufacturers to guarantee manufacturing in Canada has now been eliminated.

The question that will be raised in everyone's mind is, why did the Government cave in once again to the PMAC lobbyists south of the border? We know why. Once again, we know that the Government is selling out in order to try to appease its partners in the negotiation on free trade. Once again another price is being paid. Once again there is another surrender, another sacrifice. So far these negotations have cost Canadians far more than we could ever calculate. We have already paid incredible prices for the negotation, and we are paying it once again. Once again we are finding that the Canadian Government has found itself in a position in which another item on the American shopping list has been ticked off. Now that the issue of pharmaceuticals is out of the way it moves on to natural resources and the Auto-Pact. It is a weekly adventure to see what the next item on the American wish list will be. What we do know is that the wish list of last week will be the Government's surrender of this week. In fact, that is the history with respect to what has taken place.

I point out that another part of the fabrication we have heard in the House is with respect to the Minister's projection of new R and D and investment that will occur. In any account has the Minister made reference to the fact that the generic manufacturers themselves were beginning to provide more research and development and more investment? In fact, we are at the stage of reaching a critical point. There was a grant advanced under the IRAP by a Tory Government to a drug manufacturer in Ontario in developing new facilities for the development of chemical ingredients.

The Minister talks about the jobs that will be gained. He does not talk about the jobs that will be lost. The Minister talks about the potential for R and D, not about that R and D which will be lost. If one wants to do a fair and proper calculation with respect to what is the net benefit, if there is any in this Bill, then it is only proper that all the facts are placed on the table.

What is interesting is that when it comes down to the question of how does Canada begin to develop its own industrial base we once again find ourselves in a situation in which 90 per cent of all drugs manufactured in Canada are manufactured through foreign subsidiaries. The only area in which we were beginning to develop a Canadian-based industry was in the area of generic drugs. The industry was beginning to develop a capacity for R and D and for manufacturing.

What will be the end result of the legislation the Government is bringing forward? It will wipe out the Canadian-based drug industry. Once again it will ensure that we are totally dependent upon the decisions made in boardrooms beyond our borders. That is one of the end results and one of the prices that we will end up paying.

I believe the Minister said today in Question Period that this is a cost-free incentive in terms of R and D. He is saying that this is a wonderful industrial strategy, that we can get all sorts of R and D moneys from these foreign corporations because we are changing the patent legislation. As I pointed out in my earlier remarks, the big foreign multinationals were in no hurry to invest in Canada prior to 1969. They have certainly not invested at any higher rate since 1969. I know they are making announcements now because they have been saving them up. They have been playing skilled lobbyist games.

• (1430)

Again, I would like to refer back to the Economic Council studies. In the long run, major incentive for developing R and D in competition with other countries has little to do with patent legislation. It has far more to do with direct incentives and support for R and D.

Of course, we know what the Conservative Government has done with research and development. It has slashed every single research and development budget of every single Crown

corporation and every single department. What is more, we are discovering that certain countries like Ireland and Puerto Rico give enormous tax-free benefits and front-loaded incentive grants for R and D. Will we find ourselves having to compete with those countries to get the R and D? The big guys will come along and say: "They have taken off the patent legislation but now we have received an interesting offer from the Irish to set up R and D facilities there". How are we going to match those grants? Will we find ourselves once again playing this game of industrial blackmail?

All of this massive support the Minister says will be pouring into Canada will be subject to some very interesting new conditions. Once again there will be a different kind of competition for investment than there had been before. Not only are we providing a major deterrent to the development of Canadian-based industries, we will find ourselves without any particular advantage in the competition for large multinationals. Therefore, the expectation of new jobs and investment will have to be seriously questioned and challenged.

Ultimately, we have to return to the evidence that is before us. If this evidence were to be presented in a courtroom, one would say that by far the circumstances weigh against the arguments made by the Minister of Consumer and Corporate Affairs. What the Minister has forgotten is the basic fact that from 1969 on drug prices in Canada were the lowest of any other country in the industrialized world. That is a fact, and that meant that for people who were subject to illnesses and increasing costs of medical care Canada was taking the lead in one clear area. In fact, our system was being studied for implementation by many other countries.

The cost estimates of this are anywhere from Eastman's figure of $200 million to the figures provided yesterday by the generic drug manufacturers of close to over $600 million. In very simple terms, that translates to the kind of correspondence I have received from my constituents. For example, I heard from an older woman who pays $40 or $50 per month for prescriptions. That cost could potentially be $60 or $70 per month. When one relies upon a fixed pension plan for one's sole source of income, an extra $10 or $20 per month makes a very big difference in the lifestyle one can afford and creates a much higher level of anxiety.

The most desperate form of sophistry I have heard from the Minister of Consumer and Corporate Affairs is his statement that somehow, by voicing the concerns of Canadians in the House of Commons, we are causing fear among Canadians. It is not our legislation. We did not bring this Bill into the House. If there is any cause for fear and anxiety among the hundreds of thousands of Canadians who know what their medical bills and prescription costs will be, the responsibility for it rests squarely upon a Government that made a decision that had nothing to do with the question of health and medical care and everything to do with its benighted quest for the great blueprint of a free trade deal with the United States.

Everything is put at the altar of a quick fix and a deal before the end of 1987. Everything else has been washed out by the Prime Minister's quixotic quest to fulfil his historic mandate. The people who will pay the price for that are the people who will have to buy prescription drugs, and those are the people least able to bear that burden. That is the real reason for debating this Bill and the reason the Government brought it in.

The Government was under the most exorbitant and incredible pressure from the Reagan administration and major multinational drug lobbies exercising a combination of economic and political power to change the law, and it caved in. It gave up. This comes as no surprise because the record of the Government since 1984 has been one of caving in and giving up. Surely on an issue that goes so much to the heart of the well-being and quality of life of so many Canadians, the Government might have been able to say no and to stand up to that kind of pressure in this one instance, but it did not. As a result, the vast Government majority will attempt to steamroll in this legislation. The end result will be questionable jobs, virtually no research and development and a much higher level of pain and suffering for ordinary Canadians.

Mr. Manly: Mr. Speaker, I am very pleased to see that the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) is on side in this issue and is fighting against these changes to the Patent Act. However, I would like to ask him where the Liberal Party was in 1983 when the Hon. Member for Papineau (Mr. Ouellet), who was at that time the Minister of Consumer and Corporate Affairs, appointed Martin O'Connell, a former cabinet Minister and former consultant to a multinational drug company, to head up a study on this issue. Mr. O'Connell brought in a report recommending legislation substantially similar to that which the Conservative Government brought in today. Why was the Liberal Government following the same track back in 1983?

Mr. Axworthy: Mr. Speaker, I would be more than pleased—

Mr. Benjamin: Try to get out of that one.

Mr. Axworthy: I will. First I will remind the Hon. Member of the real history behind this matter. Back in 1969 I had the privilege of being an executive assistant to the then Minister of Consumer and Corporate Affairs, the man who is now the Leader of the Official Opposition (Mr. Turner). It was that Minister with whom I worked who initiated the development of the compulsory licensing legislation for Canada. It was the present Leader of the Official Opposition who authored and initiated that legislation, and I consider that to be one of the finer moments I have enjoyed in public life.

In 1983, the then Minister of Consumer and Corporate Affairs said that we wanted to examine the application of the compulsory licensing system, and I think that was legitimate since it had been in operation for over 15 years. The report that was prepared on the matter outlined three options. It recommended legislation, some revisions to the compulsory licensing provisions or a change in the royalty system. What was also clear to me as a member of the Government was that

none of those recommendations was accepted by the Cabinet. We did not bring in legislation like this Government did. In fact, the matter was re-examined by the Department of Consumer and Corporate Affairs and the end result was that the then Minister, Mrs. Erola, provided for the inquiry under Dr. Eastman. He came forward with his modified version of the compulsory licencing. That was the step the Liberal Government took at that time. In 1983 we rejected full square anything that had the type of demonic and destructive impact of this legislation.

[*Translation*]

Mr. Gray (Bonaventure—Îles-de-la-Madeleine): Mr. Speaker, I want to congratulate the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) for saying those were . . .

• (1440)

[*English*]

—the finer moments in Government. Without due recourse, I hope that he has enjoyed his finer moments, because I would suggest that they are coming to an end.

As a new Member of Parliament and working as a Canadian, the thing that amazes me about the new pharmaceutical Bill is why the Liberal Party would be against the advancement of new jobs, new technology, and keeping our technology here in Canada. Can you refute that?

Mr. Axworthy: Mr. Speaker, I thought that I did. But I am glad to have the opportunity to repeat my argument, because obviously repetition would be of some assistance to the Member.

First, there is no evidence whatsoever that there will be increased investment as a result of this legislation. When there was full patent protection, the investment of multinational drug companies was no better and no higher than it was when we had compulsory licencing. There was full protection at that time. That was at a time when there was lots of money, lots of opportunity, lots of freedom, and they did not do it. They were investing in R and D somewhere else.

Second, at the present time under compulsory licencing the pharmaceutical industry in Canada has one of the highest rates of return of any industry in Canada. It is not a matter of it being short of cash that is preventing it from doing it. They have all the cash in the world. In *The Globe and Mail* a few days ago it was stated that the Merrick Company had profits of $300 million. If they wanted to do it, they could be doing it right now. They are playing a game of industrial blackmail upon this country. They want to maintain control and monopoly.

I would also point out to the Hon. Member, and he should take this under advisement, that what was beginning to emerge under the compulsory licencing regime was the development of a Canadian-based drug industry, based upon the generic drug manufacturers. After a period of years they were reaching a point of development where they were beginning to establish their own operations on chemical ingredients. There was an IRAP grant given last year to initiate that. The end result of this legislation will be to wipe out those generic drug manufacturers. We are saying that once again we are prepared to let all the drug manufacturing, and the decisions be made in the boardrooms of foreign owned companies, rather than encouraging and giving incentive to Canadian-based and owned industries.

I suggest to the Hon. Member that what he will probably find in the course of time is that the consequence of his supporting this bad piece of legislation will be working to the detriment of the development of an effective Canadian drug industry.

Mr. Gray (Bonaventure—Îles-de-la-Madeleine): Mr. Speaker, just a short supplementary on the question of pharmaceuticals.

Whereas the Liberal Party in the past was not willing to take a positive position on pharmaceuticals with the Patent Act, and in view of the fact that we will have an increase of 3,000 jobs—unfortunately the Opposition does not want to recognize that there will be in excess of 3,000 jobs created in our country—why should they go against us with their official Liberal policy, working against us to the detriment of Canada? At some point in time they should take a firm stand, and be proud of what we are doing for Canada.

Mr. Axworthy: Mr. Speaker, the answer to that question is simple. We are protesting the fact that this legislation will substantially increase the cost of prescription drugs for hundreds of thousands of Canadians who cannot afford it. That is the reason we feel this legislation is so bad. The Government is not defending the interest of Canadians. What it is doing is simply submitting, on its knees, to a lobbyist pressure of a major industrial group, without any consideration whatsoever to the basic interest of Canadians who need to have proper prescription drugs. That is what the legislation is all about. All this talk of new jobs and R and D is simply peripheral to that central, fundamental fact.

In the last 20 minutes I have challenged the Government to prove where the jobs will come from. I challenge the Government to show that it will gain more jobs than the jobs it will lose by wiping out the Canadian drug industry. I challenge the Government to show how it can assure the guarantee of manufacturing when between the legislation in June and October this Government took off whatever safeguards were there. It made the legislation even worse than it was in June by eliminating the type of guarantee and safeguards that should have been there to require those foreign multinationals to at least put some investment into this country and make sure the manufacturing is here. We will end up with decisions being made in Switzerland, New York, and everywhere else but a place called Canada. When the battle has been won, we will see how quickly those promises are forgotten.

Mr. Daubney: Mr. Speaker, as a Member concerned about research and technology, and research and development in this country, I find it very disconcerting to hear from the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy), whose only contribution to R and D in the past was as a member of a Cabinet which introduced one of the greatest political boondoggles and scams in Canadian political history, namely, the SRTC. That cost this country billions of dollars in revenue and in lost R and D opportunities. The Hon. Member's personal commitment to R and D was to erect the Lloyd Axworthy memorial building in downtown Winnipeg which is now an empty shell. There again, millions of dollars of taxpayers' money down the chute for his own political glorification prior to the last election.

Mr. Benjamin: That's what you get for trusting private enterprise.

Mr. Axworthy: I would like to pose this question to the Hon. Member who says that he is interested in R and D. The Hon. Member states that there is an empty building in downtown Winnipeg. I wish to tell him what the building was going to do. It was going to be a world class national research centre on robotics and artificial intelligence machines. There is no such institute in this country at the present time. There are four or five in the United States, several in Japan, and several in Europe. There are none in Canada. We decided to put it in Winnipeg, and I know it runs against all Tory principles to have anything of technology going on in Manitoba. We have seen that kind of decision in the past two weeks. We know what their attitude is about having western Canadians undertake research and technology. The fact is that a decision by the Hon. Member's Government to eliminate the funding for that building has left it empty. That is the reason it is empty. If it had been left to a Liberal Government, right now there would be 170 engineers and scientists working with private industry and attracting investment from across the world into Canada. For the first time we would have had a major centre undertaking basic research into that technology. That shows my commitment.

I find it exceedingly strange that a Member who comes from Ottawa has the nerve to stand up and talk about what his Governnment has done when we see the rape that is going on in the NRC, and the total desecration of research budgets in every department and Crown corporation. Fortunately, when it comes to 1988 and this Member puts his commitment to research on the line, we know what the people of Ottawa will say to him.

Mr. Benjamin: Plague on both your houses.

Mr. Speaker: The Hon. Member for Ottawa West is rising. Is this question and comment, or debate?

Mr. Daubney: Question and comment, Mr. Speaker.

Mr. Speaker: I regret to advise the Hon. Member that the time for question and comment has expired. On debate, the Hon. Member for Regina West.

Mr. Dick: You don't know anything about this.

Mr. Les Benjamin (Regina West): Mr. Speaker, the Hon. Member suggests that I don't know anything about this. He might be right.

Mr. Lewis: That never stopped you before.

Mr. Benjamin: What I have forgotten will far surpass what he knows, or what he thinks he does.

Both yesterday and today I listened carefully to speeches by Hon. Members on both sides of the argument. I wish to say, Sir, that I am reminded of something in the opening statement of the Winnipeg declaration of 1956 at a CCF national convention during which we spent many hours examining the Canadian economy and society. We said in that declaration that a society motivated only by a desire for profit was basically immoral. I happen to be one of those who believes personally that those in an area such as drugs who would profit from the misfortunes of others are also basically immoral. Those who would profit from picking the pockets of the sick, the poor and the old have to be accused of having minimal social consciences.

• (1450)

I am not one of those socialists who believes that the Government should own, operate and run everything. I never have believed that. I have always believed in a mixed economy of the private sector, the public sector, the co-operative sector and the voluntary sector. There are some few areas though in which I submit private enterprise has no business. For example, the area of research and development, testing, distribution and sale of drugs for sick people.

We hear about recovery costs for research and development. I agree that that recovery could go on for many years. It could cost millions, tens of millions or hundreds of millions before some new development is arrived at, tested and available to the people who desperately need it.

How do you find out what the costs are of research and development no matter how many years it takes? We would need a system to monitor and make those doing the research and development accountable for every single item and every single hour of expense. But what we will be doing is giving them a blank cheque to recover what they claim to be their costs plus a mark-up, plus a profit for 10 years. We have no way of knowing whether they spent $10 million or $100 million. If they claim $200 million plus their profit, plus their return on investment et cetera, they could recover $200 million, $300 million, $400 million, a billion dollars in 10 years by the kind of price mechanism they will have on a patent protected product.

I happen to be one of those who believes that research and development, testing, distribution and the sale of drugs should remain in the public domain. That is where it should be. That is where it can be done the best and the most economically for the benefit of those who desperately need drugs. I think that the whole area of research and development should be in the hands of medical schools, university research facilities and the Department of National Health and Welfare because, as I said earlier, private companies, and especially those from outside our borders, have no business in the business of drugs for our old and our sick.

There is no problem about investment in Canada because this kind of investment out of both the public and private purse is the most civilized and humane kind of investment we can make. It is not because we want to make fast bucks, but rather how well and how civilized our society functions. The test of any society is how well it treats its old, its poor, its sick and its young. In this area, Sir, I profoundly believe that Canadians would support public and private investment in research, development, testing, distribution and sale of drugs on, at worst, actual cost recovery. There should be no profit made from those who are sick.

The Minister has repeatedly said in the House that this Bill will only apply to new developments in drugs. He implies that if we did not have this Bill we could prevent the development of a drug for some form of cancer or some other disease that mankind is trying so hard to find a cure, or we could prevent the development of a drug to ease a terrible disease.

Can you imagine what would have happened had this legislation been in place in France when Dr. Pierre Curie and Madam Curie were doing their research? What would have happened had there been a 10-year locked-in patent, a 10-year monopoly, when Drs. Banting and Best discovered insulin which relieved millions of people all over the globe? Nobody was making large profits and fast bucks out of that one. What if there had been this kind of legislation when Dr. Jonas Salk came up with his vaccine for polio, which was a plague on mankind around the globe? We did not have that kind of legislation in place in Canada. Thank God for that. There was nobody making big profits and fast bucks off the Salk polio vaccine.

Many efforst are being made to provide drugs for any kind of cancer, multiple sclerosis, Alzheimer's disease and a host of things to which we are still trying to find solutions or to alleviate many other terrible afflictions, but let me tell the Minister that nobody needs or should have a 10 year guarantee recovery cost when we have no way of knowing how much the costs actually are.

I suppose if I force myself I could live with the Eastman report recommending a four year patent protection, and generic drug manufacturers paying a 14 per cent royalty, although I would like to see a limit on that. How long do you pay and pay and pay? All costs get passed on to the consumers of drugs. Drug developments should be and remain in the public domain.

We had a world leader in research and development, the testing and distribution of drugs in Connaught Laboratories which was part of the Canada Investment Development Corporation. It was a winner, not necessarily a winner in dollars in profits, but it was a winner for people. It was the finest example of public endeavour for the public good. Only the Tories would attempt to sell a winner, and I guess they have. To whom? I do not know. It was something that the people of Canada had put their wealth into, it was a world leader, and the Tories said, get rid of it. However, under the aegis of National Health and Welfare, the Connaught Laboratories, our universities and medical schools, we can still have the best research and development, testing, distribution and sale at the lowest possible price because this is in the public domain.

• (1500)

I have had occasion over the last several years to require medical treatment, so I have some personal experience. People in the medical profession, including some hon. colleagues of mine in this House, have been good friends and have been good advisers to me on more than one occasion. I wish the drug industry had as good a conscience, as good an attitude, as they have had about how drugs are dispensed, used, and priced.

The other thing I find totally unacceptable is that people from outside our borders make demands upon us concerning how we govern ourselves. In this instance, the demands concern our methods of research and development, testing, distribution and sale of drugs. This is another of many examples of blatant interference with our sovereignty and independence. No self-respecting country of any kind would hold still for that. I, as one Member of Parliament and a proud Canadian, am not going to hold still for that. I am sick and tired of our crawling on our hands and knees to Washington and asking how high when they holler at us to jump.

Mr. Gormley: Do you really believe that, Les?

Mr. Benjamin: I certainly do. This is not the first time we have had blatant interference with our independence and sovereignty from the U.S. It certainly will not be the last so long as we have a Tory Government more concerned about getting a pat on the head and approval from the U.S.

This legislation is obscene. It is brought forward in the name of so-called free and open market competition. I say that drugs for the sick, the old, the poor should not be subject to competition in the free and open market. It is because of that kind of obscenity that I move, seconded by the Hon. Member for Churchill (Mr. Murphy):

That this House do now adjourn.

The Acting Speaker (Mrs. Champagne): Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mrs. Champagne): All those in favour will please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mrs. Champagne): All those opposed will please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mrs. Champagne): In my opinion the nays have it.

And more than five Members having risen:

The Acting Speaker (Mrs. Champagne): Call in the Members.

The House divided on the motion (Mr. Benjamin) which was negatived on the following division:

(Division No. 24)

YEAS

Members

Axworthy	Isabelle	Parry
Benjamin	Killens	Riis
Boudria	MacLellan	Young —18
Cassidy	Manly	
Copps	Murphy	
Finestone	Nicholson (Trinity)	
Grondin	Nunziata	
Heap		

NAYS

Members

Andre	Graham	Mitges
Binns	Gray (Bonaventure—Îles-de-la-Madeleine)	Nowlan
Blouin		Peterson
Boyer	Halliday	Pietz
Cardiff	Hamilton	Plourde
Champagne (Saint-Hyacinthe—Bagot)	Hicks	Scowen
	Holtmann	Suluk
Clifford	Jepson	Thacker
Côté (Lac-Saint-Jean)	Leblanc	Towers
	Lewis	Tupper
Crouse	MacDonald (Kingston and the Islands)	Valcourt
Daubney		Wilson (Swift Current—Maple Creek)
Dick	Malone	
Dorin	Marin	Witer—46
Duplessis	Mazankowski	
Fennell	McCrossan	
Forrestall	McCuish	
Gérin	McKenzie	
Gormley		

• (1540)

Mr. Speaker: I declare the motion lost. The Hon. Deputy Prime Minister (Mr. Mazankowski) on a point of order.

Mr. Mazankowski: Mr. Speaker, I rise on a point of order.

I regret to advise the House that I have not been able to come to an agreement with my opposition colleagues pursuant to the provisions of Standing Orders 115 and 116. It is quite obvious that the Opposition does not want to debate this Bill. There have been several dilatory motions—

Mr. Benjamin: One by you!

Mr. Mazankowski: —frustration in terms of trying to introduce the Bill, points of order and questions of privilege, all of which have been rather phoney and extraordinary—

Some Hon. Members: Oh, oh!

Mr. Cassidy: Where is the sweetness and light?

Mr. Mazankowski: It is quite obvious—

Mr. Speaker: Order, please. If it is indeed obvious, then perhaps a long speech is not required.

Mr. Mazankowski: Mr. Speaker, thank you very much. It is quite obvious that the substance of the Bill on which we had hoped to have an enlightened debate does not interest members of the Opposition. Rather, they are interested in frustrating the process. Therefore, I wish to inform the House that next Monday I will be bringing forward a motion asking that two additional days of debate be granted for the consideration of the Bill at this stage.

Mr. Riis: Democracy is dead.

Mr. Speaker: Debate.

Mr. Nunziata: I rise on a point of order, Mr. Speaker. Due to a situation beyond my control, I was unable to attend the taking of the vote which took place at approximately 1.30 p.m. I wish to indicate to the House that had I been here I would have voted with my Party.

Mr. Speaker: Resuming debate.

Ms. Copps: I rise on a point of order, Mr. Speaker. Given that the Deputy Prime Minister (Mr. Mazankowski) has just boot-legged a warning of closure in his alleged point of order, I would like to boot-leg a warning on the part of this side of the House that we will fight this closure as long as we can. We will continue to fight it in the House of Commons and outside.

Miss MacDonald: Good for you.

Mr. Benjamin: You have two hours, Sheila.

Mr. Speaker: The Hon. Member for Nepean—Carleton (Mr. Tupper) on debate.

Mr. Bill Tupper (Nepean—Carleton): Mr. Speaker, I am pleased to rise this afternoon on behalf of my constituents in Nepean—Carleton and share with them and Members of the House some of my thoughts with respect to Bill C-22 and its amendments. One of the intriguing things to a person who is in relative terms a newcomer to the House of Commons is how difficult it has been to bring this piece of legislation on to the

floor of the House of Commons for debate. I say this because it is a piece of legislation that has received a great deal of attention, not only in the House but across the nation. It is an important Bill. It deals with an issue that clearly needs to be debated by all Members of the House. It needs to be thought through carefully by all Canadians. All Canadians require an opportunity to be as fully informed as they can about the pros and cons of this Bill, those things that might relate to potential increases in drug prices and so on, and to have those things really established in this forum. I think we should move on with the debate and send the Bill to committee as quickly as we can.

The changes that Bill C-22 bring forward are based on respect for intellectual property, incentives to Canadian industry and continued consumer protection. I think all Members of the House would recognize, knowing something about my background in science and my interest in research, that I have a dramatic interest in any legislation that would affect research or potential research and development in Canada.

As we look at this legislation, the cornerstone of the policy that we are addressing is a return to patent protection for those who discover and develop new drugs. Our Government believes in the principle that intellectual property rights must be respected and protected. Canada is the only industrialized country in which patent rights for new drugs can be assessed at any time by a compulsory licensing procedure. In fact, if all countries had such regressive laws no new drugs would be discovered anywhere in the world.

It is time that we brought our patent law into line with the rest of the world. This legislation will transform Canada's pharmaceutical sector into a world-class innovative industry led by a significant increase in investment and jobs in research and development. Upgrading Canada's Patent Act will also give us access to the Patent Co-operation Treaty, facilitate the dissemination of new technology, especially to small and medium-sized businesses, and decrease costs and increase productivity by eliminating much of the duplication that currently takes place. The goal, then, in amending the Patent Act, is to create an inviting climate for research and development in Canada's pharmaceutical industry. This is vital to our Government's goal of economic renewal and industrial growth.

There is much less pharmaceutical research and development being done in Canada than the Government and the Canadian research and development community would like, particularly the Canadian university community. This is because Canada has been regarded as a country with a hostile climate toward the protection of information such as that to which we are addressing ourselves this afternoon. Innovative drug companies doing basic research do not want to invest here because Canada has refused to protect their discoveries. Drug research in Canada is now almost totally oriented toward the clinical research and trials necessary to obtain permission from the Department of National Health and Welfare to market a drug in this country. The basic research that should provide employment for our university science graduates is being done in other countries, at Canada's loss.

Bill C-22 attempts to correct this inequity for Canadian pharmaceutical research. It will lay the groundwork for employment in Canada for Canadian universities and for Canadian science, in particular for graduates and post-graduate students in chemistry, biochemistry, biotechnology and in our medical schools. It is important to note that very little commercialization of the products and ideas of Canadian university and other pharmaceutical research organizations now happens in Canada. This is partly because there is no real manufacturing capability in Canada that could commercialize these products and ideas. By providing an incentive for firms to manufacture fine chemicals, the basic ingredient in drugs, rather than to simply process imported materials into dosage form, the Government is laying a second part of the foundation required for the Canadian pharmaceutical industry to become a significant player on the world scene.

• (1550)

Bill C-22 will generate more products and more ideas from the Canadian pharmaceutical research and development establishments. In order to get the maximum benefit from these products and ideas, however, it is necessary to have a productive and adequate manufacturing base available. Otherwise, the commercialization of Canadian research products and ideas will be done elsewhere and Canada will not benefit from the employment and further investment opportunities this process could generate.

I believe the steps being taken in this Bill and the new investment in research and development that will result are major steps forward in the support of a truly significant pharmaceutical industry. The investments resulting from Bill C-22 will benefit all of Canada. Research centres capable of performing pharmaceutical research will benefit from this increase in investment because a greater proportion of the extramural research expenditures of the pharmaceutical companies will be made outside Quebec and Ontario.

Last weekend, I spent a considerable amount of time in Alberta. I met with representatives of the pharmaceutical community there and found that they were anxious to establish a pharmaceutical research capability in that province. They encouraged us to proceed with this legislation so that they could participate by having research facilities established in Alberta, particularly in association with medical schools.

The changes this Bill will bring about have long been called for by the Canadian scientific and research community and particularly by the university community. Bill C-22 will result in a significant amount of new research and development expenditures going to Canadian universities, hospitals and private research institutions.

The June 1983 discussion paper released by the then Minister of Consumer and Corporate Affairs, the Hon. Member for Papineau (Mr. Ouellet), called for a rebalancing

of the 1969 policy. This was because there was a need, the paper said, to generate more investment in research and development in Canada. In September of that year, the present Liberal critic for science and technology in the House, the then Parliamentary Secretary to the Minister of Consumer and Corporate Affairs, said that the Government's objective is to maintain low prices for consumers and to create a business climate that will support development of the industry with an emphasis on the growth of return, the development of exports and an active ingredient manufacturing in Canada. The Eastman Commission, in its report, confirmed the need to rebalance existing patent policy by providing a guaranteed period of protection to innovative companies.

Many scientific, medical, pharmacological and other research groups across Canada have also called for amendments to the Patent Act to promote more pharmaceutical research in Canada. These groups have included the Canadian Federation of Biological Societies, the Canadian Society for Clinical Pharmacology, the Canadian Society of Hospital Pharmacists, the Research Institute of Montreal, l'Industrie du Médicament, the Deans of Pharmacy of Canada, the Medical Federation of Quebec and many others. We have heard from these groups as recently as this past week.

Bill C-22 answers these calls for the promotion of pharmaceutical research and development in Canada. The Government anticipates that the new investment will total some $1.4 billion and that these investments will create some 3,000 high quality research and technology jobs in the pharmaceutical industry across Canada. Other estimates of the number of jobs that will be created are even higher. According to an October 1986 article in *Le Devoir économique*, the former Dean of the University of Montreal said that the number will increase from the present 17,000 to 25,000. These are the jobs for which the pharmaceutical and medical research groups have been calling.

I think it is absolutely essential that as the House moves forward with this debate, we as parliamentarians do whatever we can to promote research and development in Canada. In thinking about this Bill, it is essential that we ask ourselves what our track record in drug research has been over the last 10, 20 or even 50 years. We would be disappointed to learn that our creativity in the bringing forward of new drugs to protect the health of Canadians and other men and women around the world has not been as productive as we would have like it to have been.

Thinking about this further, and accepting that philosophy, we are in large part on an ongoing and continuous basis putting ourselves in the position of having to rely on research being done in other countries for many of our health care needs. If we are to do that, we will then have to pay what might be called the international price for new drugs. If that will be the case, we will have no protection whatsoever because we will not be able to establish in our own domain the method of controlling prices of drugs that are so important to the poor, the elderly, the needy and indeed all Canadians.

New drugs are expensive. Recently, I have read a little bit about the new drug cyclosporin, a drug that has revolutionized the entire approach to the transplanting of organs. This drug has been able to overcome the rejection phenomena we have been until now unable to accommodate. This has been a marvellous new development in scientific research and in human health. However, for those who have to use it, the drug is expensive. I understand that its use costs between $2,000 and $4,000 a year. However, that is the price of progress. I am sure that those who live with new organs find that a small price to pay.

There is another dimension to this. There is an entire generation of young scientists who are interested in biochemistry, biotechnology and medical research who are denied access to research laboratories because of our lack of encouragement and the lack of the appropriate economic and protective climate needed to allow pharmaceutical research in Canada. If these young men and women graduates of our universities want to pursue careers in this area, they usually have to go elsewhere.

It is expected that as much as 30 per cent or perhaps $400 million of the new research and development expenditures will go directly to Canadian universities, hospitals and other private research groups. Medical schools and research institutes will all benefit from the increase in basic and clinical research and development that will occur as a result of this Bill.

[*Translation*]

The Acting Speaker (Mrs. Champagne): It being five o'clock the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

• (1600)

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*English*]

THE CONSTITUTION ACT, 1982

RIGHT TO LIFE OF UNBORN HUMAN PERSONS

Mr. Gus Mitges (Grey—Simcoe) moved:

That, in the opinion of this House, the government should consider the advisability of amending the *Constitution Act, 1982*, to include unborn human persons, and that the Governor General issue a Proclamation under the Great Seal of Canada to amend section 7 of the Canadian Charter of Rights so that it reads as follows:

"7. Everyone including a human foetus or unborn being has the right to life, liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice."

He said: There is no question, Madam Speaker, that this country of ours has split into two decidedly hostile factions since the Criminal Code was amended in 1969 to exclude from prosecution those abortions performed in hospitals which have therapeutic abortion committees.

Those who feel that easy access to abortion is necessary to protect women who are unwillingly pregnant state that a woman should be able to terminate an unwanted pregnancy, and that abortion should be available to all women regardless of age, marital status, or income level.

Those who disagree base their reasoning on the definition of human life given by members of a scientific group in Washington, D.C., and I quote:

> The majority of our group could find no point in time between the union of sperm and egg and the birth of the infant at which point we could say that this is not a human life. The changes occurring between implantation, a six-week embryo, a six-month fetus, a one-week child, or a mature adult, are merely at stages of development and maturation.

It is difficult for those who accept this concept of life to find a common ground on which to meet those who desire abortion as a means of enduring childbirth by choice.

We who oppose abortion do so because we believe in the right to life. We are falsely depicted by those who are pro-abortion as unconcerned with the reality of the 15-year-old girl who is pregnant because she does not know any better, or the mother of five who can see no way to support another child, or the woman who is carrying a defective child. We are seen as forcing a theory of life on a world that is torn by suffering and personal torment. Individual liberty and freedom of choice are catch phrases that are fast gaining control of our society.

People's feelings are for what they can see, not what someone has told them exists. Their eyes and minds focus on the woman, not the child she carries. Their sympathy is for the suffering of those already born, not for the one who is waiting to be born. They care not for the right to life, but only for the lives that are apparent. They seem to infer that to fight abortion is to put women into a state of perpetual pregnancy.

I am against abortion, but I do believe in birth control and the education of the public regarding various means of preventing conception. The public has become confused by the fact that those who favour abortion state that every woman should have the right to decided whether or not to carry a child. To them abortion is a matter of personal conscience and no woman should be forced to carry a child, or terminate her pregnancy. Aside from the fact that women can and have been frightened or manoeuvered into having abortions, the destruction of the child is the main issue.

The Canadian Association for the Repeal of the Abortion Law states that Canada must be willing to join other countries where legal abortion is readily available. Their reasoning for this is that it prevents illegal abortion and that it faces the reality of abortion as a major health issue. It preserves the physical, mental, social, and economic well-being of the women concerned. If it does those things, it is a hypothesis which has not yet been proved.

The ends envisaged can be met through other means. Proper education solves many problems, especially when the education gives complete understanding of birth control methods available, and a thorough understanding of the value of human life. Man must learn that the preservation and continued growth of the human race demands that the weak must be protected from the strong, and the unborn must be protected from the mature. The concept of equality before the law demands that all participants be included, not just those who can yell the loudest.

Many doctors today now admit that there is no medical reason for abortion. Even the late Dr. Guttmacha, who was one of the strongest allies of the abortion movement stated:

> Today in our modern society it is possible to take almost any woman safely through her pregnancy except if she has cancer or leukemia, in which case an abortion would not save her life much less prolong it.

One of the big problems for those fighting abortion and the destruction of innocent life, is that while there is proof that life begins at conception, people are willing to destroy that life and make the social and economic status of the mother more important than the right to life of those who cannot speak for themselves. We are fast losing sight of the traditional western ethic which has always placed emphasis on the basic worth and equal value of every human life regardless of its stage or condition. By destroying another life to ensure one's economic and social success, the human race is losing whatever dignity and honour it has worked to build for itself over the centuries. It is only right and proper that the individual be protected, that he or she be granted the God given life and the right to grow and learn at his or her own rate.

Unfortunately, all individuals are not granted the same rights. The legalization of abortion implies that the end justifies the means, that destruction is allowable if a certain quality of life is preserved for those who remain. Self-interest then is held to be more important than the common good. Truth becomes lost as man learns to define himself in terms of what he thinks is useful and convenient.

To place a utilitarian value on human life, to see each person only in terms of his economic worth, can and will lead to the destruction of human life. It will lead to the murder of those already born who through mental or physical incapacity are not able to contribute to society what may be demanded of them by extremists. These and any other attempts to negate life, to state that it has no value in itself must never be tolerated.

Life is an automatic value, and the handicapped child has the same right as any other person to develop his or her full potential as a human being. Abortion, infanticide, and mercy killing have a tendency to follow one upon the other. To destroy life on any level is to accept that all life has only a relative value.

Can those who propose the complete legalization of abortion guarantee that it will end there? Can they guarantee that the legal murder of the unborn will not lead society to other forms of murder? I think not.

Statistics show that the number of abortions have increased by leaps and bounds, which creates a situation where those hospitals which choose a lax interpretation of the law are now experiencing difficulty dealing with the backlog. Needed

elective surgery is backed up and operating theatres are constantly tied up. Abortionists would like to force the other hospitals and doctors into accepting the backlog. That must be prevented at all costs. Never do I want to see individuals and institutions forced into the taking of life of those who are classified as unwanted by a society that cannot be bothered with the question, let alone try to find an answer.

In most of the disagreements and arguments that have taken place between pro-lifers and pro-abortionists, the focal point has been the issue of contraception. Those who favour abortion state that pro-lifers want to put women into a state of continual pregnancy. I have said before and I must stress again that proper birth control methods must be made readily available to all. Sex education must be taught in such a way as to make all people understand those methods. Money can and should be spent on the education of all people, not just those attending high school or college. Once that is done, people will be able to make the choice concerning the birth of children.

As it stands now, abortion is becoming a means of contraception. Many women and men are choosing not to make full use of contraceptives. It has become much easier to terminate an unwanted pregnancy than to take the time to use proper birth control methods. Destruction of the unborn child has become the accepted means of ensuring that a sexual relationship is not based on artificial means.

Even the Badgley Commission agrees that the number of abortions will continue to rise if some means is not found to ensure that women have contraceptive protection.

For those who do not wish children, contraception is proper and necessary. Once conception takes place there can be no more contraception. Once a life has begun it has the same right to reach its natural end. That life has the same right to protection under the law as has its mother or any other member of society. The Right to Life movement must be willing to show the people of this country that it does care. It must show that it is aware of the problems of illegal abortions, of the pregnant women who need assistance and guidance before, during and after pregnancy. The public must learn what the Right to Life movement is really trying to do, not what pro-abortionists say it is trying to do.

• (1610)

Governments and the medical profession must be willing to offer assistance and to explain what that assistance is to women who are pregnant. Men cannot be forgotten either. The development of women's rights does not demand the end of male responsibility. Sexual relationship demands responsibility on both sides in the understanding and use of contraceptives, and in the care of any child which may result from that relationship. The legalization of abortion must be averted and the type of abortion available must now be ended before there will be any change in the values of Canadian society.

Mr. Dan Heap (Spadina): Mr. Speaker, I am pleased to speak on this subject. It is one that has concerned me for a good many years as it has many other people. I take it very seriously. The motion is:

That, in the opinion of this House, the government should consider the advisability of amending the Constitution Act, 1982, to include unborn human persons—

I want to come back to that phrase, Madam Speaker:

—and that the Governor General issue a Proclamation under the Great Seal of Canada to amend section 7 of the Canadian Charter of Rights so that it reads as follows:

7. Everyone including a human foetus or unborn being—

I will come back to that phrase also:

—has the right to life, liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice.

Although the motion itself does not mention abortion, it is of course not produced for the purpose of a philosophical discussion only, but as the Hon. Member for Grey—Simcoe (Mr. Mitges) has illustrated it is a part of the discussion on the laws relating to abortion.

I do not consider this an easy subject, Madam Speaker. I have struggled a lot with it. I think perhaps the Hon. Member for Grey—Simcoe does not consider it easy. He does not want to be stereotyped as somebody who is out of sympathy with women who are pregnant, troubled with other circumstances. I think he is quite right not to want to be stereotyped and put down as being unsympathetic. I have many good friends who take the same position as the previous speaker has. I also would not want to be put down as somebody not concerned for the foetus.

As a father of some children and a grandfather of some children and as one who had some minimal familiarity with disappointments relating to miscarriage, although no experience directly with the choice of abortion, either by my wife or anyone else, I have great respect for the foetus which is the subject of this motion. I do not understand it yet, at least in quite the same way as the Hon. Member for Grey—Simcoe does. To say that this is a human being, a human person or a unborn being with the right to life, liberty and security of the person is farther than I am conscientiously able to go at this time, farther than many people quite serious, quite compassionate of both the mother and the foetus are able to go at this time.

The peculiar situation that does not exist anywhere else in our law is that if we talk about the foetus as a person and we talk about protecting the rights of that person, we must protect a person inside another person. That is obvious, but I think the point may have escaped some. I cannot force a woman to protect a life that is inside her. I may encourage her, persuade her, help her or whatever, but without risk of serious damage to one or both—the person outside and the alleged person inside—I cannot compel her. The attempts to do so have been very unhappy with very poor results in public experience.

I think the decision the Member for Grey—Simcoe has asked us to make is at best premature. It may be that society will arrive at a point where that is the view, but it has not yet

arrived in Canada and in many other countries. Certainly that view was not arrived at among the people who wrote The Bible. There is no foundation for the speaker's view in the teachings found there. If there were more time I could go into one of the few examples which shows a different attitude in the Old Testament, the laws of Moses, that rated the life of the foetus distinctly lower than the life of the pregnant woman, distinctly lower, not only the life, but the well-being of the pregnant woman. If the Member wants to check on that he can look up Exodus XXI and XXII.

We should not rush to a decision on this while people of good will are so strongly and, roughly speaking, so evenly divided on it. If we were to go by polls we might notice that 70 per cent of Canadians, according to polls, support the right to choice, as it is called. It is perfectly possible for a person to be opposed to abortion but in favour of the right of choice. It is perfectly possible to say that I wish women would not choose abortion. Because I wish that, I would do whatever I can to encourage that choice and to encourage the consequences of that choice rather than the consequences of the other choice. It is perfectly possible to take that view and yet to take the view that if she disagrees then my obligation is not to punish her in some way, because that is really what is at stake here—we can talk about the doctor but it is the pregnant woman who is the focus of concern when we talk about legal action—by perhaps delaying an abortion that she still seeks or preventing her or penalizing her for having it. We have to say that for the sake of that woman's life, even if we disagree with what she is doing, for the sake of the foetus which perhaps will be born and be clearly a person or perhaps will not, for the sake of both we have to make sure that the medical conditions are satisfactory. If she insists on the abortion, that means medical conditions of a sound abortion procedure.

I have just read a very interesting speech which was delivered in 1984 by Mario Cuomo, Governor of New York. I do not know whether he still is the Governor but I hope he is. He speaks as a Catholic layman to the Department of Theology at the University of Notre Dame. He speaks of himself as a graduate of the university. He says that as a Catholic he is obliged to protect the right of non-Catholics to do things that he would disagree with because that right is reciprocal.

• (1620)

As a legislator, both as a member of city council and here, as someone responsible for making laws, that responsibility being given to me by a plurality of voters, I will not choose to enforce the sort of law implied by this motion on the foetus or even on people who I think may do something I wish they would not do. I do not believe enforcement of the law in that way will help life, either the life of the pregnant woman or the life of the foetus. Therefore, I urge the Hon. Member and other Hon. Members to consider that this is a matter for much further and deeper public soul-searching. We should not be attempting to coerce by legislation.

[*Translation*]

Mrs. Anne Blouin (Montmorency—Orléans): Madam Speaker, first of all, I want to congratulate the Hon. Member for Grey—Simcoe (Mr. Mitges) on his concern for the rights of the foetus. I realize the matter is very important to him, and I respect his views and praise his courage.

Madam Speaker, the issue is one of the most serious ones facing Canadian society today: What legal protection should be given the human foetus? We must not lose sight of the fact that if this motion were adopted, it would have a major impact on our abortion legislation. Agreed, many Canadians would applaud this kind of change. And many would be appalled.

It is an extremely controversial issue, on which Canadians are divided. And because this is such a burning issue, I have some reservations about the avenue chosen by the Hon. Member to amend the relevant legislation. Is a five-hour debate the right way to amend this country's fundamental laws? Hon. Members will no doubt recall the long and impassioned debate that followed the proposal to amend the Criminal Code in 1969. I am not at all convinced that a five-hour debate will be sufficient to give thorough consideration to the many aspects of this issue. I do not believe that five hours will be enough to examine the various interests at stake.

The Hon. Member for Grey-Simcoe is proposing to have Section 7 of the Charter of Rights and Freedoms amended so that a foetus, like a person, has the right to life, liberty and security and the right not to be deprived thereof except in accordance with the principles of fundamental justice.

The Hon. Member is no doubt aware that amending the Constitution is a serious matter. Remember how long it took to develop an amending formula for the Constitution.

Madam Speaker, experience has shown how difficult it is to obtain a consensus among the provinces and the people of Canada.

We must not forget there is a set procedure for amending the Constitution. Part V of the Constitution Act, 1982 provides that an amendment, in addition to being approved by the House of Commons and the Senate, must also be approved by two-thirds of the provinces that represent 50 per cent of the population.

The amending procedure involves consultation with the provinces on the impact of the proposed changes. Any change in Section 7 can have major implications for the provinces.

Before we start consideration of an amendment to Section 7, I would like to know how this will affect family law.

I think it would be advisable to continue consultations that have already begun on amendments to the Constitution. Madam Speaker, we must keep encouraging co-operation between the provinces and open up the fullest possible debate on the issue. It is imperative that we obtain a national consensus on this fundamental issue.

Madam Speaker, it is also of the utmost importance to allow Canadians to express their views on whether protection of the foetus should be guaranteed by the Constitution. Our Goverment sees it as its duty to consult before making such a fundamental change in our legislation. Indeed, what could be more fundamental than an amendment to the Constitution?

We have always consulted Canadians about social benefits and issues involving equality. We cannot amend our laws on abortion and entrench the rights of foetuses in the Constitution without consulting the various groups concerned.

This matter is too important for us not to try to achieve the highest degree of consensus.

I do not believe that we can resolve such a complex issue in so short a debate. Before bringing in laws on abortion, we must ensure that we know all their implications, and most important, that we have the support of the greatest number of people, otherwise, we might be creating more problems than we would solve.

Again, Madam Speaker, I repeat that a five-hour debate would not be sufficient for a thorough and complete review of all the consequences of constitutionally guaranteeing the rights of the foetus. Consultation with the provinces on the possible impact of such an amendment is imperative.

I urge the Hon. Members of this House in favour of enshrining the rights of the foetus to realize that amending the Constitution is no simple matter. We would first have to examine thoroughly the consequences such a step might have, and consultation, in particular, would have to be extensive. Finally, Madam Speaker, may I say that the debate on abortion has already been a very divisive factor among Canadian men and women that I feel it would be much too dangerous to proceed with the very significant amendment proposed by my hon. colleague.

[*English*]

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, I appreciate the opportunity to speak on an issue which is important to all Members of this House and all Canadians. Basically I see this as another back-bench Conservative attempt to make it more difficult for Canadian women to obtain safe, legal abortions. At the same time the motion, if it were adopted, would distort the whole concept of human rights in Canada. It calls on the Government to extend to the human foetus the basic legal rights we have under Section 7 of the *Charter of Rights and Freedoms*. The implications are staggering. It moves the entire debate about abortion away from the medical sphere where it properly belongs, and into the legal sphere.

We can all accept that abortion has some very important moral elements which both individuals and society have to deal with. However, the medical questions are most properly addressed by the woman and her doctor. The moral questions must be addressed by the woman and her own conscience, perhaps with the help of a priest or some other counsellor. We have to recognize the need for more counselling facilities for women in this situation. I therefore particularly urge upon the Government and government Members the necessity for more funding for women's centres so they can receive the kind of counselling they need to reach their own decisions.

I am concerned that if this motion is adopted the procedure I have just outlined will be completely derailed by a very complex legal process. We all know the difficulty women face under the present legislation. Hospitals lack the required therapeutic abortion committees in order to approve abortions being performed in those hospitals. This is particularly the case in rural areas. Women in rural areas often have to travel long distances to major centres to get safe and legal abortions. At present the Provinces of Prince Edward Island and Newfoundland have no hospitals with therapeutic abortion committees.

• (1630)

I suggest, Madam Speaker, that the answers to our concerns about abortion do not lie in banning abortion, but rather in safer methods of birth control and proper education. The Member who sponsored the motion says he is not opposed to birth control. I am pleased to hear that. However, we must recognize that safe and effective methods of birth control do not exist in our society. They still need to be found. We know the health problems which women are having due to the pill, the IUD, the Dalkon shield and now with Depo Provera. Yet, research funding for safe contraceptive methods has been cut in Canada and the United States.

A study was done for *International Family Planning Perspectives*, a publication in New York. The authors asked 62 pharmaceutical manufacturers whether they were doing research and development on birth control. Of the 42 American companies which responded, 33 said they had abandoned such projects. This is the model of research which was held up this afternoon by government speakers saying we need more research in various areas. However, in this area in which we desperately need research, the pharmaceutical companies are cutting back. This is obviously an area in which the Government should be getting involved. Instead, it is cutting back in this field.

In a July 22, 1985, news release of the Planned Parenthood Federation of Canada, Nancy Sunderland, the Treasurer, pointed out that the Minister of National Health and Welfare (Mr. Epp) has "contradicted himself by not treating all organizations funded under the family planning program in the same manner". While cutting the Planned Parenthood Federation of Canada by 12.5 per cent and the Canadian Committee on Fertility Research by 75 per cent, Serena, an organization that promotes natural family planning methods, received a 12 per cent increase in its funding.

The need for research into adequate contraceptive methods is being completely ignored by the Government. In addition to adequate contraceptive methods, there is a need for education. Education does work. Planned Parenthood of Ontario has pointed out that there has been a decline in the adolescent

pregnancy rate in Ontario. In 1983 there were 42.3 pregnancies per 1,000 women between the ages of 15 and 19 as compared to 60.4 pregnancies in 1959.

The nine-year overview proves that prevention works. It demonstrates that public prevention programs of sexuality education in school and family planning services in public health units have not caused adolescent pregnancy rates to rise. Furthermore, access to abortion services have not increased sexual irresponsibility that would cause adolescent pregnancy rates to rise. The study goes on to point out that young people who live in rural areas and poorer areas lack access to such family planning education in their schools. This is something which must be corrected.

In conclusion, I would like to make it very clear that I cannot support this motion. I think it would run counter to the best interests of the Canadian people. Instead, I call upon the Government to remove all references to abortion from the Criminal Code.

Mr. Don Boudria (Glengarry—Prescott—Russell): Madam Speaker, the topic which we are discussing this afternoon is not one on which one can be a political winner. It is not a vote-getting issue or a partisan issue. However, it is certainly a complex issue. The easiest thing for any Member to do would be not to speak at all. However, I do not believe that is what the people of our constituencies sent us here for. I was in the lobby earlier making telephone calls to constituents. I heard the debate taking place in the House and deliberately chose to come in and participate in it. This is at the same time a religious issue, a moral issue and a social issue.

[*Translation*]

Above all, Madam Speaker, it is more than a simple constitutional issue. I am sure the Hon. Member who is sponsoring the motion to amend the Canadian Constitution means well. Unfortunately I believe he is taking the wrong approach to make his point. Should a Member feel that the legislation respecting abortion ought to be changed, then I think this should be done through a Criminal Code provision rather than a constitutional amendment because, as I said earlier, we may be debating a number of issues this afternoon but honestly I do not believe we are now talking about a constitutional matter. We may be talking about many other things, but certainly not that one. If I may elaborate briefly on the constitutional aspect, it has been pointed out a moment ago that any amendment to the Constitution calls for consensus and agreement between the federal Government and a number of Canadian provinces—two-thirds of the provinces representing at least 50 per cent of all Canadians—plus a resolution of the House of Commons.

There is another aspect to be taken under consideration, Madam Speaker, namely that if we amend the Constitution, which then becomes subject to interpretation, I have serious reservations about the manner in which the motion or the constitutional amendment is worded. Members might seriously wonder what would be the consequences and the legal implications. When for instance I see in this proposal the words "unborn human persons", I ask myself, not knowing the answer, whether there is such a thing as an unborn human person, if it is even possible to write such a self-contradictory thing. People might say that someone who is not yet born is not a human being, it is a human foetus, etc. Some may debate that point at some other time, but the fact remains that enacting a constitutional amendment and trying to see later how the courts will interpret it, would be an extremely dangerous way to go about it, according to the Hon. Member's intent. If the Hon. Member simply wants to ban abortion, this may be his choice—and I am not suggesting it is although I have a feeling this is probably what he intented—he might introduce an amendment to the Criminal Code. I must add that I would not agree to support such an amendment had he proposed it, but anyway such is not the situation now, judging from his speech.

• (1640)

[*English*]

It is also difficult to discuss this issue for religious reasons because some of us are of certain religious persuasions in which abortions are not permitted. I happen to belong to such a group. As a practising Roman Catholic, as a married person and a father, I am very concerned about the debate on this issue. On the one hand, I find it unusual that this afternoon, all Members except one who have spoken so far have been men who, of course, will never bear children. Women have had the opportunity to participate in this debate in the House this afternoon, but only one has done so.

The argument that has been made by others is that while it is true that only women bear children, the responsibility for those children does not lie with women alone, but rests with society collectively. Therefore, as legislators, be it men or women, we must state our views on this very difficult issue and others like it. Notwithstanding the fact that I would have appreciated hearing more contribution in the debate from some women Members of the House, I decided to speak because I feel very strongly that this motion should not proceed.

The current law as it pertains to abortions has attempted to cover the middle ground. There is the position that abortions should never occur, which is historically incorrect. Abortions have always taken place in spite of attempts to hide that fact.

The other position is that abortions should always be available and the decision should be left to the woman and her doctor. I have already explained why I disagree with that position.

I suggest that the present law is probably a just middle ground, although I do not believe it has always been administered according to its original intent. I suggest that the law is not administered uniformly. While this is not the only reason, it is a major cause of what is wrong with the present legislation. The law is interpreted differently in some provinces, some jurisdictions and even within some cities.

This does not mean that the spirit behind the legislation is wrong or that even the law itself is wrong, but, rather, that it needs to be administered uniformly. Obviously, legislation such as this cannot be applied on the basis of geography. What is wrong in Hawkesbury in my riding cannot be right in Ottawa; and what is right in Ottawa cannot be wrong in Montreal. It is either correct or incorrect, and the same criteria in identical circumstances, in whatever city or community in Canada, should give an identical result.

As the Member opposite pointed out in his speech earlier, that is not the case right now. The laws are obviously applied very differently in some cities than in others. I do not believe that society wants, should advocate or in any other way state that abortions are an accepted means of birth control. That would be wrong. On the other hand, to pretend that they have not occurred in the past and shall not occur in the future, notwithstanding any law, would also be unrealistic. I am pleased to have had the opportunity to speak on this very difficult subject.

[*Translation*]

Mr. Charles-Eugène Marin (Gaspé): Madam Speaker, abortion is a subject on which many Canadians have views that are diametrically opposed. I understand the motives and the feelings underlying the decision by the Hon. Member for Grey—Simcoe (Mr. Mitges) to move this motion to amend the Constitution. Some people may think that the hour set aside for Private Members' Business is not necessarily the right time to consider an amendment to the Constitution on such an important issue. It is, however, an opportunity for us today to discuss the matter and to have some exchanges with Members on this important subject. We must ensure that any decision to amend the Constitution is taken only after examining all relevant aspects, once we have fully grasped the scope of the issue.

Madam Speaker, I would like to take a few minutes to examine this very delicate and polarizing question. I will concentrate on the medical aspects. Medically speaking the physician is inextricably bound up with the question of abortion. His patients and the community ask him certain things and even go so far as to demand them. Like all citizens, the physician is governed by the laws of the land. He works in a hospital that either regulates abortion or prohibits it entirely. The physician's conduct is also governed by his own moral principles and by the ethical approach he takes to this situation. The order of physicians constantly monitors the ethical aspects from the medical point of view. Furthermore, the provinces each have a health insurance plan through which they can exercise financial control over these matters and thus indirectly control the practice of abortion as in the case of other areas of medical practice. What I have just said shows the complexity of this issue. A single opinion or decision cannot bring about a complete change in the abortion policy.

Naturally, the physician is subject to the pressures of many sectors of society. As the Hon. Members are probably aware, there have been changes to the Criminal Code in relation with abortion. Very militant groups have asked for abortion on demand. A number of physicians have apparently been influenced by these groups and by the fact that other countries and many American states have very flexible abortion laws. It is amazing to find such a change in attitude among physicians of whom many were initially very strongly opposed to more generalized abortions. Madam Speaker, I believe that there will never be abortion on demand because there will always be cases where abortion is refused even if we have very flexible laws and amenable physicians. However, since there is an increasing number of abortions, there will be a lot of serious problems, both medically and socially.

Indeed, an abortion can lead to medical complications. For instance, there have been cases where an interrupted pregnancy has caused the death of the mother. Permanent damage to the cervix can also endanger future pregnancies since they result in a risk of spontaneous abortion, miscarriage or premature labour.

On the other hand, if there were extended access to abortion services, we would have to examine the implications for the morale of hospital personnel, such as the anesthetists, the surgical nursing staff, the technicians, without forgetting the gynecologists themselves. Most of the latter would be working in a situation where they would have to perform many more abortions than at the present time. As physicians, their work is to protect, not to destroy life.

This could even lead to the point where some gynecologists would only practise abortions.

If, because of those legislative amendments, abortion became available on demand, gynecologists would become mere technicians who would not have to decide on the merits of an abortion.

If, on the other hand, certain criteria were established that would have to be met before a decision to abort could be taken, conscientious gynecologists would then have to spend a lot of time studying scores of cases. Even in such circumstances, there could still be women who, because of the influence of others, their own perseverance or additional funds, could obtain an abortion when other women could not.

The time needed for these abortions should also be considered. However, if the Act were to be made less stringent and if it were provided that the majority of abortions would have to be made outside major hospitals, because of the strict regulations enforced there, gynecologists would then abdicate their responsibilities as specialists.

Finally, if binding guidelines were to be established, it might very well be that certain smaller hospitals outside large urban centres would become mere abortion clinics.

Thirdly, despite expectations raised by more flexible legislation, the latter does not necessarily lead to fewer abortions. The explanation for that would be that apparently, from the moment abortion would be viewed as a socially acceptable treatment, some women who at present would not

consider having an abortion might then apply for it. On the other hand, if certain criteria were to be adopted, some women who would not meet those criteria would be turned down and, in order to have an abortion, would go through a criminal process. Further, some women—although they could obtain an abortion—would not wish to record their names on whatever Government form, and would therefore not apply to a recognized medical clinic.

Madam Speaker, when abortion is readily available, understandably people will feel a lesser need for ordinary birth control methods. A great many women even feel no real need for contraception when they can have access to abortion. Later on, these same women are greatly incensed when they realize, after they have become pregnant, that abortion is refused to them. Such an attitude would explain, even among married women, this common lack of concern and frequent disregard for the most simple and easily accessible contraceptive measures to avoid unwanted pregnancies.

Finally, it should be emphasized that repeated abortions lead to a great many medical problems for the patient, as well as the medical profession and the community as a whole.

Even without such problems, it is clearly a tragedy to treat human life, be it just an embryo or a foetus, with total disregard and to suppress it because it is expedient to do so.

Madam Speaker, those are the considerations I wanted to bring to the attention of the House.

• (1650)

Mr. François Gérin (Parliamentary Secretary to Minister of Justice and Attorney General of Canada): Madam Speaker, I want to thank the Hon. Member for presenting the motion. This is a very delicate matter indeed and, as a result of our parliamentary reform, a Member may now raise a votable item after a five-hour debate. I am grateful as well to my colleagues for listening to and participating in the debate.

The motion under consideration deals with one of the most pressing issues with which Canadians have to come to grips. I am convinced that the remarks made by the Hon. Member for Grey—Simcoe (Mr. Mitges), among others, will be a source of enlightenment to us.

I would suggest that Parliament can make a useful contribution to this issue, but I do not think time has come to amend the abortion legislation, nor that these debates are the ideal approach. A constitutional amendment process has already been adopted under which the provinces and the federal Government must give their approval, so we ought to consult the provinces before going any further. It must be done. Besides, we must ensure that we amend our Constitution only after a thorough analysis of all the factors involved, and not before Canadians have had every opportunity to voice their opinion on the issue.

The question of protecting the unborn child has given rise to a great deal of controversy, and many Canadians have taken firm stands on this issue. In a famous U.S. court judgment in the case *Roe vs Wade*, Judge Blackmun of the United States said as follows, and I quote: "First of all, we admit we are aware of the emotional and delicate character of the abortion debate and the clashing and vigorous opinions held on the subject, even among physicians." In fact, we have just heard the Hon. Member for Gaspé (Mr. Marin), himself a physician, express his own concerns in this respect, saying that he was aware of the deeply held and apparently absolute belief that were often involved. The general ideas and experience of a person, what he or she knows of the problems of life, his or her religious upbringing and attitudes towards life and family and the values they represent, as well as the standards he or she tries to live by, all this can influence the ideas and beliefs of this person about abortion."

The Members who are moving this resolution are proposing that the rights guaranteed under Section 7 of the Charter be conferred upon the human foetus or unborn being. That Section of the Charter guarantees to everyone the right to life, liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice. The issue of whether or not the Charter protects the rights of the unborn child is already before the courts. In the case of *Borowski vs the Attorney General of Canada*, those who oppose the current abortion provisions of the Criminal Code argue that Section 7 already protects unborn human beings, that the foetus is a person and that, therefore, the word "everyone" in Section 7 guarantees the protection of the unborn child. In other words, the courts were asked to rule on the question of whether a foetus is a legal person from the time of conception, or immediately afterwards. The trial court decision was that the word "everyone" in Section 7 does not apply to unborn human beings. However it indicated that it was difficult to rule on the question of whether legal status should be conferred upon unborn human beings. Justice Matheson stated that although, in view of the great strides made in the medical field, from a social viewpoint, it would be desirable to confer legal status on the foetus, whether or not it would prove viable in time, it is Parliament's responsability and not that of the courts to draft the appropriate legislation to confer on the unborn child some or all the rights enjoyed by living individuals. Nothing in the law can lead us to conclude that the foetus is a legal person. That is why, on the basis of the term "everyone" as it appears in the Charter, the applicant's request must be denied".

That decision was appealed before the Saskatchewan Court of Appeal which has taken the case under advisement and should make its decision known within the next few weeks.

The matter of the consistency of the Canadian legislation on abortion with the Charter has also been reviewed in the case of the *Queen vs Morgentaler, Smoling and Scott*. In that case, it has been alleged that the restrictions to abortion as set in the Criminal Code were an infringement to the right to life and to the freedom and security of the individual. The Ontario Appeal Court has rejected that plea and has deferred

it to the Supreme Court of Canada which has taken it under advisement and should deliver its judgment in the forthcoming months.

Madam Speaker, you have indicated that it is 5 o'clock and that we should now adjourn. I understand that I will have the opportunity to conclude my speech whenever this debate is resumed.

Right to Life

The Acting Speaker (Mrs. Champagne): Order. The hour provided for the consideration of Private Members' Business has now expired. Pursuant to Standing Order 36(3), this item shall be dropped to the bottom of the list of precedence on the Order Paper.

It being five o'clock, this House stands adjourned until next Monday at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 5 p.m.

HOUSE OF COMMONS

Monday, November 24, 1986

The House met at 11 a.m.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

GOVERNMENT RESPONSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 106(8), I have the honour to table, in both official languages, the Government's response to petition Nos. 332-3, 332-4, 332-5, 332-6 and 332-8.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I have the honour to present a petition signed by residents of Winnipeg and towns in Manitoba, including Birtle, Rossburn and La Rivière in which they say that the proposed measure, meaning the change in the patent drug law, will unfairly hurt those Canadians whose health needs require the purchase of prescription drugs on an ongoing basis. Therefore, they humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

Mr. Speaker: Order. A few days ago I drew to the attention of Hon. Members that it is the practice for an Hon. Member who rises to present a petition that all petitions which that Hon. Member wishes to present at that time ought to be presented together. I know the Hon. Member who has just spoken co-operated with the Chair in that regard, but I would ask Hon. Members to keep that in mind.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have several petitions that request the Government to withdraw the unjust tariff on books—

[*Translation*]

—and humbly pray and call upon Parliament to rescind this tariff which may cause irreparable harm to the book publishing industry in Canada and jeopardize the federal Government's position on cultural industries in the free trade talks.

Mr. Speaker, these petitions were sent to us from every Canadian province, including my own riding.

[*English*]

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Derek Blackburn (Brant): Mr. Speaker, I have a petition signed by several Canadians who are outraged at the Government's intent to tinker with the Patent Act which will result in higher drug costs. The operative paragraph is brief. It says:

Wherefore, the undersigned, your Petitioners humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

[*Translation*]

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Ms. Sheila Copps (Hamilton East): Mr. Speaker, this petition has been certified correct as to form and content, in accordance with Standing Order 106. The petition asks—

[*English*]

—to the honourable House of Commons and Parliament:

WHEREAS the Government of Canada has imposed a retaliatory tariff on imported books in the English language which has limited the access of Canadians to literature and information, and;

WHEREAS the tariff has little negative effect on the publishing industry of the United States, yet penalizes Canada's consumers, book publishers, book sellers, distributors and Canada's culture, and;

WHEREAS rising book prices have placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries.

WHEREAS the undersigned, your Petitioners, humbly pray and call upon Parliament to: rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries in respect to free trade negotiations.

That is one petition I have, Mr. Speaker, from the Province of Ontario. I have other petitions.

The second petition is signed by several residents from the City of Windsor. In light of the fact that rising book prices have placed a strain on book acquisition programs and the policies of our nation's public and specialized libraries, the petitioners are calling upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry.

[*Translation*]

Mr. Speaker, I have another petition addressed to the Canadian Government. This petition was signed by a great many people from Toronto, who are asking the Government to rescind the present duty on books, since the duty is only having an impact on small Canadian businesses and has no impact at all on the Americans, and because libraries and the education

of Canadians are being affected. This is another petition I had the honour of tabling today.

Mr. Speaker, I have another petition from the City of Windsor, Ontario, in which the Canadian Government is being asked to rescind the retaliatory duty imposed on English-language books only, which is unfair, and our petitioners are against the negative effect this may have on the publishing industry, because the Canadian publishing industry is being penalized. That was another petition.

Mr. Speaker, I have one more petition.

• (1110)

[*English*]

I have one more petition to present, Mr. Speaker. It is signed by residents of Bracebridge, Huntsville and Belleville, Ontario. It calls upon the Government to rescind the tariff on imported books in the English language because it has limited the access of Canadians to literature and information and has little or no negative effect on the publishing industry in the United States. These petitions have been presented for your consideration.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, this petition has been duly certified by the Clerk in accordance with Standing Order 106. It is signed by a number of Canadians protesting the federal Government's proposal to change the Patent Act. The petitioners indicate that these changes will result in higher drug prices for both individual consumers and provinces. They see this as another instance of Canada bowing down to the United States and they call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

[*Translation*]

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, today I have the honour of tabling five petitions from the province of Nova Scotia and more specifically from the people of Fall River, Halifax, Windsor Junction, Dartmouth, Bedford and Sackville.

[*English*]

Since the Government has imposed a retaliatory tariff on imported books, the petitioners humbly pray and call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries in respect of free trade negotiations.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, it is my duty and honour to present, on behalf of a number of citizens of Canada, a petition which points out that the changes to the Patent Act relating to prescription drugs will increase prices for Canadian consumers and restrict the ability of average Canadians to buy necessary prescription drugs. The petitioners call upon Parliament to reject the proposals which will increase prescription drug prices for all Canadians.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, taking your earlier admonition fully into account I will submit a group of petitions signed by 170 residents of Windsor, Amherstberg and vicinity who ask the Government to rescind the book tariff for the very simple reason that it penalizes the Canadian consumer, book publishers, book sellers, book distributors and Canadian culture as a whole.

OPPOSITION TO PROPOSED EXCISE TAX

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I have the privilege of presenting a very extensive petition from residents of Winnipeg, Fisher Branch, The Pas, St. Boniface, Ashern, Lauder, Eriksdale, Gimli and other points in Manitoba. There are 1,250 names in total. The petition has been certified by the Clerk. It reads as follows: Whereas a cabinet committee of the federal Government is considering a special excise tax on goods used by the consumptive users of wildlife, hunters and fishermen; guns, ammunition, rods, reels, lures, and on the nonconsumptive users as well such as canoeists, backpackers, campers and birdwatchers to name a few, wherefore the undersigned, your petitioners, humbly pray and call upon Parliament to halt this proposal immediately.

OPPOSITION TO CUT-BACKS TO RESEARCH, SCIENCE AND TECHNOLOGY

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, it is my pleasure to table a petition signed by a number of citizens of Canada who are exercising their right to do so. They protest the cut-backs of the National Research Council. They ask that those cuts be rescinded and demand that the Government act on its commitment to increase the rate of expenditure for research, science and technology to 2.5 per cent of the Gross National Product.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, I have a petition signed by a number of Canadian citizens, exercising their right to do so, expressing their concern about the concession to United States interests represented by legislation being introduced which would have the effect of raising the price of drugs in this country. The petitioners demand that the Government withdraw this legislation and give consideration to a more appropriate approach to patent policy.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Carlo Rossi (Bourassa): Mr. Speaker, I have a number of petitions from Canadian citizens in British Columbia who humbly call upon the Government to rescind the tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy and cultural industries.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, I have the honour to present a petition of citizens of Thunder Bay and Dryden in northern Ontario. I have a similar petition from people in Toronto, Scarborough and Mississauga. I also have a long petition signed mostly by people from Windsor, Ontario. All these petitioners oppose changes to the Patent Act which will increase the price of drugs for ordinary Canadians, particularly for senior citizens. They call upon the federal Government to withdraw the legislation before us and to favour a more affordable price of drugs.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, those who read, publish, sell and distribute books see the book tariff as a threat to Canadian culture. I have a large number of petitions from northern Ontario, southwestern Ontario, the Kitchener-Waterloo area and from the Toronto area which call upon the Government to rescind the book tariff.

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, I have a petition signed by several hundred residents of Edmonton calling upon the Government to rescind the tariff it has imposed on imported books because it will not be effective and it imposes a severe and irreparable strain on the book publishing industry in Canada and on Canadians who want to read.

* * *

PRIVILEGE

NOTICE OF QUESTION OF PRIVILEGE—RELEASE OF SOVIETS

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, I rise on a question of privilege. I seek your guidance. It is my understanding that on matters of this sort one is required to give immediate notification if one believes one has a question of privilege. I regret to interrupt the submission of petitions. I seek the Speaker's guidance with respect to the concern which I wish to express.

As you know, Mr. Speaker, there is a great deal of concern and interest in the release of five Soviet deserters into Canadian hands. At this moment the press is involved—

Mr. Speaker: Order, order. The Hon. Member has sought the guidance of the Chair and he may get that guidance in a moment. I ask for order. Perhaps the Hon. Member could help the Chair. It would seem from his remarks that his question of privilege arises from something that has taken place outside the Chamber. If so, I would remind all Hon. Members that that would require one hour's notice to the Chair. I would be quite prepared to take his representation now as the beginning of that notice, but the one hour is required.

• (1120)

Mr. McCurdy: I appreciate that, Mr. Speaker. My concern is with respect to the fact that the Secretary of State for External Affairs (Mr. Clark) is at this moment, or very shortly, providing a briefing to the press on the circumstances surrounding the release of the prisoners. It is a briefing which, as a result of communications with the Minister, has been denied to Members of Parliament. Surely it is—

Mr. Hnatyshyn: You can go over to the press club.

Mr. Speaker: Order. I think that under the circumstances it would be best if the Chair accepted the intervention of the Hon. Member as notice of a question of privilege and the Chair will deal with it later in the appropriate fashion, without in any way prejudicing the Hon. Member's right to speak on the matter further.

* * *

PETITIONS

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker—

Mr. Guilbault (Saint-Jacques): Petitions.

Mr. Gauthier: Petitions.

Mr. Mazankowski: I move:

That the House proceed to Government Notices of Motions.

Mr. Gauthier: He does not have the floor for petitions.

Mr. Riis: Question of privilege.

Mr. Speaker: The Chair realizes that the Hon. Member for Kamloops—Shuswap (Mr. Riis) has risen on a question of privilege. However, before I hear the Hon. Member, and I will, let me deal with the motion that has been presented by the Hon. Deputy Prime Minister (Mr. Mazankowski).

The motion is that the House proceed to Government Notices of Motions, which means that, if the Chair should rule that it is in order, a number of items that are in the usual order under Routine Proceedings would not be heard. It is the view of the Chair that that would be inappropriate and that we should proceed from item to item. Consequently, I regret to advise the Hon. Deputy Prime Minister that in the view of the Chair the motion is out of order. The Hon. Member for Kamloops—Shuswap.

Mr. Riis: Mr. Speaker, I was going to pursue a question of privilege but, based on your ruling, at this point there is no need for it.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, I rise to present a petition from my riding, the first I have presented on this matter. It contains numerous signatures and concerns the federal Government's proposal to change the Patent Act relating to prescription drugs. The petitioners state that this will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy necessary prescription drugs. There has been an overwhelming response to this in my constituency and I want to table the petition.

[*Translation*]

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, this morning I have the honour, in accordance with our Standing Orders, of tabling various petitions on two different subjects, but I will table only two.

[*English*]

The Government of Canada has imposed a retaliatory tariff on imported books in the English language which has limited the access of Canadians to literature and information. It is a long petition which comes from Windsor.

I have another petition and, since you stated to present all the petitions together, I will do so.

These petitioners state that whereas the tariff has little negative effect on the publishing industry of the United States and yet penalizes Canada's consumers, book publishers, book sellers and distributors in Canada's culture, and whereas rising book prices have placed a strain on book acquisition programs and policies of our nation's public and specialized libraries, the undersigned petitioners in these two long petitions humbly pray and call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries in respect of free trade negotiations.

I have abided by your ruling by making no comment, but I see that the Minister responsible for culture is here and I hope she will take action on this very important subject.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, I have another petition on an equally very important matter. It is only the first of a multitude and multiplicity of others coming from my district and all across Canada. These petitioners are not from my district, but from Selkirk. Many of my colleagues from that district have the honour of presenting the same petition.

These petitioners state that whereas the federal Government's proposal to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy necessary prescription drugs, and whereas the proposed measures will unfairly hurt those Canadians, and whereas the proposal of the federal Government will result in higher costs to provincial Governments, the undersigned petitioners call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Miss Aideen Nicholson (Trinity): Mr. Speaker, I have a petition concerning the retaliatory tariff on imported books in the English language. Most of these petitioners life in Calgary. The citizens point out that increased book prices place a strain on acquisitions in libraries, that the Government's decision is causing great hardship to the book industry in Canada, and they call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries in respect of free trade negotiations.

Mr. David Berger (Laurier): Mr. Speaker, I also have a petition, duly certified by the Clerk of Petitions, regarding the retaliatory tariff on imported books in the English language, which has limited the access of Canadians to literature and information. The undersigned petitioners pray and call upon Parliament to rescind this tariff which threatens to seriously harm the Canadian book industry. This petition is signed by some 25 persons in the Toronto and Ottawa areas.

I have another petition from 28 persons in the area of Dryden, Ontario, who are also concerned about the same matter of the retaliatory tariff on imported books in the English language. Again, these petitioners call upon Parliament to rescind the tariff.

• (1130)

I have a third petition, Mr. Speaker, from people in the Ottawa area and from Peterborough and Bracebridge, Ontario. It is signed by 26 petitioners. The petition as well has been duly certified by the Clerk of Petitions.

I have a fourth petition on the same subject. This is signed by some 25 persons from the Toronto area. The petitioners again call upon Parliament to rescind this very damaging tariff.

Finally, Mr. Speaker, I have another petition from people in the London area. I would urge Hon. Members from the London area to take note of it. The petitioners again call upon Parliament to rescind this tariff. This tariff is hurting Canadian book readers, particularly at this time prior to Christmas when a lot of people buy books for their own use and to give as gifts. If Parliament would rescind this tariff prior to the adjournment for Christmas it would be appreciated.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is my honour to present a petition on behalf of a large number of Canadians who are concerned that the Government of Canada has imposed a retaliatory tariff on imported books. This has limited the access of Canadians to literature and information of all sorts particularly, as the previous speaker has indicated, during this time of year when people are purchasing more books than they would during the rest of the year. This penalizes Canadian consumers, book publishers, booksellers and distributors and Canada's culture, and the petitioners call upon Parliament to urge the Government to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on the cultural industry with respect to free trade negotiations.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Nelson A. Riis (Kamloops—Shuswap): I have another petition which draws to the attention of the House the Government's intention to change the Patent Act relating to prescription drugs. I think by all accounts it is accepted, except by the Minister of Consumer and Corporate Affairs (Mr. Andre), that this will result in increased drug prices for Canadian consumers. In fact, I believe even the Minister of Consumer and Corporate Affairs recently indicated that it will. This will severely restrict the ability of average Canadians to buy the necessary prescription drugs. The petitioners call upon Parliament to reject this legislation and urge the Government to reconsider its introduction.

Mr. Nelson A. Riis (Kamloops—Shuswap): It is my pleasure to move, seconded by the Hon. Member for Churchill (Mr. Murphy):

That this House do now proceed to the Orders of the Day.

Mr. Speaker: The Hon. Member for Kamloops-Shuswap (Mr. Riis) has moved, seconded by the Hon. Member for Churchill (Mr. Murphy), that the House do now adjourn—I am sorry, that the House do now proceed to the Orders of the Day.

Mr. Rompkey: That's the next one.

Mr. Murphy: Don't rush us.

Mr. Speaker: The Hon. Member's comment was heard by the Chair but will be momentarily ignored.

We are now at Petitions in the proceedings, which has been going on for some minutes. I have already ordered this morning that it would be improper to move from Petitions to another item of business in the Routine Proceedings. However, with respect to the motion which has been put by the Hon. Member for Churchill, I draw to the attention of all Hon. Members the fact that this particular motion is covered by a specific rule of this House, that is, Standing Order No. 27:

A motion for reading the Orders of the Day shall have preference to any motion before the House.

As a consequence I feel I am not entitled to take any discretion in this matter; nor can I call upon practice. I find that it is my duty and obligation to enforce the order. Therefore, it is the view of the Chair that the motion to proceed to Orders of the Day, moved by the Hon. Member for Kamloops—Shuswap (Mr. Riis), seconded by the Hon. Member for Churchill (Mr. Murphy), is in order.

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

Mr. Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And more than five Members having risen:

Mr. Speaker: Call in the Members.

The House divided on the motion (Mr. Riis), which was agreed to on the following division:

• (1140)

(*Division No. 25*)

YEAS

Members

Allmand	Fulton	Mayer
Andre	Gauthier	Mazankowski
Axworthy	Gérin	McCain
Belsher	Girard	McCuish
Benjamin	Graham	McCurdy
Berger	Gray (Bonaventure—Îles-de-la-Madeleine)	McDermid
Bertrand	Greenaway	McDonald (Broadview—Greenwood)
Blackburn (Brant)	Grisé	McDougall (St. Paul's)
Blackburn (Jonquière)	Guilbault (Saint-Jacques)	Mitchell
Blouin	Hawkes	Mitges
Boudria	Hees	Murphy
Bourgault	Hnatyshyn	Nicholson (Trinity)
Brisco	Hockin	Nicholson (Niagara Falls)
Broadbent	Hopkins	Nowlan
Browes	Hovdebo	Nystrom
Caccia	Isabelle	Oberle
Chartrand	Jelinek	O'Neil
Collins	Keeper	Oostrom
Copps	Kindy	Orlikow
Cossitt	King	Ouellet
Crofton	Ladouceur	Parry
Crouse	Langdon	Penner
Darling	Lanthier	Pennock
Desjardins	Lewis	Price
Dingwall	MacDonald (Kingston and the Islands)	Prud'homme
Epp (Provencher)	Manly	Reid
Fennell	Mantha	Ricard
Fontaine	Marin	Riis
Foster		
Frith		

Robichaud	Suluk	Waddell
Rossi	Thacker	Winegard—99
Schellenberg (Nanaimo—Alberni)	Towers	
Scowen	Tremblay (Lotbinière)	
Shields	Turner (Ottawa—Carleton)	
Sparrow		

NAYS

Members

nil

After the taking of the vote:

• (1210)

Mr. Axworthy: Mr. Speaker, I rise on a point of order. I gave notice on Friday concerning a proposed emergency debate on the softwood lumber issue. I realize that with the support of this motion, once again my motion will be superseded. However, I should like to preserve my right to lpropose that emergency debate on tomorrow.

Mr. Mazankowski: Mr. Speaker, I rise on the same point of order. The Hon. Member cannot have it both ways. He is supporting a motion to move to Orders of the Day. At the same time he in fact precludes his own initiative.

Mr. Gauthier: Mr. Speaker, that is totally unrelated. The Hon. Member asked Your Honour to keep in mind that tomorrow he will reintroduce the motion—

Mr. Hnatyshyn: Some emergency.

Mr. Gauthier: Well, it is your fault.

Mr. Speaker: The Hon. Member for Ottawa—Vanier (Mr. Gauthier) may have views about whose fault something is, but he knows that it is inappropriate to address another Member as "you" or to use the word "your".

The Chair has listened carefully to the comments of the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) and takes note of them. Of course the Chair will expect him to bring his application tomorrow at the appropriate time.

I declare the motion carried.

GOVERNMENT ORDERS

[*English*]

PATENT ACT

MEASURE TO AMEND

The House resumed from Friday, November 21, consideration of the motion of Mr. Andre that Bill C-22, an Act to amend the Patent Act and to provide for certain matters in relation thereto, be read the second time and referred to a legislative committee; and the amendment of Mrs. Killens (p. 1378).

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, you must have noticed that the Opposition is not very pleased with the initiative of the Government to pass Bill C-22. We on the opposition side of the House are not too pleased with the Government wanting to curtail debate to only a few hours. I for one do not think that the Parliament of Canada should deal with the issue in only a few hours. Hon. Members of the House should have an opportunity to speak, be they for or against the particular issue. However, as we know, the Conservative Government does not want it. The Government wants to curtail the debate. It wants to ensure that the debate is over quickly. The Tories want the pain to go away. They want Canadians to forget the very harsh provisions of the Bill.

Your Honour should not think for a moment that I am the only one who does not like the Bill. Perhaps there are Tories across the way who have the same view; perhaps they think that my views are somewhat tainted by partisanship. It is unlikely that you, Mr. Speaker, would think that.

Miss MacDonald: Never.

Mr. Boudria: Let me draw to the attention of the House some comments of people in the media. I am glad the Minister of Communications (Miss MacDonald) is listening very carefully. She was in my riding recently—

Miss MacDonald: And was well received.

Mr. Boudria: Undoubtedly she was well received. I would gladly have been there to greet her had she given me prior notification. Let me read for the Minister of Communications this editorial in the November 24, 1986 issue of the *The Toronto Star*, a very objective and serious newspaper. The article is entitled "Patently Bad Legislation". It reads:

• (1220)

After vehemently denying that drug prices will go up under his new patent legislation, Consumer Affairs Minister Harvie Andre now says drug prices, in fact, could rise. With that admission, Andre has come half-way to the truth.

His Bill would give multinational drug companies up to 10 years to market new brand-name prescription drugs before they can be copied and sold under generic names by Canadian firms. In other words, Andre is proposing to expand the multinational drug companies monopoly power. Whenever a firm enjoys a monopoly, prices not only can be pushed up, they inevitably are.

That's been the experience in every other area where monopoly power has been brought to bear. And so it is a virtual certainty that drug prices will go up—not just for new ones in the future but even for those now available. Luciano Calenti, chairman of the Canadian Drug Manufacturers Association, last week said that if generic drug companies are not allowed to bring in new products, they will have to raise prices on their existing products to stay in business.

You have it right there, Mr. Speaker, in black and white. It is not the opinion of just an opposition Member of this House, it is a totally objective opinion coming from elsewhere. I thought I would take a moment to share that with you.

Let me share with you, Sir, some of the other reasons that Liberals cannot support this legislation as presented. First, we have to remember that it was a Liberal Government of the past, a Government very concerned about the sick, the needy

and the elderly which brought in the 1969 Patent Act amendments. It was the then Minister of Consumer and Corporate Affairs in 1968 who introduced the Bill and is now the Right Hon. Leader of the Opposition (Mr. Turner). Another Minister continued with the same Bill after it had stayed on the Order Paper and died because of the very successful 1968 election. The new Government continued this very progressive legislation which lead to lower drug prices and to a situation which was very helpful for very many Canadians.

[*Translation*]

Mr. Speaker, if the Bill before the House today were to go through all stages in the House and end up as an Act of Parliament, most of the Members of this House would still be able to buy the pharmaceutical products they need, there is no doubt about that. Nor is there any doubt that a large number of Canadians will not be affected by these measures. However, I have to say, as the Member for an electoral district that is not very wealthy, that many of my constituents will have considerable problems when they will want to purchase the drugs they need.

[*English*]

The Liberal Government recognized that more funds were needed for investments in research so that our young people could have jobs. Our Government appointed the Eastman Commission and it produced a report. This is not to say that with the Liberal laws now in force that Canada lost a substantial portion of its investment. As a matter of fact, Dr. Eastman in his report, which I have here, says that:

> Total expenditures on intramural research and development for the pharmaceutical industry were equivalent to 3.5 per cent of the value of factory shipments in 1967 and 3.8 per cent in 1982.

Therefore, the legislation that is in force now has not drastically reduced investment, at least not according to Dr. Eastman.

However, no one should be satisfied with that. Of course we want more investment into that area. We also want the people to be able to afford to buy what the factories produce. That surely should be the main concern of Members of this House, Mr. Speaker.

Let me talk a bit about the growth of the industry. I refer you to page 65 of the Eastman Report from which I read the following:

> Increases in both the total number of employees and production and related workers only has been greater in Canada than in the United States. Though these differences in growth since 1967 are relatively small, they are indicative of a more buoyant market for pharmaceuticals and medicines in Canada than in the United States.

You see, Sir, that the existing legislation, in spite of what these Tories across the way are leading you to believe, has not been all bad. It has lead to lower drug prices than otherwise. Many people would argue that it is still expensive and too expensive when you need to buy drugs, but in any case we do have lower drug prices. We have not, according to the Eastman Report, reduced the amount of research proportionately. It is greater now than it was before this legislation was passed. Finally, the report says that Canada has been an area of larger growth for that industry than the United States.

Why do we now have this Bill, Mr. Speaker? Why do we have a Bill that will give 10 years of protection for patent holders in some cases and seven years of protection in others? During this 10 year period manufacturers of products will be able to charge virtually anything that they can get away with in the market-place.

[*Translation*]

Mr. Speaker, Canadians will be hard-pressed to pay the additional, yes, I say additional, costs they will be charged as a result of this Bill, Bill C-22, if the House decides to approve the proposed legislation.

Mr. Speaker, I think the Eastman Commission suggested a happy medium that would be just about fair. The Commission recommended four years of exclusivity. In the former Minister's Bill, the Government offered ten years of exclusivity in every case.

After last summer's Cabinet shuffle, the new Minister shortened this somewhat by granting ten years in some cases and seven in others, but still twice as much as the Eastman Commission recommended.

It is difficult to understand why the Government insists on pursuing this Bill. Some of us, however, have drawn our own conclusions. Some of us believe that pressure has been put on the Government of Canada by the US Administration, and that is why the Government wants to proceed with this legislation.

One thing for sure is that the American drug manufacturing multinationals have made strong representations to U.S. administration officials urging them in turn to lobby here in Canada to have us amend our legislation and make it more favourable to the Americans in terms of profitability.

• (1230)

[*English*]

I will bring to your attention, Mr. Speaker, a few examples of how prices are more advantageous to Canadian consumers under our present law than they are to consumers in the United States where producers of prescription drugs can charge almost any amount. The Canadian generic price for chlorpropamide is $19.03 for 1,000 250-miligram tablets. The brand name product in Canada sells for $141.80. The brand name product in the United States costs $431.58. The price ranges from $19 for the generic Canadian product to $431 for the U.S. brand name product. I have a whole chart of such examples.

Why would the Government want Canadian consumers to pay $431.58 for something for which they now pay $19.03? Is it reasonable to want the Canadian consumers, whom we are here representing, to pay those exorbitant prices? Surely, Mr. Speaker, being the objective person that you are, you have

already recognized that this is not reasonable. The Canadian consumer should not have to suffer such price increases.

Mr. Hawkes: Mr. Speaker, I rise on a point of order. I bring to your attention that the display of exhibits in the Chamber has traditionally been considered inappropriate. The Hon. Member has referred to a big stack of reports relating to his topic.

The Acting Speaker (Mr. Paproski): Order.

Mr. Hawkes: Mr. Speaker, could I just get to my point of order?

The Acting Speaker (Mr. Paproski): I know what the Hon. Member is trying to portray. I do not think he was displaying any Bills or anything like that. I feel that that is debate. If the Hon. Member does have a point of order, I wish he would come to it.

Mr. Hawkes: Yes, Mr. Speaker, I just wondered if the stack which he is displaying includes informationn on the 93 per cent of drugs which have no generic equivalent. Has he seen whether we are getting gouged in that area?

The Acting Speaker (Mr. Paproski): That is not a point of order. That is debate. The Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) has the floor.

Mr. Boudria: Mr. Speaker, as you probably recognize, not only is that not a point of order, it is not even a good point. I do not have a large stack of reports in my hand. I was referring only to one list. The rest of these documents have nothing to do with this issue, and I never said they did. Perhaps the Member across the way could listen a little closer, and I will tell him more about the price increases to which the Canadian consumer will be subjected.

The most difficult thing is to pronounce the names of these drugs.

Mr. Hawkes: Go to school.

Mr. Boudria: Mr. Speaker, someone said, "go to school". I will not apologize for my humble beginnings. They have served me well until now. I will trade my oratorical skills for those of the Hon. Member at any time.

One thousand 100-miligram tablets of the Canadian generic product of chlorthalidone sells for $37.29. The U.S. brand product costs $613.01. The Minister has said in the House that prices will not really increase. However, the people whom he has hired to adminisiter say that they will. The Minister then did not say that they will go up, but they could go up. Well, if something can go up and someone has a monopoly on it, it does go up. Most of us know that if there is an opportunity to make more money, more money will be made. If there is an opportunity to make the consumers of Canada pay more, the consumers will pay more. That is the way it works.

We have good legislation now. We could, of course, provide better protection for the people in the industry in order to encourage research. Research has been increasing, but we should not be satisfied with that. We want more research and more jobs. It is a motherhood question to ask whether we want more research. Obviously we do. However, that is not the issue before us today. We are dealing with whether Canadians want to give exclusivity through this Bill which will result in Canadian consumers being gouged in the manner in which I have just described. Surely that is not why we were elected to this place.

[*Translation*]

Last summer, Mr. Speaker, the Liberals held public hearings on drug patents. These hearings took place here in Ottawa and in Toronto, and I was privileged to attend them. We received briefs, we met with Canadian Consumers' Association executive members—a totally nonpartisan body, as we all know—and they proved to us Members of the Liberal Party . . . Had Conservative Members done the same thing, they too would have been advised by the Canadian Consumers' Association that this Bill as drafted does not serve the interests of Canadians.

I therefore urge Members from all political Parties, Conservatives, New Democrats and colleagues in my own Party, to vote against this Bill and prevent this measure from going any further because Canadians do not stand to benefit from it.

[*English*]

The Acting Speaker (Mr. Paproski): Are there questions or comments?

Mr. Mazankowski: Mr. Speaker, I listened with interest to the Hon. Member, both in the House and in my office.

Mr. Boudria: You were not even here.

Mr. Mazankowski: I said "in my office". Once in a while even the Hon. Member himself should look at his television image. In view of what has been transpiring, and pursuant to the notice I gave last Friday, I would like to advise the House that I will be moving a revised motion, which will provide for an additional one day of debate for the consideration of the Bill at this stage, at the appropriate time.

Some Hon. Members: Shame, shame.

Mr. Boudria: May I comment on that?

The Acting Speaker (Mr. Paproski): You may if you want to.

Mr. Boudria: Mr. Speaker, the Minister bootlegged that statement in under his privilege of asking questions on my speech. I want to use this opportunity to remind him that the notice of time allocation was given after two hours and 23 minutes of debate on offensive legislation.

• (1240)

Some Hon. Members: Shame.

Mr. Boudria: Two hours and 23 minutes of debate on offensive legislation of this magnitude. That is what we are being subjected to in the House, the tyranny of the majority.

Mr. Orlikow: Dictatorship.

Mr. Boudria: The Tory tyranny.

Mr. Mazankowski: Eleven hours and 20 minutes.

Mr. Boudria: The Canadian people will not put up with this because they know what is right and they know that the Government is wrong.

Mr. Hawkes: Mr. Speaker, having participated in the tyranny of the minority on important causes like the Constitution of Canada, I have some comprehension of tyrannies on both sides of the House. It is one thing to talk about the time to be spent on debate, but I would like them to assess the time of the Chamber at $500,000 a day that is being wasted on motions to adjourn and ringing the bells just to deal with the situation. There have been over 11 hours of debate.

I want to get to the substance of the Member's speech.

Mr. Riis: Remember the bells.

Mr. Hawkes: He came forward to say that he has done research that has shown what marvellous things the generic industry has done.

Mr. Riis: Charge the Speaker. Jump out of your seat.

Mr. Hawkes: He called it unbiased research. Ninety-three per cent of the drugs have no generic competition. I want the Hon. Member to give us his unbiased research about that 93 per cent of drugs that have no generic equivalent.

Mr. Rossi: What about the 14 days of bells?

Mr. Hawkes: How much are we being gouged? Will he admit that this Bill will put us in a position to order a roll back on 93 per cent of the drugs where the gouging may be occurring? Will he share his unbiased research with the House?

Mr. Rossi: You were the leader, remember the 14 days of bells.

Mr. Boudria: I want to tell the Member who has become worked up over this issue that with regard to the cost for the amount of time taken in the House for the Bill, and that it cost $500,000 a day to operate Parliament, that I do not apologize for the price of democracy. It is a darn sight better than anything else, at any price.

Second, the price-tag for the Bill we are talking about is $650 million.

Mr. Mazankowski: Prove it.

Mr. Boudria: The House could sit a long time for that price.

The Hon. Member tells us about the time being spent by the House on an issue. It is difficult for me to take moral lessons from a group of individuals and the Member himself who was responsible in whole or in part for an event some years ago involving a couple of weeks of Parliament just listening to bells. I have no moral lessons to take from him on that issue.

Mr. Lewis: Mr. Speaker, I want to set the record straight for *Hansard* with regard to exactly how much time has been spent, not on the substance of the Bill, but on the delaying tactics of the Opposition. The Chair should note that we have spent 11 hours and 20 minutes on the nonsense. They never wanted to get to the substance of the Bill because they are afraid of it. They do not want reseach and development and jobs for Canadians.

Mr. Riis: How much time on the Bill?

Mr. Lewis: That is before today. There is more nonsense when one considers the time that has been spent today.

Mr. Blackburn (Brant): Just withdraw the Bill.

Mr. Lewis: Why does the Opposition refuse to allow us to go ahead with a Bill that will bring research and development to Canada and help find cures for disease, and provide jobs for Canadians? Why all this time on useless delay?

Mr. Boudria: Mr. Speaker, the Hon. Member says that there has been 11 hours on what he has referred to as nonsense. I do not know of any parliamentary process or procedure in the House which could be called nonsense. As far as I am concerned, procedures involving the rights and privileges of Members of Parliament are just that and cannot be categorized in any way, shape or form as nonsense, even by that Parliamentary Secretary. He said that 11 hours have been used in that way. I want to remind the House that the notice of time allocation was given after two hours and 23 minutes of debate.

Mr. Mazankowski: Eleven hours, and you know it.

Mr. Boudria: Time allocation itself was moved after two hours, 39 minutes of debate. There has been two hours, 23 minutes of debate if we just consider the time involved between the beginning of the debate and when the notice of motion was given in the House.

Mr. Mazankowski: Eleven hours of frustration.

Mr. Boudria: In my view, that is unsatisfactory. The Deputy Prime Minister (Mr. Mazankowski) says: "Eleven hours". I disagree with that. Even if we did take 11 hours, does not a $650 million assault on Canadian taxpayers deserve 11 hours? It requires all the time of the House because it is an important issue for my constituents and the constituents of everyone else in the Chamber. We will take whatever time is needed.

Mr. Riis: Mr. Speaker, I listened very carefully to the Hon. Member. Would he agree with this comment which was made on July 17, 1981, and reported at page 11679 of *Hansard*:

At the very outset I must say that I abhor this tactic.

Referring to what the Government was attempting to do:

I find it offensive. I find it repugnant because it strikes at the basic fabric of our parliamentary democracy. Instead of having a parliamentary democracy, we have what resembles a parliamentary dictatorship.

Mr. Rossi: Who said that?

Mr. Riis: That was said by the Hon. Deputy Prime Minister (Mr. Mazankowski) on July 17, 1981.

Some Hon. Members: Oh, oh!

Mr. Blackburn (Brant): How could you, Don?

Mr. Mazankowski: Mr. Speaker, I rise on a point of order. The Hon. Member is quoting a statement out of context.

Some Hon. Members: Oh, oh!

Mr. Mazankowski: Any time that the function of Parliament is frustrated and not allowed to work, denying any Government Member, cabinet Minister or Private Member the right to introduce a Bill and have it debated, the right for Parliament to work and the right for democracy to work, it is a total subversion of the parliamentary process. That is what we have been putting up with here for the last week.

Mr. Rossi: That is what you did in 1981.

An Hon. Member: That is why you are out of power.

The Acting Speaker (Mr. Paproski): That is debate. The Hon. Member for Kamloops—Shuswap (Mr. Riis) has the floor on a question or comment.

Mr. Riis: Mr. Speaker, I was asking my hon. friend what he thought of the quote. I will just finish it. The Hon. Member for Vegreville (Mr. Mazankowski) said:

If we believe in parliamentary democracy and the right to freedom of speech, then we must ensure that the rights and privileges of Parliament are always secure. I think those rights and privileges are very sacred. After all, Parliament is the foundation of and very fundamental to our basic freedoms, and to suggest that we might be better off without it frightens me very much.

By virtue of a closure motion today we have a further contempt for and erosion of the spirit and privileges of this institution.

He goes on to say in closing:

I believe tyranny begins when parliamentary debate ends.

Would the Hon. Member comment on that?

Mr. Mazankowski: We want parliamentary debate.

Mr. Boudria: Very briefly, Mr. Speaker, I want to say that that was very well said indeed.

Some Hon. Members: Hear, hear!

[*Translation*]

The Acting Speaker (Mr. Paproski): Questions and comments are now over. The Hon. Member for Saint-Denis (Mr. Prud'homme) on a point of order.

[*English*]

Mr. Prud'homme: Mr. Speaker, I rise on a point of order. You said that the time for questions and comments is over, but I think in all fairness that we should take the time used by the Hon. Deputy Prime Minister (Mr. Mazankowski) in attempting to give us a lesson. We need no lessons from people who wanted to let the bells ring for 14 days.

• (1250)

The Acting Speaker (Mr. Paproski): I would like the Hon. Member for Saint-Denis (Mr. Prud'homme) to note that I gave the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) an extra minute and a half because of the questions and comments. Therefore, the period for questions and comments, as I said, has now terminated. Resuming debate.

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, I appreciate the opportunity to speak on Bill C-22 because it has become obvious that this is going to be a very rare opportunity. I was surprised on Friday when, after only seven speakers had addressed themselves to this Bill, the Government House Leader indicated he would bringing in a motion for time limitation, a form of closure.

This is a Bill of great importance to all Canadian people, yet the Government is introducing a form of closure after only a few speakers have had a chance to address themselves to this issue. We have introduced Petitions from literally thousands of Canadians from coast to coast who protest against the nature of this Bill. They point out it is going to result in increased costs to themselves and to their provinces. They object to the way in which this Government is bowing down to the United States. They are calling upon the Government to not proceed with this Bill. But we have a Government which wishes to push the Bill through the House as quickly as possible. We expect it will then try to do the same in committee because it is afraid of its own Bill. It does not like what is in this legislation and does not want the legislation to be examined by the Canadian people.

Our purpose in this debate and in the entire process, both within the House and outside of it, is to try to draw as much public attention to this Bill as we possibly can, because when the people realize what is in the Bill they will oppose it. The Government knows it is in some trouble with Bill C-22 and wants to try to dispose of it as quietly as possible. We do not intend to let that happen.

Canadians do not like this Bill for a number of reasons. The more they know about it the more they dislike it. First, of course, they see it as just one more example of the way in which the Government is bowing down to the dictates of Uncle Sam. Uncle Sam is spending $100 million to send the Contras

into Nicaragua to try to make it say "uncle". They do not need to do that in Canada because we are prepared to say "uncle" at any given time. We have seen one example after another of the way in which the Government has done that; for example, the way in which it abolished FIRA, the gutting of the national energy policy, and backing down from its own stated policy—not a Liberal policy but a Conservative policy—regarding the publishing industry when Gulf and Western took over Prentice- Hall. We have seen the shambles of the last weeks with the Government's mishandling of the softwood lumber dispute with the United States. First, the Government was going to negotiate, then it was going to fight, now it is going to negotiate again. It reminds us of the Grand Old Duke of York who had 10,000 men. First he marched them up the hill, then he marched them down again. We are marching the people up and down the hill on this question of whether or not we are going to fight the United States on the issue of softwood lumber. No one seems to be very sure of the Government's intentions. The Government has made a comple shambles of that particular issue and it will pay for it. That is just one more example of the way in which the Government is completely mishandling our relationship with the United States.

The Government desperately wants some kind of agreement on free trade, yet the word coming from the chief American negotiator, Peter Murphy, is that if Canadians want free trade they are going to have to make more concessions. Peter Murphy did not say that last year. He said it last Friday after we had made one concession after another. But he says Canada is going to have to make more concessions if it wants a free trade deal.

There was pressure put on the Government at the Shamrock Summit by President Reagan. He told the Prime Minister (Mr. Mulroney) how important it was for them to get some action on changes to the Patent Act. Clayton Yeutter put on pressure, Peter Murphy put on pressure and, of course, the pharmaceutical companies have put on their own steady pressure.

As Canadians see what is happening in a wide range of spectrums, they do not like what they see. They see the entire Canadian-United States economic relationship being badly mishandled. They see we are bowing down to the dictates of the United States rather than standing up for the interests of Canadians. This Government, with the largest majority in Canadian history, just refuses to stand up for the interests of the Canadian people. We have drug legislation which is basically prescribed by the United States pharmaceutical companies.

Second, Canadians oppose this Bill because it is going to mean higher drug costs. All last week we saw the spectacle of the Minister of Consumer and Corporate Affairs (Mr. Andre) as he tried to quibble with the opposition and with the Canadian people as to whether or not there were going to be higher prices. Canadians are going to have to fork out more money to purchase drugs at higher prices. That is not debatable, it is a fact. It is going to mean more money coming out of the pockets of Canadians to pay for drugs. The Minister himself finally had to admit that.

In the 1960s there was widespread concern in Canada about drug prices. The Hall Commission noted at that time that our drug prices were among the highest of any industrialized nation in the world. Drug companies at that time had 17 years of protection under the Patent Act.

There were three different commissions in the 1960s which looked at this issue. Each one of them called for more competition. They had different suggestions as to how this should be done. The 1963 Restrictive Trade Practices Commission recommended a very radical move, the total abolition of drug patents. Perhaps that would have been the advisable route to go. However, two later commissions, the Hall Commission and the Harley Commission looked for some kind of compromise route, and in 1969 a policy was adopted which allowed for a limited amount of patent protection and gave to other drug companies the possibility of producing generic copies of the original drugs in return for paying a royalty to the pharmaceutical company which had developed those drugs in the first place.

This policy, although it was passed by the Parliament of Canada and became the law of the land, was never really accepted by the pharmaceutical companies. Their opposition took two forms. First, they dragged through the courts practically every attempt to introduce a generic drug. The generic drug companies had to face court case after court case which slowed the whole process down and, incidentally, added considerable cost to drug prices for Canadians. Second, the pharmaceuticals opposed this whole issue by putting a great deal of pressure on the Government to change the Patent Act.

The Hon. Member for Papineau (Mr. Ouellet), who was the Minister of Consumer and Corporate Affairs in 1983, was the recipient of a lot of that pressure. He buckled under that pressure and the Government at that time changed his ministry and he was shuffled off to something else. However, under the pressure, the Trudeau Government in 1984 appointed Professor Harry Eastman to a commission of inquiry into the pharmaceutical industry. Professor Eastman made a number of very interesting points. He pointed out that since the 1969 amendment to the Patent Act, there had not really been any decrease in the profits of the drug industry. In fact, the profits had continued to grow.

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

The Acting Speaker (Mr. Paproski): Yes. The Hon. Member has 10 minutes left for his debate when Orders of the Day are called, plus 10 minutes for questions and comments.

It being one o'clock p.m., I do now leave the chair until two o'clock p.m.

At 1 p.m. the House took recess.

S.O. 21

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

THE MARITIMES—ALLEGED LACK OF CONSULTATION BY FEDERAL GOVERNMENT

Mr. Fernand Robichaud (Westmorland—Kent): Again, Mr. Speaker, the Government has ignored the Atlantic region. A few months ago when the Government decided to retaliate with a tariff on Christmas tree imports from the United States, it did not even bother to consult eastern Canada producers whose Christmas tree exports represent a $70 million industry.

The same thing is happening now. The Government did not even get in touch with eastern producers when it was attempting to reach agreement with the United States concerning the 15 per cent lumber tariff. Well, Mr. Speaker, organizations like the Maritime Lumber Bureau are furious. Should the U.S. administration endorse the agreement, the Maritimes will be in a difficult position because producers in our region already have to pay higher royalties than anywhere else in this country. The situation in the Maritimes is not the same as in the rest of Canada, but the federal Government could not care less and does not even bother to consult us, and this is altogether unacceptable.

* * *

[*English*]

CANADA POST CORPORATION

EFFECT OF PROPOSED POSTAL RATE INCREASES ON COMMUNITY NEWSPAPERS

Mr. Stan Darling (Parry Sound—Muskoka): Mr. Speaker, the proposed postal rate hikes for second-class mail pose a great threat to community newspapers and newsletters.

The publisher of one of the weekly newspapers in my riding told me his mailing costs will increase $3,000 next year if the proposal is passed. The *Presbyterian Record*, having contracted to a new printer, will lose its subsidized second-class status and be faced with increases totalling $17,000 monthly, or 400 per cent, with third-class service. *The United Church Observer* could also be looking at formidable postal increases which could have a devastating effect on this vital publication.

I advocate that Canada Post officials and the Government abandon the notion of cruel price hikes that threaten the existence of Canada's news organs. It is wrong to offset the post office deficit by gouging those fragile businesses operating on their own shoe-string budgets.

* * *

FOOD

FOOD IRRADIATION ALERT—CALL FOR LABELLING OF TREATED FOODS

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, many people in my riding share concerns with the approximately 12,000 members of the Food Irradiation Alert. These people request an immediate moratorium on the sale of irradiated foods. They are concerned that irradiation is a by-product of the nuclear industry and that it radically reduces essential nutrients in the products which have undergone treatment. The jury is still out on the questions asked about this process.

At the very least the Government must take responsibility for ensuring that consumers can know what they are buying. Therefore, I propose that any food irradiated food should be clearly labelled in such a manner as to indicate the purpose of the treatment; the dose or doses absorbed by the food; and the types of ionizing radiation source utilized in the process.

People have a right to know whether the food they buy is irradiated or not.

* * *

[*Translation*]

COMMUNISM

EVOLUTION OF REGIME—LESSONS TO BE LEARNED

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, on the weekend, the media announced that the communist regime in Moscow is now allowing citizens to operate small businesses. Lenin, the great leader of socialists throughout the world, was wrong in 1928. We could say he was the grandfather of the 29 Canadian socialists here in the House today, Mr. Speaker. The message of this return to private enterprise is one that should be understood by our 29 socialist colleagues. It will not be long before the socialists of this House, who finance their party with donations from workers living under our strong capitalist system, will have to explain quite frankly why socialism does not work. Canadians will ask the Leader of the socialist party to clarify his position and they will insist on hearing the same message across this country. The same message for Quebec and Manitoba, for francophones and anglophones.

• (1405)

[*English*]

ENVIRONMENTAL AFFAIRS

GUELPH TOXICOLOGY CENTRE—CANCELLATION OF FUNDING

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, the Minister of the Environment (Mr. McMillan) told chemical industry representatives that "we know virtually nothing about the health and environmental impact of 80 per cent of the 800 chemicals known to exist in the Great Lakes". At the same time the Minister of Consumer and Corporate Affairs (Mr. Andre) defended changes to the Patent Act on the basis that not changing the law would jeopardize the future of a great many young scientists.

If these two statements truly reflect the Government's concern, one wonders why it cancelled funding for the Toronto-Guelph Toxicology Centre that would answer questions about the 800 chemicals in the Great Lakes and would provide a future for young scientists. If the Government means business, it should reinstate the funds for the Toxicology Centre it cancelled in November, 1984. How else can we take seriously those two Ministers of the Crown?

* * *

TRADE

UNITED STATES DUTY ON CANADIAN SOFTWOOD LUMBER—CANADIAN PROPOSAL

Mr. Ross Belsher (Fraser Valley East): Mr. Speaker, the dispute with Americans on softwood lumber exports continues to occupy our thoughts and attention. The issue is still being decided through the required steps in the U.S. courts.

Because of the seriousness of the effect of the action taken by the United States lumber industry, it was necessary for the Governments of Canada, federal and provincial, to become involved. Thus the Minister for International Trade (Miss Carney), with the backing of provinicial Premiers, albeit one reluctant Premier, put forward a proposal to the U.S. Commerce Secretary that would result in an out of court settlement. This entails a commitment on our part to raise various fees to a 15 per cent rate equal to the assessment made earlier by the Department of Commerce.

I read in this morning's paper that U.S. Commerce Secretary Baldrige endorses this plan and will be taking it forward on our behalf to the U.S. lumber industry. We compliment the Minister along with the provincial Premiers for this proposal which we trust will lead to a solution for a most difficult problem.

S.O. 21

EMPLOYMENT

NUMBER OF WOMEN IN TRAINING PROGRAMS

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, a recent study done by the Canadian Congress on Learning Opportunities for Women showed that between 1977 and 1985 the number of women in federal job-training programs dropped by 10 per cent. Short-term training programs under the Canada Jobs Strategy are not serving women adequately. The practice of contracting out training programs does not protect spaces for women, and it is a well-known fact that the training programs of employers favour men.

Immigrant and visible minority women, at their recent conference, repeatedly criticized the federal Government for not having more language and job-training programs combined with child care and counselling. Women from remote areas have little access to training or educational programs. Many women are trapped forever in low-paying and part-time jobs because of the requirement that they be unemployed and out of the labour force to qualify for training.

Token words spoken by First Ministers are not good enough. The Government must adequately fund relevant training for women, along with child care.

* * *

REFUGEES

ADMISSION FROM AFGHANISTAN OF SOVIET DEFECTORS

Mr. John Oostrom (Willowdale): Mr. Speaker, again, as in 1979 during the turmoil in Iran, the Secretary of State for External Affairs (Mr. Clark) deserves our hearty congratulations. Through his sheer determination in dealing with a volatile geographical area of the world, he was successful in obtaining the release of five Soviet Army defectors from Afghanistan. This task was extremely complex since it involved overcoming overwhelming bureaucratic obstacles and the fact that no country wanted to assist them in crossing the border due to potential retaliation by the forces conducting an immoral war in Afghanistan.

• (1410)

These five defectors are solid proof that the Soviets are not succeeding in convincing even their own soldiers that this war is just. Their statements show the barbarity and brutality exhibited by the Soviets towards the Afghans in order to enforce the slavery that Communism brings to all the people it has touched. The Secretary of State for External Affairs has again shown the world that Canada will always assist those who seek freedom. We should all applaud his actions.

S.O. 21

INDUSTRY

FUTURE OF SYDNEY STEEL CORPORATION

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, I rise today to condemn the Government's inaction on the future of the Sydney Steel Corporation. While the future of Sysco and the city of Sydney and the surrounding municipalities hangs in the balance, the Conservative Government drags its feet. This Government assured the people of Cape Breton that Sysco's future was not in doubt. But we all know now that Sysco's future is very much in doubt and the Government does nothing.

The Government of Canada, as the sole shareholder of Canadian National, could have ordered the railway to increase its orders of steel rail from Sysco and provide this mill with a long-term contract. As we all know, the Government has ignored its responsibility to the employees of Sysco, to the people of Sydney and the surrounding areas, and it has chosen to do absolutely nothing.

The Government has dragged its feet too long on assuring the second phase of the Sysco modernization program. It has failed to direct CN to live up to its responsibility as a federal Crown corporation to assist regional development. The people of Cape Breton will not soon forget the hollow Tory commitments on regional development.

* * *

PEACE

PARLIAMENTARIANS GLOBAL ACTION—FIVE CONTINENT PEACE INITIATIVE

Mr. Barry Turner (Ottawa—Carleton): Mr. Speaker, along with some of my House colleagues I recently participated in a parliamentary forum at the United Nations sponsored by Parliamentarians Global Action. This unique, non-partisan group of over 600 parliamentarians from 35 countries on all continents, has an unprecedented track record.

No NGO has ever been able to mobilize so quickly and so successfully the leaders of six nations, Mexico, Sweden, India, Greece, Tanzania, and Argentina, into the powerful force called "The Five Continent Peace Initiative" that now shapes public opinion on the need to focus more on disarmament and development in the world.

Professor J. K. Galbraith's plea that we bring the world military power into full, candid, and open discussion by focusing on arms buyers as well as arms sellers was echoed by Peru's Prime Minister and Vice-President, Dr. Luis Castro. Canada's Ambassador for Disarmament, Doug Roche, in an October 16 speech to the UN General Assembly, stated:

> The current levels and trends in global military expenditures stand in sombre contrast to the state of the world economy.

I call on all parliamentarians and the Government to assist in the vital search for a solution to end the arms build-up.

God help us all if we fail!

* * *

REGIONAL DEVELOPMENT

FAIR TREATMENT URGED

Mr. David Orlikow (Winnipeg North): Mr. Speaker, at the First Ministers' Conference, and at a fund-raising affair in Calgary the other night, the Prime Minister (Mr. Mulroney) criticized the Premier of Manitoba and defended the indefensible decision to give the CF-18 contract to Montreal on the grounds that Manitoba had a low rate of unemployment.

If the Prime Minister applied that principle to other areas of Canada, northern Ontario could forget about getting any assistance because Toronto has a low rate of unemployment; rural Nova Scotia could forget about getting any Government assistance because Halifax has a low rate of assistance; and northern Saskatchewan and northern Manitoba would be in a similar situation because their cities have a low rate of unemployment. It is time for the Prime Minister to stop playing pork-barrel politics and treat all parts of Canada fairly.

* * *

SPORTS

CANADIAN FOOTBALL LEAGUE—GREY CUP FINALISTS—MEMBERS' WAGER

Ms. Sheila Copps (Hamilton East): Mr. Speaker, I realize that it is against the Standing Orders to congratulate, so I will not congratulate the Hamilton Tiger-Cats on snatching victory from the jaws of defeat.

As I predicted last week, I have forced the Member for York South—Weston (Mr. Nunziata) to eat his words, and to eat his bet. I wish to inform you, Mr. Speaker, that I have just sealed a deal today with the Member for Edmonton North, the former great football player—albeit for the wrong team— and I trust that I may break the Standing Orders and use his name—Mr. Steve Paproski. We have it on the line that Hamilton is going to take Edmonton this weekend. The Grey Cup convention will be the highlight of a fantastic weekend for the Liberals and for Canada.

Some Hon. Members: Hear, hear!

POLITICAL PARTIES

RESIGNATION OF PROGRESSIVE CONSERVATIVE PARTY SUPPORTER

Mr. Maurice Foster (Algoma): Mr. Speaker, the people of Manitoba are very angry with the Government. I wish to read the letter of resignation from a member of the Tory Party, Mr. Douglas Broeska of Fort Garry. The letter is addressed to the Prime Minister (Mr. Mulroney) and it states:

Dear Sir,

I am deeply sorry to have to inform you of my resignation from the Conservative Party of Canada. In addition, I intend to discontinue any future support or involvement of myself and my company with Conservative Party activities.

The blatant favouritism shown Canadair over Bristol Aerospace in the awarding of the CF-18 maintenance contract has shown the people of this country that the Prairies and Western Canada are effectively disenfranchised when it comes to making major development decisions.

It continues:

It is the reason that I hereby resign my Party membership and the basis on which I will work to defeat a Government which espouses such an unprincipled policy.

Respectfully,
H. Douglas Broeska.

• (1415)

ORAL QUESTION PERIOD

[*English*]

TRADE

UNITED STATES DUTY ON CANADIAN SOFTWOOD LUMBER EXPORTS

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, my question is directed to the Prime Minister. Now that the Canadian Government has buckled under once again to the United States, when is a final offer a final offer?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, there has been no buckling under of any kind. I assume my right hon. friend is referring to the lumber issue which is of such great importance to British Columbia, the province he represents. The position endorsed by the First Ministers was strongly endorsed by the Premier of British Columbia, the Government of British Columbia, and the Premier of Quebec, both of whom I believe control in excess of 80 per cent of the resource. The approach considered by the First Ministers is clearly in the national interest. We think that it will be of benefit to Canada—to British Columbia and to all other provinces.

Mr. Turner (Vancouver Quadra): Mr. Speaker, the Prime Minister might forget that in citing some endorsement from some provinces, he is really saying that he yielded a purely federal matter in commerce and trade. He should be dealing

with it on his own responsibility and on the responsibility of the Government of Canada.

[*Translation*]

CANADA'S ATTITUDE TOWARD UNITED STATES—CONSEQUENCES

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, does the Prime Minister realize that by giving in to the Americans on the lumber issue, he is now laying himself open to U.S. attacks on pulp and paper, steel, the Auto Pact, fish, grain and so many other Canadian products?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, we have not made any concessions whatsoever to the Americans. The approach formulated by the federal Government and supported by all provincial premiers who were seriously involved, including Premier Bourassa from Quebec and his active support, is one that the federal Government judged to be in the national interest. The procedure is an entirely normal and responsible one, and with it we hope to be able to resolve a very serious problem, a problem that cannot be solved by the partisan appeals my hon. friend is making.

[*English*]

PRIME MINISTER'S POSITION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, could the Prime Minister tell the House, in his obsessive pursuit of a free trade agreement with the United States, how far he is planning to go in selling out Canada? When will he begin to stand up for Canadians?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, what the Minister for International Trade put forward for consideration following discussions—and it was a position endorsed by nine provinces, nine First Ministers—has the objective of wiping any negative decision of any precedent value from the books against Canada, of managing Canadian forest resources on exactly our own terms, and of keeping approximately $600 million per year in Canadians' pockets. I say to the Leader of the Opposition that he should explain to Mr. Vander Zalm and the people of British Columbia why he is proposing a course of action which would put $600 million per year in American pockets. We are opposed to that.

TERMS OF CANADIAN OFFER

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, my question is also for the Prime Minister. While we are on the topic of explaining things, would the Prime Minister be good enough to explain to the House what it is exactly that we are offering the Americans? What is in the deal? What is in the proposal? So far we have seen no terms. Is it a stumpage fee? Is it an export duty? What in fact is the Canadian Government offering as part of its concession to the United States?

• (1420)

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, in terms of offering concessions, what we are talking about is a matter that had been decided by an appropriate authority in the United States. They are saying that "if you want access to our markets, here is the price of poker." We contested that. We continue to contest it very vigorously.

Mr. Orlikow: What is the price?

An Hon. Member: Vigorously?

Mr. Mulroney: The cost of the original price of poker—very vigorously and very energetically.

Mr. Tobin: Spoken like a wimp.

Mr. Speaker: Hon. Members will realize that all Hon. Members in this Chamber have the right to be heard both when they are asking questions and when they are answering them. Comments such as I just heard do not make it easier for Hon. Members to do the task that is appointed to them. They lead to disorder in the Chamber. I would ask that all Hon. Members restrain themselves. The Hon. Prime Minister.

Mr. Mulroney: What is taking place, Mr. Speaker, as I say, with the endorsation of the First Ministers involved, is an approach designed to resolve a very complex matter in Canada's favour which would guarantee our ongoing access to the market. His Leader is briefing the Member. I will be happy to answer any further questions he may have.

GOVERNMENT POSITION

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, as a supplementary, I would say to the Prime Minister that I think the matter has only been compounded in its confusion by his last statement.

You say you are negotiating on some kind of proposal—

Mr. Speaker: Order, please.

Mr. Axworthy: Pardon me. I will rephrase my question, Mr. Speaker. I would like to ask the Prime Minister why it is that we are making an offer about which we do not know any of the details at the same time as the Prime Minister is saying that we are continuing to pursue the matter in front of the U.S. tribunals and the international tribunal. You cannot be proposing to negotiate a deal, and at the same time say that the deal is no good before a tribunal. You cannot contradict yourself continually this way. We would like to know what is it that you are doing. Are you trying to negotiate a deal or are you going to pursue the matter before those tribunals?

Mr. Speaker: The Hon. Member knows very well that the last part of his question went well beyond what is the accepted standard. I know the Hon. Member wants to put his question with force, but I would remind the Hon. Member that the Chair has had to rise several times with respect to questions of that sort. I know that the Hon. Member would please the House if he could put his questions with force and vigor, but I would ask that he be more careful about the use of the word you.

Mr. Axworthy: Mr. Speaker, I will rephrase the question, if I might. My question is for the Prime Minister. Is the Government now pursuing another final offer to the United States based upon imposing taxes here in Canada, or is it continuing to pursue the matter in the international tribunal and in the U.S. tribunals? What is it that the Government of Canada is proposing to do?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, we are seeking to reach agreement on an approach that will resolve a very complex matter in Canada's interest that will keep the $600 to $700 million a year in Canadian hands to be plowed back into, for example, the forestry in British Columbia as opposed to elsewhere.

My hon. friend refers to the question of contradictions in regard to trade negotiations. I refer to an analysis by Mr. Cohn of *The Toronto Star* in which he concludes:

> Now, there are four Liberal positions on free trade: Johnston gung-ho for negotiations; Axworthy, calling for a moratorium; Gray, flat-out opposed. And then there is Turner . . . If there is confusion about all the crossed signals—

Mr. Speaker: Order. The Hon. Member for Oshawa.

MINISTER'S ANNOUNCEMENT

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question concerns the position of the Government of Canada. First the Minister for International Trade said there should be no bargaining because it would undermine our position which was before a tribunal. Then she undermined that by saying there would be a 10 per cent final offer. Then she went to a 15 per cent offer, and then at the First Ministers' meeting she announced there had been a deal with the Department of Commerce in the U.S. which was, within hours, denied by the Department of Commerce. Does the Prime Minister think the Government of Canada has any credibility left in terms of negotiating now?

• (1425)

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I think the Leader of the New Democratic Party will want to deal from objective facts. He says that the Minister announced a deal. The Minister did not announce a deal. The Minister announced agreement among us all on an approach to attempt to resolve—

Some Hon. Members: Oh, oh!

Mr. Axworthy: Now it's an approach.

Mr. Mulroney: The sidekick of the Leader of the NDP, the Member for Winnipeg—Fort Garry—

Mr. Axworthy: Be nice now.

Mr. Mulroney: —appears to be perplexed.

Mr. Axworthy: Dalton Camp is going to get you.

Mr. Mulroney: May I refer to the statement made. It was: "We have agreed on a proposal. There is agreement on the approach that Canada has taken". Perhaps my hon. friend has not seen the text. It continues: "Until there is something signed there is no deal obviously".

We were seeking, very much in the national interest and very much in a mature and reasonable way, to obtain agreement on an approach which we believe, when negotiated with the United States, will be of great benefit to Canada, British Columbia, the producers, and the timber industry.

Mr. Broadbent: Mr. Speaker, half the country saw the news report of the Minister for International Trade announcing that there was agreement with the Department of Commerce. Within hours the Department of Commerce of the United States announced that there had been no deal established with the Government of Canada. That is the truth, no matter what the Government wants to say today.

[*Translation*]

GOVERNMENT POSITION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is as follows.

In the United States, the Department of Commerce and even major newspapers like *The Los Angeles Times* are against the position taken by the American lumber industry on this issue.

My question to the Prime Minister is therefore: Why is the Canadian Government supporting the U.S. industry?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, it is exactly the other way around.

The Government of Canada has agreed, for instance, to support the Government of Quebec, which manages this natural resource and which under another formula would have lost as much as $150 million per year. The Leader of the New Democratic Party supports a position that would cost the Government of Quebec between $100 and 150 million per year. That is totally unacceptable.

[*English*]

Mr. Broadbent: Mr. Speaker, the Prime Minister knows that if the Government of Canada spoke up with the traditional position taken by the Government of Canada, we could be winning that case in the international tribunals without costing Canadians one cent.

GOVERNMENT ACTIONS

Hon. Edward Broadbent (Oshawa): The Prime Minister in the House, and the Minister outside the House, have said today that no precedent is being set by this plea bargaining by the Government of Canada. The position which we have taken in the U.S. is now being considered there and is being appealed to GATT by the Government of Canada. Will the Prime Minister not acknowledge that by this constant plea bargaining we are undermining the future of several other sectors in Canada?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I do not know why my friend draws in words like "plea bargaining" which have pejorative connotations for other areas. There have been and always will be discussions on matters this complex. We are attempting to resolve the issue with conditions favourable to Canada, British Columbia, Manitoba, Quebec and the other involved provinces.

Mr. Benjamin: You just wrecked our case. I sure wouldn't hire you for a lawyer.

Mr. Mulroney: One of the NDP Members just said that the Government surrendered the case. Jack Munro, the President of the IWA in Vancouver, said on Friday that the Government was completely right on course and that he supported the initiative of the Government and that of the Government of British Columbia completely.

CANADIAN APPROACH

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, this afternoon the Prime Minister looks very much like a fellow who has fallen into quicksand and is foolishly trying to kick his way out. We all know what happens. Will he confirm whether he is telling the House of Commons that, contrary to statements made by the Minister for International Trade last weekend in Vancouver, in fact she has reached no agreement with Secretary of Commerce in the United States, Malcolm Baldrige? Will he also tell us why the Deputy Minister for International Trade, Mr. Gerry Shannon, is in Washington today trying to negotiate a deal that was announced last Friday by the Prime Minister and the Minister for International Trade?

• (1430)

Mr. John McDermid (Parliamentary Secretary to Minister for International Trade): Mr. Speaker, the Hon. Member has his facts wrong. On Friday the Minister did not say there was an agreement with the United States. With your permission, let me quote the following:

> Without committing himself to all the details involved, Secretary Baldrige informed Minister Carney that he endorsed such an approach—

That is what we are talking about, an approach to try to get out of this very difficult and complicated situation.

IMPACT ON HOUSING COSTS

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, my supplementary question is directed to the Prime Minister, who has now become the head waiter for the White House, compared to when he was head waiter to the provinces. Why did the Government of Canada not consult the forest

industry in this country before taking this approach? The Government did not consult all the provinces in advance of Friday. Does the Government know what the impact of a 15 per cent increase in stumpage fees will be on the domestic housing industry in this country? Will it be inflationary?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, may I just say that it is better to be a head waiter than a dumb waiter.

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

Mr. Foster: Pretty dumb answer.

Mr. Mazankowski: Pretty dumb question.

UNITED STATES COUNTERVAIL DUTY

Mr. Jim Fulton (Skeena): Mr. Speaker, my question is directed to the Prime Minister. On October 1 the Minister for International Trade made a 10 per cent out-of-court offer in relation to the duty. On October 16 the U.S. Department of Commerce came down with a 15 per cent preliminary ruling. On October 21 the Minister for International Trade said:

First, we will fight to reverse this verdict.

We then learned last Friday that 15 per cent will be the new top. There are more mixed signals than one would find in the backfield of the Toronto Argonauts.

Does the Prime Minister stand by what the Minister for International Trade said in Vancouver, that 15 per cent this time is the top, the final irreversible offer by the Government of Canada?

Mr. John McDermid (Parliamentary Secretary to Minister for International Trade): Mr. Speaker, the Hon. Member knows that these negotiations are taking place. An agreement was made between the provinces, which own the resources, and the federal Government on an approach to try to solve the problem. That is being undertaken right now.

SUBMISSION MADE TO GATT

Mr. Jim Fulton (Skeena): Mr. Speaker, my supplementary question is directed to the Prime Minister. On October 27 the Minister for International Trade said:

—we feel that this preliminary ruling by the U.S. Commerce Department has no basis in U.S. law, is badly flawed, and is inconsistent with the U.S. obligations under the GATT.

Will the Prime Minister and the Government continue this fight before GATT, or are we buckling under entirely?

Mr. John McDermid (Parliamentary Secretary to Minister for International Trade): Mr. Speaker, the case before GATT is still going on at this time.

ANNOUNCED CLOSURE OF TERRACE BAY SAWMILL

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, my question is directed to the Prime Minister. This morning the president of Kimberly-Clark Canada called me to say that the sawmill at Terrace Bay, Ontario, was being closed. He said this is a direct result of the 15 per cent tariff. He also said that even if the 15 per cent were to be applied in a different way, as the Government has proposed in its approach to the Americans, sawmills all across northern Ontario would be closed and thousands of jobs would be lost. Why has he agreed to approach the Americans in this manner, rather than fighting that unfair 15 per cent, because we could have won?

Mr. John McDermid (Parliamentary Secretary to Minister for International Trade): Mr. Speaker, I remind the House that the Liberals brag that they got rid of the problem in 1983. The problem did not go away. It is still here. We are proposing to try to solve the problem once and for all so we do not have it hanging around.

STUMPAGE FEES—EFFECT ON NORTHERN ONTARIO

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, my supplementary question is directed to the Prime Minister. Is he aware that if the 15 per cent were to be applied to stumpage fees, it would mean a threat in northern Ontario not only to the lumber industry but to the production of pulp as well? Why has he decided to abandon northern Ontario? Is it because he knows he cannot hold on to those Tory seats anyway?

Mr. John McDermid (Parliamentary Secretary to Minister for International Trade): Mr. Speaker, on the contrary, we are not abandoning northern Ontario.

Mr. Penner: You are.

Mr. McDermid: We are not.

Mr. Penner: You are.

Mr. McDermid: We are fighting on their behalf to preserve those jobs—

Mr. Penner: You have abandoned northern Ontario.

Mr. McDermid: We are fighting to solve a very difficult problem that has been around for many years. The Hon. Member knows that.

Mr. Speaker: The Hon. Member for Winnipeg North.

PHARMACEUTICAL INDUSTRY

PRICE OF DRUGS—EFFECT OF AMENDING PATENT LAW

Mr. David Orlikow (Winnipeg North): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. On innumerable occasions, both inside and outside the House, he said that the results of the patent legislation which he has brought forward will not mean increases in the price of prescription drugs. On Friday he said that there is a worst case scenario in which this could very well happen. Given that the generic companies have said that this legislation will increase their prices very substantially, and that the provinces have said it will add millions of dollars to the cost of their pharmacare programs, what information does he have on the actual increases that will take place after this legislation is passed?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, the answers to all those questions are contained in my speech to the House during second reading on Bill C-22 last Thursday. I remind the Hon. Member that that is probably the reason for Citation 359(12) in Beauchesne which states that questions should not be asked about subjects that are currently a matter of debate before the House.

EXTENSION OF PATENT RIGHTS

Mr. David Orlikow (Winnipeg North): Mr. Speaker, the Minister also told journalists that the legislation was needed: "To quiet criticism from the U.S., Britain, France and other countries that Canada does not protect patents properly." Is the Government also extending the life of all patents from 17 to 20 years because it is afraid that we cannot have a patent policy of our own within the industrial property conventions we have already signed?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, again this is a good reason to get the Bill to committee. The effect of moving from 17 to 20 is no change. Twenty years comes into effect as soon as the patent is applied for, while previously it was after it was granted, which was three years. The 3 and 17 add up to 20, or no change.

* * *

AIR CANADA

EMPLOYEES' PENSION PLAN—REQUEST FOR FULL ANNUAL REPORTS

Mr. Ross Belsher (Fraser Valley East): Mr. Speaker, my question is directed to the Minister of Transport. Many retired Air Canada employees are concerned about the lack of information being made available to them on the excess funds in their pension plan. Will the Minister allay their concerns by asking Air Canada to provide them with full annual reports of the contributions made to their pension fund and ensure that the full amounts of the surplus funds be used for enhancing their pensions?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, there is an annual report on the Air Canada pension fund and that report is made available to the pension committee. The pension committee includes representatives of management, employee groups, and retired employees. The report is not distributed but the information from it is available to all groups through their representatives on the committee. If anyone has any difficulty getting the necessary information, if they contact me I will personally see that they get it.

* * *

[*Translation*]

CONSUMER AFFAIRS

REQUEST THAT GOVERNMENT TABLE SECRET STUDIES ON DRUG PRICES

Ms. Sheila Copps (Hamilton East): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. Over the weekend the Minister admitted what thousands of Canadians already know, namely that his Bill will have a direct impact on the price Canadians pay for drugs.

Since the Minister himself did acknowledge that it will have a very negative impact on the price of drugs in Canada, would he tell the House why he is not prepared to table forthwith the secret studies on drug prices? What does he have to hide?

• (1440)

[*English*]

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I am more than willing to have a complete discussion. That is why I am anxious for the debate to carry on so we can get the Bill to committee and have that discussion.

Ms. Copps: Mr. Speaker, the Minister for hoof and mouth disease on the weekend—

Some Hon. Members: Order.

Mr. Speaker: Order. The Hon. Member, I am sure, would not want to proceed in that way. I know she will probably withdraw the remark.

Ms. Copps: Yes, Mr. Speaker, I will withdraw the nomenclature.

MINISTER'S POSITION

Ms. Sheila Copps (Hamilton East): The Minister stated on the weekend that he was not going to give this information to the House because he did not want to provide "fodder" so the Opposition can "beat us over the head".

Mr. Turner (Ottawa—Carleton): Question.

Ms. Copps: Is that not just an admission that the facts in that secret study are so dangerous he does not even want them brought up on the floor of the House?

An Hon. Member: Cover up.

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): No, Mr. Speaker, I am most anxious that all the facts be discussed. That is why I am asking the Hon. Member to urge her colleagues to help us take it to committee so we can study all those facts and she and her constituents can be aware that this is good legislation for Canada—

Mr. Guilbault (Saint-Jacques): Table the stuff if it's that good.

Mr. Andre: —and it is going to generate thousands of jobs. It will provide a lot of research funds and is something the Hon. Member really ought to support.

* * *

CHILD CARE

REQUEST FOR BUDGETARY MEASURE

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, my question is directed to the Prime Minister who stated at the First Ministers' Conference that his commitment to a child care program is real and he is prepared to allocate substantial resources to this initiative. I commend him for that. In view of the urgent child care crisis right across Canada, will the Prime Minister allocate in the next Budget an emergency federal fund for child care services?

Right Hon. Brian Mulroney (Prime Minister): Indeed, Mr. Speaker, the commitment of the Government to child care is real and substantial. We have worked very closely with the provinces. The Minister of National Health and Welfare will be convening, I think in early January, a meeting of the appropriate Ministers to deal specifically with this issue.

It must be dealt with, as my hon. friend knows, jointly with the provinces, and the federal Government will be providing both leadership and resources to bring this about.

Ms. Mitchell: Mr. Speaker, we have a national case of child neglect in Canada. We need action now. It could take years to complete those negotiations.

REQUEST FOR $320 MILLION

Ms. Margaret Mitchell (Vancouver East): Will the federal Government do what Katie Cooke advocated and allocate $320 million in the upcoming Budget and begin to deal with this emergency during the period when negotiations are going on with the provinces? We need to upgrade and extend child care services in the meantime.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my hon. friend is quite right when reference is made to the fact that this very important matter of child care has been neglected by the federal Government for years. That is an accurate statement.

Ms. Mitchell: What are you going to do about it?

Mr. Mulroney: My hon. friend will not have to wait for years to have this matter resolved.

Ms. Mitchell: This Budget?

Mr. Mulroney: It is a priority for this Government and I hope for this House.

Ms. Mitchell: This Budget?

Mr. Mulroney: On behalf of Canadian women, appropriate action will be taken.

* * *

PHARMACEUTICAL INDUSTRY

COST AND PRICE OF DRUGS

Mr. George Baker (Gander—Twillingate): Mr. Speaker, the Government tells us the price of drugs may go up for provincial Governments and that is why there is $100 million allocated in the Bill—that is the cost of drugs—but the price of drugs will not go up for Canadian citizens. The Minister explains that difference by saying: "The truth lies in recognizing the difference between price and cost". That is about as clear as Milk of Magnesia. I would like to give the Minister an opportunity to explain in clear and simple English what he means when he says the cost of drugs may go up for the provincial Governments but the price of drugs will not go up for Canadians?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I sure wish the Hon. Member and his colleagues were willing to listen to that explanation.

Mr. Gray (Windsor West): Well?

Mr. Andre: If they were, they would help us take this Bill to committee so I could explain exactly that fact, and explain to Canadians, through the committee, how thousands of jobs are going to be created—

Some Hon. Members: Oh, oh!

Mr. Andre: —and the net benefits which will accrue to Canada as a result of this legislation.

GOVERNMENT POSITION

Mr. George Baker (Gander—Twillingate): Mr. Speaker, the Americans have persuaded the Government to increase the

price of drugs to Canadians. They have persuaded the Government to increase the price of lumber to Canadians. I ask the Prime Minister if the Government does not now agree that the cost of satisfying the Americans is too high a price for Canadians to pay?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I remind the Hon. Member again of what the Government he supported in June of 1983 said: "To generate further growth in this industry, the Government of Canada has decided to change the Patent Act to rebalance the 1969 policy". We are balancing the 1969 policy, carrying forward on the decision his Government had made.

Mr. Gauthier: That's a set-up.

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ENERGY

ALBERTA OIL COMPANIES

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, my question is directed to the Prime Minister who said the other day in western Canada in response to cries for economic health: "Canada is much more important, much bigger than a cheque". It seems to me that westerners do not want a blank cheque, they want a pay cheque. Will the Prime Minister tell the House what he meant by that and what concrete action he proposes to take to help, for example, the small Canadian oil companies which are now going under in Alberta?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, for example, an indication of—

Mr. de Jong: No!

Mr. Mulroney: Is that against the law, Mr. Speaker, what is going on over there?

Some Hon. Members: Oh, oh!

An Hon. Member: They are strong arming. They are not the odd couple.

Mr. Speaker: Hon. Members will agree that much goes on that is not against the law.

Some Hon. Members: Oh, oh!

Mr. Mulroney: If it is legal, so be it.

Mr. Blackburn (Brant): He is getting adjusted, that is all.

Mr. Mulroney: In response to my hon. friend, what was intended was simply that, of course, the value of Canadian citizenship ought not to be measured by what Edmonton or Victoria "did for me yesterday". Canada is much more important than simply a balance sheet added up at the end of any given week. It is a question of our heritage and what we mean to one another and what regions can do for one another.

However, regarding illustrations of the kinds of actions on behalf of national unity, I think the position adopted by the Government of Canada, which was so strongly supported by the Government of British Columbia on Friday, is a clear indication, and getting rid of the PGRT in close co-operation with the Government of Alberta is also an indication of what we can do together.

SITUATION OF SMALL OIL COMPANIES

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, getting rid of the PGRT really only helped the big American multinational oil companies, not the small Canadian companies. Will the Prime Minister tell us why it is Government policy, according to the Minister of Energy, Mines and Resources, that financially troubled Canadian oil companies are up for sale to foreign buyers? Is that not a step backwards and not really of any particular help to Canadian small oil producers?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, what we are trying to do, in concert with the Government of Alberta and the industry, is try to deal with the new situation—new this year—brought about by the calamitous decline, from a producing point of view, of prices in energy. That is a situation which did not obtain in 1984. It is a situation which did not obtain when we put together the Western Accord. The Western Accord was clearly beneficial because 1985 was a great year in terms of energy in western Canada.

Mr. Benjamin: Tell that to the folks in P.E.I.

Mr. Mulroney: We now have new dimensions of a problem which we are going to have to work with very closely. I am hopeful we will be as successful in dealing with the new problem as we were when we came in and were able to negotiate the Western Accord.

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LABOUR CONDITIONS

ENGAGEMENT OF MONTREAL COMPANY TO STUDY YOUTH UNEMPLOYMENT

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, my question is directed to the Minister of Employment. Why was an untendered contract in the amount of $124,000 granted to Secor Inc. of Montreal to study youth unemployment when Claude Forget was a partner in that firm and had already been given a similar mandate as chairman of the Royal Commission on Unemployment Insurance? And how was Secor able to produce its report on September 5, 1986, three days after it signed the contract? Who in Government approved of this wasteful and bizarre deal?

Hon. Jean J. Charest (Minister of State (Youth)): Mr. Speaker, it was agreed upon by myself with Mr. Gaucher and Mr. Wright that they needed an analysis done and not a report on very specific issues concerning youth. We have an ongoing agreement to share in this research. That is why it was done in this way. It was agreed upon to use Secor because of the expertise they knew was there, and Canada Consulting Group was also used for the basis of the analysis we now have at our disposal.

AWARDING OF CONTRACT

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, we already had the Senate Committee on Youth reporting in February, 1986. We had the President of the University of Waterloo given a similar mandate in March, 1986. How can the Minister justify the fact that he only approached one contractor when the Treasury Board policy states that when a contract is over $50,000 several contractors must be considered? How does he explain that?

• (1450)

Hon. Jean J. Charest (Minister of State (Youth)): Mr. Speaker, Mr. Gaucher, Mr. Wright and myself agreed that this group was the best prepared. With respect to the very specific questions, we wanted it done rapidly at that time, which is a big difference between the way we operate and the way the previous Government operated. In March of 1983 the back-benchers of the Party of the Hon. Member signed a petition asking Cabinet for a military youth program, and in the same breath complained that the then Minister did not—

Mr. Speaker: Order, please.

Some Hon. Members: Hear, hear!

CONFLICT OF INTEREST INQUIRY

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, my question is for the Minister of Employment and Immigration. It concerns a $124,000 contract given to Secor. Does the Minister not consider it a conflict of interest to give this contract to Secor when Claude Forget is the Chairman of the Commission of Inquiry into Unemployment Insurance, which federal inquiry is making a major part of its study youth unemployment? Is it not a conflict of interest when a company in which he is a partner obtains a contract to study something he is already studying?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, there is no conflict of interest since the Forget Commission does have a mandate to inquire into unemployment insurance. There is no connection, in my opinion. We do not feel that the fact that they belong to the same company creates a conflict of interest, and this is why both studies can be made at the same time by the same company without raising the possibility of a conflict of any kind.

INQUIRY WHY COMMISSION USED UNEMPLOYMENT INSURANCE FUNDS

Mr. Lorne Nystrom (Yorkton—Melville): So what is this all about, Mr. Speaker? The Commission also spent close to $2 million more than provided in the Budget. Can the Minister explain why the commission used unemployment insurance funds instead of general revenues? Why did the commission carry out its inquiry by spending the money of Canadian workers, men and women alike, instead of general revenues? What does the Minister have to say about that?

Hon. Benoît Bouchard (Minister of Employment and Immigration): There are two questions, Mr. Speaker. With respect to the first one, the figures are false. We have spent, that is the Forget Commission so far has spent and will spend a maximum of $5.2 million. Its appropriations were in excess of $6 million, but they will not be totally expended; $5.2 million is the official figure.

Second, I already answered the Hon. Member for Notre-Dame-de-Grâce—Lachine East concerning the use of Unemployment Insurance Commission Fund; there is a provision under which we are authorized to use the general fund, this is why we did just that, and everything is quite normal.

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PHARMACEUTICAL INDUSTRY

REQUEST FOR REASSURANCE OF QUEBECERS

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs and deals with the pharmaceutical industry. In recent days, Quebecers have been very worried by the negative attitude of the leader of the Socialist party, who is making every effort to prevent a job-creating pharmaceutical industry from locating in Quebec.

Mr. Speaker, this massive and negative movement of Socialists against Quebec is of concern to us and I would like to ask the Minister to reassure my friends in Quebec.

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): First, I would like to thank the Hon. Member for Levis for asking this question. The Bill introduced in the House three weeks ago is good for Canada and for Quebec. Indeed, pharmaceutical companies have already announced several investments in Quebec. We expect this bill to produce over $600 million in Quebec.

[*English*]

TRADE

UNITED STATES DUTY ON CANADIAN SOFTWOOD LUMBER—GOVERNMENT CONSULTATION

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my question is for the Right Hon. Prime Minister. It concerns the softwood lumber issue. I wish to quote for the Prime Minister comments made by the director of the Maritime Lumber Bureau who said:

> I'm horrified that the Government would go over our heads to make this deal when the industry has spent $10 to $12 million fighting this thing, and was on the way to a decent settlement—

I ask the Right Hon. Prime Minister where was the consultation with the industry, the people who are so desperately affected by this particular move by the Government of Canada? Has the Prime Minister abandoned consultation with the industry with regard to a very important issue, the softwood lumber issue?

Mr. John McDermid (Parliamentary Secretary to Minister for International Trade): Mr. Speaker, not at all. Consultations on this particular subject have gone on over a great number of months with the industry and the unions. As the Prime Minister said today, the unions are solidly behind this decision, this approach which we are taking with the United States.

Mr. Dingwall: Mr. Speaker, I say to the Hon. Member, he is not a head waiter, he is not a dumb waiter. He is like the Prime Minister; he is a dumb head waiter.

Some Hon. Members: Oh, oh!

Mr. Speaker: Order, please. The Hon. Member will recognize that that is probably not necessary. Will he proceed and use more appropriate language, please?

Mr. Dingwall: Mr. Speaker, my question is directed to the Right Hon. Prime Minister, if he has guts enough to stand in his place and answer questions in the national interest.

Some Hon. Members: Oh, oh!

Some Hon. Members: Sit down!

Mr. Speaker: The Hon. Member for Kenora—Rainy River.

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ABORIGINAL RIGHTS

SETTLEMENT OF COMPREHENSIVE CLAIMS

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, my question is for the Prime Minister. Native people in Canada have been waiting for some time for a reaffirmation of the commitments the Prime Minister gave them during the early months of his mandate. He now has that opportunity with the introduction of a policy on comprehensive claims to Cabinet. Will the Prime Minister stand up in the House and answer the native people of Canada by providing a statement that his Government will indeed bring in a policy that provides for the fair and equitable settlement of comprehensive claims?

Hon. Ray Hnatyshyn (Minister of Justice and Attorney General of Canada): Mr. Speaker, to reiterate a point which I think has been made by the Minister of Indian Affairs and Northern Development, may I say to the Hon. Member that he in fact does take this whole question very seriously. He is working very hard in terms of the comprehensive land policy. We expect that progress will be made.

GOVERNMENT FUNDING

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, in view of the fact that an under-funded policy could lead to costly court settlements and undoubted damage to the social fabric of Canada, will the Minister of Justice assure the House and the native people of Canada that the policy will be funded so that claims can be settled fairly with all the resources necessary for that settlement?

Hon. Ray Hnatyshyn (Minister of Justice and Attorney General of Canada): Mr. Speaker, no one can doubt the hard work that my colleague, the Minister of Indian Affairs and Northern Development, is putting into this particular endeavour. I simply want to reassure the Hon. Member and the House that this is a matter which the Government takes seriously in conjunction with other matters affecting the aboriginal people of Canada. I can tell the Hon. Member that when the policy has been determined and the consultations have been carried out it will be one which he will be happy to support.

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FITNESS AND AMATEUR SPORT

STUDENTS' ACCEPTANCE OF AMERICAN ATHLETIC SCHOLARSHIPS

Mr. Jim Jepson (London East): Mr. Speaker, my question is for the Minister of State for Fitness and Amateur Sport. There is a growing concern that some of Canada's top athletes are leaving the country to attend schools in the United States on athletic scholarships. Will the Minister tell the House what he is doing, what efforts he is making to keep our young and talented athletes at home in Canada?

Hon. Otto Jelinek (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, this is indeed a problem that is of great concern to many Canadians. That is why some time ago I initiated discussions with interested parties, including the provinces, with a view to developing a scholarship program. I am glad to report that recently the CIAU has supported this

initiative and principle. As a result, the former President of York University, Dr. Ian MacDonald, has accepted the role of co-ordinating our efforts to come up with some resolutions and suggestions which we hope to start implementing as early as next year.

* * *

INDUSTRY

SALE OF MITEL CORPORATION—EMPLOYMENT SAFEGUARDS

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Mr. Speaker, my question is for the Minister of Regional Industrial Expansion. However, in his absence I will direct my question to the Prime Minister.

On February 26 of this year speaking on behalf of the Government of Canada with regard to the sale of Mitel to British Telecommunications the Minister of Regional Industrial Expansion stated:

> Jobs will be preserved as a result of this transaction as Mitel's manufacturing as well as research and development activities will continue to be carried out in Canada.

What safeguards to back up this commitment of the Government of Canada were placed on the conditions of the sale of Mitel to British Telecommunications?

• (1500)

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, on behalf of the Minister of Regional Industrial Expansion I would say that I know he and members of the Government recognize the unfortunate situation that has occurred with respect to Mitel. I can also tell the Hon. Member that the Minister of Regional Industrial Expansion is looking into the matter and in fact is checking out the commitments under the safeguards to which the Hon. Member referred.

REQUEST THAT GOVERNMENT TABLE DOCUMENTS CONCERNING SALE

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Mr. Speaker, will the Government undertake to table in the House of Commons today the details of the sale of Mitel to British Telecommunications so that Canadians can find out what provisions, if any, were made to keep this research and development and these jobs in Canada?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I will take that question under advisement. I think the Hon. Member would know that documents which would pertain to commercial confidences would have to be excluded, but I will certainly undertake to look into that and report back to the Hon. Member.

EXTERNAL AFFAIRS

AFGHANISTAN—SOVIET INVASION—GOVERNMENT POSITION

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, my question is addressed to the Prime Minister. The Government deserves the congratulations of the House and the Canadian people for having successfully achieved the freedom of the Soviet prisoners from Afghanistan.

Some Hon. Members: Hear, hear!

Mr. McCurdy: However, my question is the far more serious one of the freedom of the people of Afghanistan. What steps has the Government taken to obtain the removal from Afghanistan of the Soviet Union military which has imposed upon those people a dictatorship of foreigners, freedom from which should be achieved by the participation of all free countries in the world?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Hon. Member knows that Canada took a very strong stand against the invasion of Afghanistan in 1979 and took very strong measures to demonstrate that. It was under the leadership of the then Secretary of State for External Affairs, my colleague, the Hon. Member for Kingston and the Islands, and I think she deserves to be fully commended for that initiative.

The passage of time has not diminished our resolve with regard to the unacceptability of the Soviet invasion of Afghanistan. We are also very deeply concerned about the massive violation of human rights and are doing everything in our power not only to facilitate an end to the war that is taking place but particularly to deal with the area of human rights. I join with the Hon. Member in congratulating all those who were involved, including the *Kingston Whig-Standard*, the Ukrainian Immigrant Aid Society, the Secretary of State for External Affairs and indeed the entire Department of External Affairs, in the latest very bold initiative.

GOVERNMENT ORDERS

[*Translation*]

PATENT ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Andre that Bill C-22, an Act to amend to Patent Act and to provide for certain matters in relation thereto, be read a second time and referred to a legislative committee; and the amendment of Mrs. Killens (p. 1378).

Mr. Speaker: When the House rose at one o'clock, the Hon. Member for Cowichan—Malahat—The Islands (Mr. Manly) had the floor.

[*English*]

Mr. Manly: Mr. Speaker, when I was interrupted at one o'clock, I had been referring to the Eastman Report. I would like to put before the House some of the points made by the Eastman Commission regarding the drug industry in Canada.

First, with regard to the growth in profits in the drug industry since the 1969 amendment, Dr. Eastman says—Mr. Speaker, I wonder if I could have some order?

Mr. Speaker: I know all Hon. Members will want to hear the remarks of the Hon. Member for Cowichan—Malahat—The Islands (Mr. Manly).

Mr. Manly: Thank you, Mr. Speaker. Regarding the growth in profits in the drug industry since the 1969 amendments, Professor Eastman has said:

An overall summary of the comparison of the growth and development of the pharmaceutical industry in Canada relative to that of the United States yields the straightforward conclusion that growth has been more buoyant in Canada than it has been in the United States since 1967.

That statement appears on page 65 of the report. On page xix, Professor Eastman said:

Compulsory licensing has not had a discernible negative impact on the profitability and rate of growth of the pharmaceutical industry in Canada as a whole.

Looking at the question of employment in the drug industry since the amendments were made in 1969, Professor Eastman, as recorded on page xix of the report, said:

Turning to employment, it turns out that total employment in Canada between 1967 and 1982 rose by 28.8 per cent whereas in the United States it grew 22.6 per cent; the number of production employees in Canada rose by 29.9 per cent and in the United States by 13.2 per cent.

One could ask if all this growth and employment occurred as a result of the generic drugs taking business away from patent-holding companies, and the answer is no. Again, on page xix, Professor Eastman has said:

The growth in the industry in Canada is not dominated by the growth of the generic sector. In 1969 the number of employees in the industry was 12,645, few of whom were in generic firms. In 1982, the employment was 15,707 of whom approximately 1,300 were employees of generic firms.

In other words, the vast majority of employees in the Canadian drug industry were not employed by generic firms and the growth itself was not at the expense of employment in patent-holding pharmaceutical companies.

One could ask whether or not the major pharmaceuticals were suffering unduly from this. Professor Eastman is very clear about that. On page 274 of the report, he said:

In spite of (several problems in making cross-country comparisons), the data—suggest at the very least that pharmaceutical operations in Canada are no less profitable than they are in the other countries in which these multinational corporations operate.

I believe these statements illustrate very conclusively that the 1969 amendments to the Patent Act benefited the Canadian people, benefited employment in Canada's pharmaceutical industry and did not impact unfairly on the major pharmaceutical companies.

Just to give the House an idea of how important the 1969 amendments were to the Canadian people, in 1983 alone, some $211 million was saved by Canadian consumers who were able to purchase generics rather than higher priced brand-name drugs.

In an article of June 23, 1986, *The Ottawa Citizen* published results of a survey which sampled some 20 drugs used to treat such diseases as diabetes, anxiety, insomnia, arthritis and urinary problems. Of the 20 drugs surveyed, 15 were available in generic form. The survey showed that the purchase of 1,000 units of each of these 15 drugs would cost on average $42.41 for the generic Canadian drugs; $83.49 for the generic American equivalents; $137.71 for the brand Canadian equivalents; and a staggering $349.80 for the brand American equivalents.

Whether we are comparing Canadian generics with American generics or Canadian generics with Canadian brand names or Canadian brand names with American brand names, the results are the same and are very conclusive. The 1969 drug legislation which made changes to the Patent Act was very beneficial for Canadian consumers.

• (1510)

These are the changes that the present Government wants to rescind. It wants to turn back the clock to the pre-1969 situation when Canada was paying the highest, or the second highest drug prices in the industrialized world, instead of in the present situation where we are paying perhaps the second lowest.

We have tried to get information from the Government as to what the increased costs to consumers will be. The Government has refused to release any studies, citing reasons of confidentiality. A study that was done by Currie Coopers & Lybrand, a respected accounting firm, shows that by 1995 Canadians will be paying some $650 million a year more than they are now paying for their drugs, if this legislation goes through.

The Bill before us gives the pharmaceutical companies 10 years of protection from any generic equivalents. Not only that, it is retroactive to include drugs that are already in the pipeline. Generic companies are working at present to try to get on the market their generic products equivalent to those brand name drugs. Drugs that are presently in the pipeline will be adversely affected.

How the Minister can maintain that this is not going to cost one cent more, that there is not going to be one cent of price increase, is something that the average Canadian will not accept. Even the present generics will cost more. Last week Luciano Calenti, the Chairman of the Canadian Drug Manufacturers Association stated:

Generic drug companies will have no choice but to raise prices because of the Government's new drug patent legislation.

The Government uses three justifications for bringing in this legislation. The first is perhaps the most basic. It is what the

Government calls the intellectual property argument. It sees patents as a form of intellectual property. The Minister in his speech defending the legislation appealed to a centuries-old tradition. There are also centuries-old traditions where knowledge is to be used for the benefit of all humankind, not just the personal advantage of the people who developed it.

Some Hon. Members: Hear, hear!

Mr. Manly: I wish to remind the House that no property rights are absolute, whether they are intellectual property rights, or not. This summer when I returned to my place in British Columbia I found that the Department of Highways had driven stakes through my property because it thinks that it might want to build a highway there. My property rights are subject to considerations of the public good.

That is also true in terms of intellectual property. There is a great need for the Government to maintain some level of control in this area. For example, research that has been done by the Imperial Oil Company of Canada does not belong to the Imperial Oil Company of Canada. It belongs to the parent company. The idea of intellectual property can be used for syphoning intellectual research results away from Canada down to the headquarters of multinationals in the United States or elsewhere.

What are the rules for intellectual property regarding drugs? Even the present legislation acknowledges that there are some limitations. The present Patent Act provides for a two-year protection period. The Government legislation states that there will be a 10-year protection period. Even the Government's own legislation acknowledges that there are limits to the concept of intellectual property rights. These limits have to be very clearly stated. They have to be made in the interests of the Canadian people. The multinationals have known what the rules have been since 1969. They have been prepared to come into Canada under those rules, and they have been able to make money under those rules. I do not feel that the justification of property rights stands up—

The Acting Speaker (Mr. Paproski): I regret to inform the Hon. Member that his time has more than expired.

Do we have questions and comments?

Mr. Greenaway: Mr. Speaker, before lunch the Hon. Member gave us a litany of items about the present Government, what it had accomplished and what it had not accomplished. One of the things that the Hon. Member said was that we had gutted the National Energy Program. As a western Member, I was wondering if the Member or his Party was in favour of the National Energy Program?

Mr. Manly: The position of our Party on the National Energy Program is very well known to the Hon. Member. We supported some aspects of it, and we opposed other aspects of it. The part that the Government did away with that I am particularly concerned about was the back-in provisions, where Canadian people have supported exploration and drilling through their taxes.

On the basis of that, we believe that the Canadian people, through their Government, should have the right to a certain percentage of the resources that were found as a result of that exploration. The Government has done away with that. That was another example of caving in to the United States, which was not in the interests of the Canadian people. I am sure that the Hon. Member would agree with me.

Mr. Greenaway: No, I do not agree you. I was wondering if you consider that that one item justified gutting the whole program?

The Acting Speaker (Mr. Paproski): Would the Hon. Members address their questions and comments through the Chair, please.

Mr. Manly: Thank you, Mr. Speaker. I will try to do that.

Certainly the back-in provision, as far as we were concerned, was one of the most important aspects of the National Energy Policy. I will concede to the Hon. Member that the Liberal Government, before this one, had already gutted its own National Energy Program when it did not include strong Canadian content regulations, regulations that would have made it the type of National Energy Program we on this side could have supported 100 per cent. But the elimination of the back-in was a very serious mistake on the part of this Government.

Mr. Murphy: Mr. Speaker, the member of our caucus who was speaking earlier was making an excellent speech as to why he was opposed to the legislation which is being shoved down the throats of Canadians, especially those who are really suffering because of the already fairly high drug costs. This legislation will increase drug costs, especially for the elderly. The Member had one or two more remarks to make. May he finish his speech and explain exactly why he is opposed to this legislation.

Mr. Manly: Mr. Speaker, there are a couple of other points that the Government has given as justification for this legislation. The first is that there would be a prices review board to monitor prices. The Government states that even if prices go up, there is the prices review board. Everybody in the House, including the Members opposite, know what this Government's attitude is toward such a mechanism as a prices review board. They regard that as the very essence of unnecessary regulation. We saw this Government going around the country during the last election campaign making promises that it was going to be deregulating. It is bringing in legislation to deregulate the whole transport area. Do we have any confidence that it will bring in a prices review board that is going to have any real teeth, that is going to be able to take hold and say to these pharmaceutical companies, "Your prices are too high. We are going to cut them down". That is not the style of this Government. It does not believe in that approach

to regulation. It believes in deregulation and letting the market decide.

The second thing, Mr. Speaker, is that they have been promising a number of research jobs. There are no commitments in this legislation, and there have been no real commitments that are ironclad which have been given by the pharmaceutical companies. There have been a number of promises. We hear about all the possible research jobs for young Canadians coming out of college. But we have seen what the action of this Government has been in the last few weeks. It has been cutting research jobs, and slashing the National Research Council. We have no confidence whatever in its whole research policy.

I would simply urge Members opposite to think of what is in the best interests of their constituents. The fact is that their constituents will be paying higher drug prices. Provinces will pay more for pharmacare programs. This Bill is not in the interests of Canadians. It is not in the interests of their constituents. I urge them to send a message to Cabinet to withdraw the Bill.

• (1520)

The Acting Speaker (Mr. Paproski): I regret that the time provided for questions and comments has now terminated.

[*Translation*]

Mrs. Gabrielle Bertrand (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, the new patent policy tabled in the House by the Minister of Consumer and Corporate Affairs (Mr. Andre) aims to achieve several objectives. One is to make Canada's pharmaceutical industry into a first-rate innovative sector by substantially increasing investment in research and development.

Today, Canada's position in drug research is not a particularly enviable one. In fact, we spend relatively little in this field, compared to other countries. Canada ranks far behind the United Kingdom, Switzerland and the Federal Republic of Germany, while Japan, the United States and Italy are also ahead of Canada in the amount of money they spend on research. The kind of research done in Canada in the pharmaceutical sector is not considered basic research. It is mainly pharmaceutical formulation involving clinical research only.

The reason is the climate of uncertainty and hostility that has prevailed in Canada since 1969, when a system of compulsory licences for importing active ingredients was introduced. Brand companies had no guarantee as to the period of protection they could expect for products patented in Canada. Developing a new drug is laborious and risky. Sometimes it takes as long as ten years, while the financial investment is considerable, between $50 and $100 million. In this country, as soon a product had substantial commercial potential, it could be copied by a manufacturer of generic equivalents without the brand company receiving adequate compensation for its risk-taking and the considerable investment made. This unfair situation has been criticized both nationally and internationally, Canada being the only industrialized country that puts restrictions on intellectual property.

The amendments to the Patent Act will change that. The new policy will encourage research by broadening patent protection. The potential for expanding research in the Canadian pharmaceutical sector is considerable. Our new policy will lead to unprecedented growth in R&D investment in Canada.

Drug manufacturing companies have formally agreed to boost their research and development outlays, which now amount to 4.9 per cent of their sales. They will go up to 8 per cent by 1990 and 10 per cent by 1995. In other words, implementing our current policy will double these investments, $1.4 billion more over the next decade. Since last June only, over-all investments announced from coast to coast are roughly $647.6 million.

In addition, Hon. Members should note that these investments will put Canada in the same league as Japan, the United States and Italy with respect to expenditures for drug research in terms of percentage of sales.

We also made it clear to the companies that they will be expected to concentrate their efforts in both clinical and basic research. This might be the appropriate time to point out that our definition of research and development is consistent with that of the Income Tax regulations. More research spells more benefits, and it has been estimated that this will create more than 3,000 jobs for Canadians.

Our graduates will have challenging employment opportunities, and their scientific and technical know-how will be a source of lasting benefits to all of us.

Universities, hospitals and private research institutions also stand to gain from increased research. Everything indicates that these institutions can expect to receive up to 30 per cent or $420 million of higher research and development outlays.

The new policy will be a boon to all regions of Canada, not only to Quebec and Ontario. Companies doing research have been encouraged to have more of their work done by universities and hospitals throughout the country.

As I have already mentioned, these installations will get over $400 million more. For instance, it was recently announced that research investments in British Columbia would increase from $1.5 million to $15 million by 1995 as a result of the amendments to the Patent Act.

I should add that the Medical School of the University of British Columbia and its affiliated university hospitals will be the main beneficiaries of these investments. In Alberta, the Bio-Mera research company in Calgary and other firms in Edmonton will also benefit.

Medically, the increase in research will have immeasurable benefits. First, there is the medical knowledge that our researchers will acquire through analysis and tests on drugs. This knowledge will lead to the discovery of new drugs and to

the development of better pharmaceutical products. For instance, treatment for cancer, AIDS, Alzheimer's disease, and so on, could become quicker, better and less expensive. In fact, this will mean an improvement in the health of all Canadians. Greater medical knowledge and better quality drugs should also make our medicare system more efficient. In the long term, hospitalization costs should also go down.

The promotion of pharmaceutical research will put Canada in the forefront. Canada will no longer be considered a place where there are only clinical tests and virtually no fundamental research. Canadian companies will receive more encouragement to undertake all stages of research leading to the marketing of a new product.

Mr. Speaker, for over a year, editorial writers throughout Canada have written often and well in support of this new legislation.

On May 25, 1985, Frédéric Wagnière wrote an article entitled "The Social Usefulness of Patents" in the newspaper *La Presse* which said the following:

It is just as certain that the Canadian legislation which has allowed this imitation since 1969 penalizes pharmaceutical companies which carry out or used to carry out research in Canada. But the return to an adequate protection of patents would not necessarily affect consumers negatively: a dynamic Canadian pharmaceutical industry, at the forefront of progress, would certainly be an excellent guarantee against the constant increase in medical costs.

And Mr. Wagnière to conclude:

When making his decision, the Minister will have to take into account the interests of consumers on the one hand, and those of a major industry on the other. These interests are not incompatible; but the industry must regain strength and enjoy the same protection as its competitors in all the other countries. The Government must be able to curb the abuses of this protection, but a few cases of abuse should not warrant striking a death-blow to an industry.

In the February 26, 1986, issue of the Ottawa *Le Droit* daily newspaper and under the headline: *Our scientists are crying for help*, Alain Dexter wrote:

Canada is the only country in the free world to have legalized this type of practice which is nothing but a form of piracy.

• (1530)

He wrote further:

A number of Ontario and Quebec scientists, including famous endocrinologist Dr. Michel Chrétien, from the Clinical Research Institute of Montreal, have denounced Bill C-102 which gave rise to the generic drugs industry. According to Dr. Chrétien, experience has shown that the legislative action taken in 1969 to create competition in the drug industry has mostly discouraged research, forcing a number of our most prominent pharmacologists to move to the United States.

And the editorialist to conclude:

At the same time, Canada has lost nearly 2,800 highly specialized jobs. In the area of pharmaceutical research, we have now the status of a banana republic of an Eastern country. Our scientists are perfectly right to be crying for help.

On March 25 last, even before the previous minister, Hon. Michel Côté, introduced his bill in the House, Albert Juneau wrote in *Le Devoir* newspaper:

Has the time finally come to put an end to one of the most costly and absurd liberalities Canada has allowed itself over the past few decades? Since 1969, there is no longer in Canada any patent rights on pharmaceutical products. Canada is the only OECD country not to guarantee such rights. Everywhere else, pharmaceutical discoveries are protected for a period of at least 17 years.

Mr. Juneau continued:

The impact of the Patent Act is mainly being felt in research centres. There is no incentive for large corporations to invest in research and have research teams, knowing that they have no guarantee of recouping their costs. In that context, what can be the future of a University of Montreal graduate in Canada if research opportunities are greatly reduced by legislation and competition that is really unfair?

He concludes with the following:

The unreasonable giveaways in the current legislation have led to one of the rare unanimous motions being passed in the Quebec National Assembly. On two occasions, in June 1984 and in the summer of 1985, both parties in the Assembly called for an amendment to the federal legislation that would offer better protection to the drug industry. Canada cannot afford to hand out any favours to competing countries. The federal Government must restore a situation that was totally jeopardized by an untimely intervention.

Mr. Speaker, I could go on, but let me quote the Canadian pharmaceutical industry which says:

For the benefit of Canadians.

Canada has everything to gain from a renewed policy that would better recognize patent rights on drugs. The long-term benefits to consumers, derived from better incentives to do research, exceed any savings gained on generic drugs; such savings are deceitful, because they are of a temporary nature and on a very short-term.

Mr. Speaker, I conclude with a final quote from Ottawa's *Le Droit* of November 19, 1986, which is very recent. Under the headline "It was about time", columnist Alain Dexter wrote:

The Mulroney Government took courageous action when it introduced a bill aimed at returning to the drug industry which is investing in research and development the ownership that was taken away from it by the previous Liberal Government, allegedly to prevent a sharp rise in drug prices in Canada.

And Mr. Dexter adds:

There is nothing exaggerated in speaking about the courage of the Mulroney Government. Indeed, we believe the opposition will jump at this opportunity to take it to task immediately there is the smallest price increase on the drug market. Such a behaviour would be really demagogic because such a bill as presented by the Government could not possibly have a conclusive effect on prescription drug prices before a few years down the road. And even if it were to happen, the Patented Medicine Price Review Board provided for in this Conservative legislation would have a power of intervention that nobody could ignore.

Mr. Speaker, I will conclude by pointing out that we are eager to proceed as early as possible with the debate in committee where all parties involved may state theirs views on the bill which we feel is of the utmost importance.

Mr. Gauthier: Mr. Speaker, I would like to commend the hon. parliamentary secretary for rising to speak. She has been the second member on the Government side to speak on this Bill and we expect that others like her will have the guts to rise and explain the reasons for this Bill to the Canadian people. This is in fact why I would like to discuss this matter briefly with her. We know that the Eastman report clearly states about compulsory licencing, and I quote on page 259:

The profitability of pharmaceuticals clearly exceeds that for all manufacturing industries.

That is a fact. Drug companies make more money than the average industrial company. This is what the Eastman report says elsewhere:

Compulsory licencing has not had a discernible negative impact on the profitability of the pharmaceutical industry in Canada.

In other words, the generic drug industry has had no negative impact on the drug industry in Canada. This is the Eastman Commission speaking, not me.

We also know, Mr. Speaker, that 4 million Canadians are not covered by a private or Government medical insurance plan. Not just a few, but 4 million people! They are not protected against the price increases which we expect to result from this new legislation. More important, Mr. Speaker, generic drugs have helped Canadian consumers save some 211 million dollars. Ironically enough, the U.S. Government, which knows very well that our present drug system in Canada may be one of the best, one of the most competitive and one of the fairest in the world, presently is reviewing our system and considering implementing our methods in the United States where the price of drugs is terribly high, as we all know.

My question to the parliamentary secretary is very simple. Given the three or four arguments I just mentioned which, although not necessarily related, have an impact on the Canadian consumer, and considering that the Minister—and this is the subject of my question—has been repeating for a week that the cost of drugs will go up but not the price to the consumer, I would like the parliamentary secretary, who knows the Department well and is speaking on behalf of the Minister, to explain to us, during the few minutes remaining, how the Minister and the Government can say to Canadians that the cost will rise, but not the prices? How can we reconcile, in plain language, this apparent contradiction?

Mrs. Bertrand: Mr. Speaker, what the Minister has been saying since the beginning is that the price of drugs will not increase as a result of this Bill. Naturally, if there is some inflation and if all prices go up, the price of drugs might follow, but it will not be because of this Bill.

Secondly, a prices review board will monitor all drugs sold in Canada. You mentioned the percentage of Canadians not covered by a plan that will have to pay, or already pay, for their drugs. We have statistics showing that 85 per cent of the population is covered by Government or private pharmacare plans.

I have difficulty understanding the opposition to this Bill, especially from the Liberals, considering that in their days, in 1983, they published a working paper, probably under pressure from the phamaceutical companies, where they proposed changes to the Patent Act in order to promote investment and research.

In the working paper he signed, Andre Ouellet, the then Minister for Consumer and Corporate Affairs, said: "In order to speed up the development of this industry, the Canadian Government has decided to modify the Patent Act in such a way as to counterbalance the policies adopted in 1969". Even though the minister had decided in 1983 to amend the act, the Liberals never had the political gut to go through with those changes. Mr. Ouellet also said in that same working paper that: "The capacity to invest more into research and development seems to remain the privilege of patent holding companies. The provisions to extend the patent ownership protection period could be more favorable in that regard."

Mr. Gauthier: It is true that in 1983 the Hon. André Ouellet tabled a discussion paper to have the whole issue examined. It is also true that following that, the Eastman Commission was appointed to inquire into the problem and submitted its report. My position is not that the issue should not be examined, but I suggest to the Parliamentary Secretary that the problem is the following: in 1968, before amendments to the Patent Act were introduced, drug prices in Canada were among the highest in the world. Drugs were very expensive. Ever since we introduced amendments to the Patent Act, we have enjoyed in Canada the lowest drug prices in the world. So there is a connection between those two facts, there certainly have been downward pressures since, according to statistics, we now have drugs at the lowest prices and of equal if not higher quality than those of many other countries. Here is my question to the Parliamentary Secretary: How can she reconcile the fact, as has been confirmed, that our drug prices are now among the lowest in the world with the fact that those costs were among the highest before the introduction, in 1969, of legislation to amend patents? How can she acknowledge those facts and claim today that, although she will give in to drug companies and eliminate competition from generic manufacturers, we will maintain for sick or old Canadians a price system that is fair, equitable and reasonable?

Mrs. Bertrand: In my view, one does not exclude the other, Mr. Speaker. We can still have very low cost drugs, as we presently have, the only change being that it will take longer for generic drugs to reach the market than at present. It takes approximately 10 years for generic drug manufacturers to put a product on the market, and the protection we are extending to pharmaceutical firms is 10 years. Therefore, there will be no change.

Now, you said that Canadian drugs prices are the lowest in the world. Good for us! But since the 1969 Act was passed, drug companies have left the country, scientists have gone and our young university graduates cannot find research jobs. I therefore believe that we can accomodate all these interests, those of researchers, scientists as well as university graduates, and at the same time, through a price review board mechanism which has never existed before, control the prices of generic drugs and other products.

• (1540)

[*English*]

The Acting Speaker (Mr. Paproski): I will allow the Hon. Member for Ottawa—Vanier (Mr. Gauthier) a further short supplementary in order to maintain continuity.

[*Translation*]

Mr. Gauthier: Just a short supplementary, Mr. Speaker. In view of what the Hon. Parliamentary Secretary has just said,

would she once in committee accept an amendment which would freeze prices at their current level precisely in order to maintain this fairness, this profitability, this quality that Canadian plans have of being cheaper than those existing in other countries? Would she accept an amendment in that regard that would freeze prices at their current level?

Mrs. Bertrand: This debate deals with second reading; once we get to committee stage, there will be ample time to discuss it.

[*English*]

Mr. Hovdebo: Mr. Speaker, the Government has spent a considerable amount of time trying to convince the people of Canada that there will be no increase in the cost of drugs. That statement has been made on many occasions by Government Members. Would the Parliamentary Secretary explain why the Government is paying $25 million per year to the provinces as a result of this Bill? Why are the multinational drug corporations guaranteeing Canada a couple of million dollars if there will be no increase in their profits?

[*Translation*]

Mrs. Bertrand: Mr. Speaker, since the provinces buy 60 per cent of our medical products, they obviously are the largest buyers in Canada and they set the parameters of the plan that covers their clientele. Therefore they will have to readjust their procedures. There will really be some change in the way they do the distribution. So this could bring about some additional costs. That is why the Government has provided for that cushion, in proportion to the population in each province, in case it should cause any additional costs to the provincial Governments.

The Acting Speaker (Mr. Paproski): The period for questions and remarks is now over. Debate. The Hon. Member for Hull—Aylmer (Mr. Isabelle) has the floor.

[*English*]

The period for questions and comments is now terminated.

[*Translation*]

Mr. Gaston Isabelle (Hull—Aylmer): Mr. Speaker, I welcome this opportunity to take part in the debate on Bill C-22, a very important Bill whose purpose is to amend the Patent Act. Since I have practised medicine for nearly forty years, the subject is of particular interest to me because it directly concerns the physician's main tool, the pharmaceutical industry, and indirectly, the patient or consumer.

This very important question demands close scrutiny because the issue is a complex and difficult one. Discussion and debate on the subject has been going on for nearly twenty years, and as you know, no other industry has ever had such a powerful lobby in the corridors of Parliament. I think the pharmaceutical industry has been lobbying quite ferociously, but as a good politician, I will refrain from rhetoric and concentrate on the facts.

To understand the general characteristics of an industry that is indeed unique, I think it would be useful to outline briefly what the pharmaceutical industry actually is. First of all, throughout the world, the industry is heavily multinational in character. The major companies in countries which have no or hardly any domestic drug industry are American, European or Japanese. That is the case in Canada, for instance, where 84 per cent of our drugs are made by foreign-controlled companies, mainly American. Actually, there have been no major changes since 1970, when this percentage was 87 per cent.

The multinational character of the industry has been furthered from the fact that the world demand for most drugs can be met by the production of only a few plants. The chemical components of a drug are generally produced in a single plant located not far from the headquarters of the multinational company to benefit from substantial savings in the areas of production, research, development and quality control.

Another factor which promotes the development of a multinational industry is the fact that there are two phases in drug production, the synthesis and chemical composition, and the blending of the components to manufacture the final product.

The last stage of manufacture, the blending phase, is generally carried out by a subsidiary of the multinational in the country where the final product will be sold. This allows the multinational company, through its subsidiary, to benefit from existing tariff protection in that country.

• (1550)

It can be said that the pharmaceutical industry is characterized by a lack of competition. Indeed, there is relatively little competition, especially as far as prices are concerned.

The control pharmaceutical companies have on prices results partly from the importance of the Patent Act for this industry.

As we all know, in Canada, the Patent Act generally grants an exclusivity period of 17 years. The exclusivity period of the patent allows the inventor to recover his research and development costs and to make substantial profits as a reward for his innovation. The American companies which dominate the Canadian pharmaceutical industry rose to their position on the Canadian market by obtaining Canadian patents equivalent to those which gave them the monopoly for their products on the American market.

The practice of granting patents associated with a period of exclusive right to commercialize an innovation is common throughout Canada as it is in all industrialized nations. However, the pharmaceutical industry is in a somewhat special situation in this respect because such patents would provide a monopoly for the production of goods which could influence the health of consumers. The establishment of public health insurance plans in Canada during the 1960s has helped spread the notion that health goods and services should be accessible

to all at reasonable prices. Moreover, when it became common practice to reimburse the costs of medicine through public health insurance plans, the need to maintain reasonable prices for drugs became a major concern of the various Governments and the general public. We know that 60 per cent of total spending for medicine is taken on by the provinces through Medicare.

When pharmaceutical companies compete for the production and marketing of similar therapeutic products, the competition is not at the level of prices but mostly in the differentiation of their products. This is due in part to the fact that the Canadian patents legislation grant patents on the process used to make the drugs and not on the drugs themselves. This could result in research and development expenses which are hardly productive socially since they often result in production of drugs which are essentially identical. These drugs are sold at prices which are by and large the same, in view of the fact that companies compete only at the marketing level. To grant a patent on a process rather than on a product, as is the situation in the pharmaceutical industry in Canada, Mr. Speaker, and which the Eastman Commission wanted to change, at least in its recommendations, is largely useless in an industry where new processes do not translate into lower prices. The lack of competition in the Canadian pharmaceutical industry results also from structural characteristics of the prescription drug market. First of all, for a number of reasons the demand for drugs does not fluctuate along with prices. When a physician writes a prescription he does not take the price into account since he is not the one who will buy the prescribed drug. In addition, the consumer, patient or beneficiary—to be quite clear, let us say the person who is sick—who is buying the prescribed drug does so under relatively urgent circumstances which make prices almost irrelevant in the sense that it is a matter of health. On top of this we developed private and/or public health insurance plans which freed the consumer from undue concern about the price of drugs since they were covered under such plans.

Mr. Speaker, this is the general characteristic of the drug industry which I have just mentioned.

As we have pointed out, Bill C-22 would amend the Patent Act, more specifically section 41(4) of the Act.

Section 41(4) allows generic drug manufacturers to market copies of patent drugs provided they pay a 4 per cent royalty to the manufacturer of the registered brand. This is a major exception to the Patent Act. As you know, the patentee usually benefits from a 17-year exclusivity period. Since 1969 when the Patent Act was amended, the multinational drug manufacturing industry has been protesting—and continues to protest—against what it considers as being outright injustice, discrimination and property seizure.

The multinational corporations, Mr. Speaker, claim that the protection of new drugs over a given period time is essential to recoup the large investments needed for research and development—the figure could well be up to $100 million. However, before 1969, the Patent Act was applied without question. Did the drug companies do more research than they are doing now? Perhaps, but it did not amount to much, and for that reason indeed the then Government was forced, following the findings of the Harley Commission, to enact certain recommendations of the Parliamentary Committee to avoid an excessive increase in the price of drugs.

Because of this objection, the Bill now before us wants to grant the patentee an exclusivity period of 10 years or 7 years, as the case may be, but this provision is being opposed by generic drug manufacturers and consumer organizations who feel that it gives multinationals an opportunity to maintain the price of drugs at artificially high levels because of that monopoly situation. That is self-evident.

Generally speaking, generic drugs currently sell for half the price of the equivalent patented drugs. Last week, in Washington I think, Ayerst-McKenna published the findings of a $50,000 study it had commissioned on whether generic and patented drugs actually sold at comparable prices. It was found that, indeed, occasionally, generic drugs sold for about the same price as the equivalent patented medicine. But the basic explanation is that the manufacturer's price was much lower for generic drugs than for patented medicines, except that some drug stores took advantage of that situation by increasing their prices to a level somewhat equivalent to that of patented medicines.

Needless to say, Mr. Speaker, multinational corporations strongly support those amendments. On the other hand, they are committed to invest $1.4 billion more by 1995 in research and development of new drugs. Mr. Speaker, you know as well as I do that research and development, especially in the medical field, is not done by the drug companies but mainly by the universities and foundations. We all know the example of the University of Toronto and the Connaught Institute which, I believe, was created in 1914 and which gave us insulin, one of the great discoveries of the century.

So when we hear this talk about spending a lot of money, I think that what the drug companies mean is that they mainly want to spend a lot of money on clinical research, Mr. Speaker.

It is important to understand why we radically changed the legislation in 1969. Today, the Government, against the advice of the Eastman Commission, intends to restore what was considered to be excessive pricing around the middle of the sixties. The Canadian Restrictive Trade Practices Commission recommended abolishing all patents on pharmaceutical products. There was the Hall Report on medical services which recommended a compulsory licensing system under which Canadian companies would be able to produce and market generic drugs, provided they pay a royalty to the original manufacturer.

The system also received the support of the Harley Committee of the House of Commons which examined this question, and I may point out to the House that in the course of its investigations, the Harley Committee found that Canadians

were paying 75 per cent more than consumers in other countries, for the same drugs.

The amendments to Section 41(4) of the Patent Act, providing for compulsory licenses, have had major consequences both for the pharmaceutical industry in Canada and for the consumer.

In 1983, Mr. Speaker, there were 70 drugs under compulsory licence in Canada, with sales worth $328 million. This amount represented 20 per cent of the total sales of ethical drugs in Canada. Of that $328 million, generic manufacturers sold and paid royalties on, 32 of the 70 drugs. Their sales totalled $46 million. They paid royalties totalling $1.8 million to the original manufacturer, and while the 17 generic manufacturers in Canada employed, as I said earlier, 1,300 people in 1983, the 64 brand manufacturers employed 14,400.

While the manufacturers of generic drugs have not replaced the patent holders, they have brought on vigorous competition, as noted by Dr. Eastman. On the average, as I have just said, the price of generic drugs is about half that of brand name products.

In addition, competition urges the patent holders to reduce their prices. To have an idea of the impact of the compulsory licencing system, let us look at valium. The retail price of valium, which is a well-known drug sold by the Hoffman-La Roche company, is $345.93 in the United States, while the same quantity sells for only $80 in Canada. However, the generic drug equivalent Diazepam sells for the modest price of $2.31. The consumers paid a total of 211 million dollars less in 1983 than they would have done without compulsory licencing.

There are other examples. The Pfizer company charges $431 for a product called Chlorpropamide in the United States, while the same product is sold for only $141 in Canada. However, because there is competition from a generic product called Diabinese, Canadians can pay only $12.03 for the same quantity of this generic product for diabetics.

There are many other such examples, Mr. Speaker.

In view of these substantial savings for consumers, we are justified in asking why the Government wants to replace compulsory licencing by an exclusivity period of ten or seven years. In spite of the opposition of many groups, including a coalition of 14 non-Government organizations which wrote to the Prime Minister last September 3 in this regard, last year, the Eastman Commission advised the Government to maintain the compulsory licencing system. Since it is amending the Act, the Government seems to have accepted the objections of the multinational pharmaceutical industry, which has long claimed that its property rights were being violated. Naturally, the generic companies pay royalties to the multinationals, which royalties amounted to $1.8 million in 1983, as I mentioned earlier, but these are considered insufficient in view of the cost of innovation, research and development in Canada. During the 1970s and the early 1980s, several foreign drug manufacturing companies put an end to their research activities, but we must remember, Mr. Speaker, that all these companies which were involved in research, those which have left or have threathened to leave, were not doing any research in Canada anyway; however, they could still claim here income tax deductions and send the money abroad.

Since I still have a few minutes left, Mr. Speaker, I wish to say that I know the Government wants to establish a medicine prices review board to control any increase in drug prices. I hope this legislation will have teeth. We are in the dark now about this.

To conclude, Mr. Speaker, may I say that there exists a better way to increase competition, as well as research and development in Canada. Instead of abolishing the compulsory licensing system, the Government should take Mr. Eastman's advice: increase royalties to 14 per cent would certainly compensate adequately innovative efforts and encourage investment. With 14 per cent royalties, makers of generics would have payed $6.4 million to multinationals instead of $4.8 million. Mr. Speaker, the Government seems to believe that by amending the Patent Act, it is acting in the best interest of Canadians, but a great many Canadians think otherwise. A moment ago I referred to a non-Government coalition of 14 organizations, representing the poor, the elderly and other consumers, which wrote to the Prime Minister in September and is still waiting for a reply. A recent Gallup poll reveals that at least one third of Canadians believe that drug companies ought to be protected for ten years; more than half, 50 per cent of people polled think that when a new drug hits the market it should be available as a low-cost generic drug. But then Canadian Drug Manufacturers' Association spokesmen for 17 no-name drug companies are highly critical of the Bill because, in their opinion, it seriously undermines the prospects of an industry which is thriving right now.

Mr. Speaker, I hope the Government will not be swayed by the pressure tactics of three major drug companies which, hours before the Bill was tabled in the House, told everyone who cared to listen that they would spend $102 million for research and create the odd job. I said so at the outset, Mr. Speaker, the drug industry operates the world over and Canada will always be a branch plant. Of course we will have to concentrate our efforts on expanded research and development, but I hardly think we have taken the right approach or the best way to put Canada on the map when it comes to research and development.

[*English*]

Mr. Weiner: Mr. Speaker, I listened intently to the words of my hon. colleague. I know the time and effort he has put into the practice of medicine in the past and, as a practising pharmacist, I certainly want to put myself on record on a number of issues to which I am in direct opposition.

• (1600)

Something I would like to underline is that I do not want to relegate the youth of our country to being copy-cats for the rest of their lives. Our young people have an expertise, a quality of experience and intelligence that is second to none.

When I travel around the country visiting universities why should I have to say to the students and graduates that they will never be able to work in Canada, that they will never have a future in the fields of biotechnology or pharmaceutical research? To start with, the sum of $1.4 billion will create 10,000 jobs, and probably many more. I can tell the Hon. Member that as a result of visiting universities I know that there are compounds being synthesized which are deserving of being brought out on the market in Canada and not in any other country.

As a doctor the Hon. Member would want to be concerned with the quality of health care. He would always want to ensure that his patient receives the best medical care possible. Right now Canadians are being deprived of that privilege because new pharmaceuticals which are available in other parts of the world are not being brought to the Canadian market. They are not available to Canadians. Thus we must very often make do with second-class medical care.

There are enough examples of drugs and pharmaceuticals which are available in Europe, Japan and elsewhere which take years to come to Canada. That deprives us of the best care possible. As a physician, and in focusing on costs, one may also want to focus on the over-all costs of the health care package. From what I understand, pharmaceuticals represent only about 8 per cent of the total cost. When one considers the advantages that can be derived from new medication being made available sooner rather than later I tell the Hon. Member that there will be significant savings in the over-all package of what it costs to treat a patient. That is a consideration.

Those are a few of the thoughts I have on the matter. Since the Hon. Member has been so kind as to keep bringing us back to 1969, I would like to ask him if he would not mind reflecting on the percentage of pharmaceutical research done under Medical Research Council funding in 1969 as opposed to what it is in 1986.

[*Translation*]

Mr. Isabelle: Mr. Speaker, I am very pleased to know that my friend who just asked that question has been practising as a pharmacist for a number of years. In the first place, I must tell him that with respect to research, it is a myth in my view to tell our young people who now have to go abroad to find work, that by 1995 all of them will be working in research, especially those who are in that field in Canada.

As I said earlier, the pharmaceutical industry—I am not talking about research and development in the field of health care—but what I am saying is that in the drug industry, the multinational pharmaceutical industry is a very special one, one that can produce in a few plants around the world. The drug industry has already shown that when it could not make enough money or when wages were too high on the North-American continent, they went to Ireland or to the Southern United States. Therefore, I do not think I can tie the whole of Canada's future to that, and as far as our young people are concerned, I cannot tell them: You will have openings for your research potential. I do not believe the Canadian drug industry will provide them with that.

Second, you also referred to drugs that a physician must prescribe in order to give his patient the best level of care, using of course the best drugs available. As a pharmacist, you know very well that generics also must pass the Canada Food and Drugs test. They must be of the same level of quality as those made by the innovator. So I see no danger there. Moreover, the provinces in 1970, faced with the astounding level of expenditures on medicines or their usage, requested as you know that when Librium is prescribed, for instance, the pharmacist may fill in with the generic equivalent.

So, the provinces themselves encouraged the generic drug industry, no more and no less. Why? Because these drugs have the same quality for less money. It is a matter of savings in my view because, basically, the consumer is not that much involved. The provinces are involved because they have to foot the bill for prescriptions that are totalling millions of dollars every year and this amount will go on increasing. Besides, the Canadian Government, if I am not mistaken, will have more money made available to the provinces.

Concerning the matter of whether there is more money now than there was some years ago for the research and development fund, well I hope there are more funds than previously. But it is not by relying on private industry that we will provide for an increase in research and development. I am sure of that.

Therefore I hope I answered the questions. Surely you will not be satisfied with that, but those are the answers to the basic questions you wanted to ask me.

• (1610)

One thing is certain: when an industry gets into a monopoly situation, clearly prices can be controlled at will, and this is self-evident. So much so that when we look at the price of drugs, as you well know being a pharmacist, comparing the prices paid for drugs in the United States with those paid in Canada for the same thing, with generics, you will find that competition has made prices much lower in Canada than elsewhere. Besides, a number of foreign countries want to copy our system.

Mr. Weiner: Mr. Speaker, I would merely have a short comment.

I think the Hon. Member missed my point. I did not comment on the quality of drugs that are available now with generics and equivalents. That is not the point.

We have means of finding bioviability. What I am referring to are the drugs that are not available in this country although they are elsewhere. For instance, we have drugs that are a new kind of Digoxin, a very potent medicine with quite severe side effects.

There is a drug that has been available in France for six or seven years but does not exist here. This is only one example.

There are dozens of drugs that are not available here, and because of that we have second class care.

I am not discussing those drugs that are available. I also support generic drugs, because as a pharmacist we have all the drugs and will have more and more generics on the Canadian market.

What I am discussing is simply that we do not have certain drugs and we will not be having them for years to come. This is something I do not want.

Mr. Isabelle: Mr. Speaker, I must tell the Minister that I simply do not think that anyone can prevent any drug from any country from entering Canada except that, as my colleague from Ottawa—Vanier (Mr. Gauthier) points out, it has to meet the food and drugs legislation standards. This may take several years in some cases, but the mere fact that no basic research is done in Canada does not justify barring new drug entries into this country.

All I am saying is that from a commercial standpoint the drug industry is highly specialized, it is unlike other industries because it is always doing business with sick people and patients, its customers.

Mr. Speaker, this is why if ever you experience problems with a drug I hope you will get in touch with food and drug officials to give them its name just so Canadians will benefit from these extraordinary drugs you are talking about.

The Acting Speaker (Mr. Paproski): Order, please. The time for questions and comments has expired.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Paproski): It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Laurier (Mr. Berger)—Science and technology—(a) National Research Council—Abolition of 200 positions in April—Government position. (b) Government funding; the Hon. Member for Trinity (Miss Nicholson)—Banks and banking—(a) Estey Commission report—Non-publication of uninsured depositors' names. (b) Inquiry concerning possible interim reports; the Hon. Member for Winnipeg North (Mr. Orlikow)—Pharmaceutical industry—Statement attributed to United States negotiator. (b) Consumer Association's position.

GOVERNMENT ORDERS

[*English*]

PATENT ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Andre that Bill C-22, an Act to amend the Patent Act and to provide for certain matters in relation thereto, be read the second time and referred to a legislative committee; and the amendment of Mrs. Killens (p.1378).

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, the Bill before us today, Bill C-22, a Bill that will amend the Patent Act, is an example of one of the more shoddy ways the Government has bowed down to pressure from American corporations by putting the interests of multinational corporations ahead of the interests of Canadians. This is occurring in an area which is extremely important. All people will need access to drugs at some time in their lives. Our population is aging and will require the increased use of drugs. Yet the Government is introducing and trying to push through legislation which will result in rather substantial increases in the cost of drugs.

• (1620)

Let us look at how we got ourselves into this situation. In recent years, Canadians have seen a diminution in the price of drugs as a result of very specific legislation. Canadians are very upset at the thought that those advantages will soon be lost if this legislation is passed.

In the bad old days when there was no competition from generic drugs, drug prices in Canada were enormously high. In the 1960s, the Restrictive Trade Practices Commission in 1963, the Hall Royal Commission on Health Services in 1964, and the Harley Special Committee of the House of Commons on Drug Costs and Prices in 1967 all investigated the pharmaceutical industry in Canada. These three major inquiries agreed that drug prices were too high and that government action was required to bring them down and to stimulate price competition.

The Hall Commission concluded that Canadian drug prices were among the highest in any industrialized nation in the world. All three inquiries felt that it was the foreign-based multinational drug companies that were dominating the Canadian drug industry and using their 17-year patent periods to set prices which were too high.

The Restrictive Trade Practices Commission recommended complete abolition of drug patents, a very strong remedy indeed. The Hall Commission and the Harley Committee recommended a compromise policy designed to stimulate price competition while maintaining the principle of patent protection but a reduced patent protection allowing companies that wished to import and sell generic equivalents of patented brand names to do so upon receipt of a compulsory licence and the payment of a royalty. This compromise was indeed

legislated in 1969 and became Section 41(4) of the Patent Act. This, of course, is the section that is at risk now.

Since that time, multinational corporations have attacked compulsory licensing and they have stepped up the attack in recent years. I recall being a part of the Canadian delegation to the United Nations a couple of years ago. While we were in New York, American multinational companies took the occasion to lobby Canadian legislators. I must say that I was ashamed by the behaviour of Conservative members of that delegation who simply listened respectfully to the multinationals and said: "Yes, sir, you are unhappy with what we are doing with pharmaceuticals, we will change it". This occurred very soon after the 1984 election, so Conservative members said to the multinationals: "Just give us a chance. It will not take us long to do what you want but we have only just come into office. We can assure you that you will get the kind of legislation that you want". Of course, what they were saying was that the interests of American multinationals would be put ahead of the interests of the Canadian people.

I am getting ahead of my chronology somewhat. In 1984, the federal Government appointed Professor Harry Eastman of the University of Toronto to head a commission of inquiry on the pharmaceutical industry. His report, which was released in May of 1985, recommended that we retain compulsory licensing. However, he proposed that patent holders be guaranteed four years of exclusivity and freedom from competition and that companies that actually do research in Canada be able to receive royalties higher than the current 4 per cent. Again, that was something of a compromise but one which did maintain the principle that compulsory licensing would be, if modified, nonetheless continued.

Since the introduction of compulsory licensing in 1969, drug companies have still, of course, enjoyed enormous growth and very adequate profits. The idea that this measure created a difficulty for them is not supported by any factual investigation. On that, the Eastman Report said:

> An overall summary of the comparison of the growth and development of the pharmaceutical industry in Canada relative to that of the United States yields the straightforward conclusion that growth has been more buoyant in Canada than it has been in the United States since 1967.

If compulsory licensing had completely ruined the industry, this would not be the case. The idea that we should adopt the American model for growth is simply not borne out.

Again, the Eastman Report said:

> Compulsory licensing has not had a discernible negative impact on the profitability and rate of growth of the pharmaceutical industry in Canada as a whole.

That is pretty clear as well.

We have seen pharmaceutical companies take legal action to try to get even higher profits by challenging the compulsory licensing provisions. A decision was made in November, 1985 involving a multinational drug company's challenge to this section of the Patent Act under the Charter of Rights. At that time, the Federal Court stated that there was no information to demonstrate that compulsory licensing was denying either the multinational companies or their Canadian subsidiaries a reasonable return on their investments. So much for the contention that compulsory licensing has been harmful to the industry and the contention that there has been any unfairness.

On June 30, 1986, the former Minister of Consumer and Corporate Affairs released the Government's draft amendments to the Patent Act outlining the provisions we are studying today. These provisions were, of course, brought in under a great deal of pressure. I already noted the example of drug companies lobbying parliamentarians directly. Of course, we know that they have lobbied the American Government and have managed to get President Reagan to take up the issue, indeed at the highest level, with the Prime Minister (Mr. Mulroney) himself.

The issue was discussed at the 1985 and 1986 so-called Shamrock Summits. We know that the Prime Minister agreed to knuckle under to the American pressure at that time. The pressure continued as the Government did not respond fast enough. In early April, 1986, the United States Trade Representative, Clayton Yeutter, rapped Canada's knuckles for failing to honour the commitments made by the Government through the Prime Minister by saying that the drug issue "—should have been resolved a long time ago. We've been exercising uncommon patience. But even our patience ultimately begins to wear thin". That was pretty heavy-handed indeed, and I am sorry to see that anyone would respond to it.

In late April when President Reagan's plan for so-called fast-track free trade negotiations with Canada ran into trouble, the drug industry in the United States actively lobbied committee members to go along with the President and the Canadian Government. We have seen how the talks on free trade have been brought into play in this issue as well. On several occasions in 1986, the Government appeared to be on the brink of giving in to pressure but backed away. Ultimately, the Government did capitulate.

The Bill before us raises many questions. The commission of inquiry into the pharmaceutical industry found that profit levels of multinationals were higher than in most home countries including Switzerland, West Germany, the United Kingdom, France and Japan, all major producers in the industry. The one exception to that was the United States which has had among the highest drug prices in the world. Of course, Canada provides tax incentives to research which are among the most generous in the world.

• (1630)

The manner in which this legislation is supposed to operate assumes that decisions are made a certain way within the companies as to where they will do their research and where they will produce their product. Drug manufacturing breaks down into two phases. The first is the making of the active ingredients, the chemicals themselves. Then there is the preparation of the final formulation, including combining the active ingredients with various inactive ingredients: colourings,

flavourings, stabilizers, packaging, labelling, and those aspects of the final preparation of the drugs.

At the present time, almost no active ingredient manufacturing takes place in Canada. Both the patent holding and the generic companies import their active ingredients. Then they do some of their final stage manufacturing in Canada. That holds true for both the generics and the patent drugs. I think that we have to understand that.

A few small countries have developed active ingredient manufacturing industries to serve world markets for generic drugs. Generic companies in Canada have the right to apply for compulsory licences to manufacture the active ingredients. This right has existed since 1923. But they do not very often do so because the Canadian market is too small to make such an operation viable.

The failure of the 1923 policy to create drug price competition in 1969 led to the creation of compulsory licences to import because we did not have domestic production. We know that often a single factory in one particular country meets a company's world-wide markets. Usually these factories are located in the multinational's home country, or in some place like Ireland or Puerto Rico that offer particularly generous tax breaks, and sometimes tariff-free access to major markets. So there are these structural reasons in the industry itself.

While we cannot expect a big change as a result of the legislation that we have before us, these are conditions that we have known about for some time.

Despite all of this, the federal Government claims that the Bill before us will stimulate both generic and multinational firms to make the active ingredients in Canada. This claim rests on the provisions of the Bill that generic companies will still be able to acquire compulsory licences to manufacture generic active ingredients in Canada, although subject to qualification. Patent holding companies can avoid this type of generic competition if they notify the Commissioner of Patents that they intend to make the patented active ingredient in Canada completely or substantially to meet Canadian demand. If they do notify the Commissioner, they must begin manufacturing within two years, or risk losing their market exclusivity.

It is not at all clear to me why generic companies would manufacture more active ingredients in Canada under this Bill than they did between 1923, when they could have done so, and up until 1969, when the patent legislation was changed. Why are we bringing in a provision that has already been tried for more than 40 years, and it did not result in domestic manufacturing of the active ingredients? We can have no optimism that that will change now.

With regard to the final product manufacturing, there is every reason to expect that multinational companies will invest in plant expansions in Canada within the next few years, regardless of whether or not this Bill before us today is passed. These are the trends. There is an increase in the demand for drugs. There is a change in the demographics. There are more elderly people with health care concerns and people needing drugs. We would otherwise have expected to see this type of expansion, with no thanks to this legislation whatsoever. Yet there is no confidence that the legislation will bring about the change in the manufacturing of the active ingredients themselves.

The Government has made many claims that this legislation will improve research and development in Canada. We must look at those claims. I am sure our Party would be very partial to legislation that would improve research and development in Canada. Unfortunately, when we examine more closely what the Bill says, this result will not happen either. Canada has very little basic research. This was true in the pharmaceutical industry in the period prior to 1969 as well as since. We have no reason to believe that the same pharmaceutical companies that were not doing research and development before 1969, when there was no generic drug legislation, would suddenly do it now.

In 1983, only about 15 per cent of research and development expenditures by pharmaceutical firms were for basic research. That is considerably less than 1 per cent of the value of those firms' sales in Canada. That is a pretty shameful record indeed. It is pretty typical of countries whose pharmaceutical industries are dominated by the subsidiaries of multinationals.

The levels of drug research and development in Canada are similar to those of some other small countries which do not have independent non-multinationals or their own pharmaceutical industries.

Most pharmaceutical research in Canada involves clinical testing of a drug's safety and effectiveness. That is simply to meet requirements of our own health and drug legislation. It is not basic research. It is simply to meet the requirements of the Food and Drugs Act.

Despite these well-known facts, the federal Government claims that its draft Bill contains "strong new incentives" for research. I would like to quote what the Government has stated:

> Drugs invented and manufactured in Canada will receive full 17-year patent monopolies.
>
> If the Government is not satisfied with the industry's research investments by 1990, it may remove some or all of the exclusivity granted under the Act.

The federal Government claims that the new policy will turn Canada into "a world-class centre for the research, development, and manufacture of pharmaceuticals".

Unfortunately, these very fine hopes entirely ignore the conclusions of the federal commission of inquiry that Canada is not well placed to become a major world centre for pharmaceutical research, or for the production of active chemical ingredients for the very reasons that I have just related. We have these multinational companies, and it is not their practice to do research and development, or indeed to manufacture the active ingredients in smaller countries. In the case of research and development, they do it in their home country. They do the manufacturing under very specific conditions.

The question of drug prices has been pretty hotly debated in the House over the last weeks. It is being considered very actively by the Canadian public. We have had extremely outlandish statements by the Government that this new legislation will not result in an increase in drug prices.

The generic competition stimulated by the 1969 amendment has saved Canadian consumers hundreds of millions of dollars. This has been calculated at $211 million for 1983 alone. Of course, when added up over the years, it is into the billions of dollars that Canadians have been spared by having generic drug competition.

We have a Minister who claims that the new policy will not cause drug prices to rise, indeed that the new policy will not cause an increase of even one cent in drug prices. On the other hand, when you get down to the fine print, the Government has to admit such things as, and I quote, that it "may, however, result in a delay of the price reductions associated with the introduction of new generic drugs".

This is a pretty roundabout way of admitting that when a new drug comes on to the market there is the four-year period of protection. After that the prices go down. So you must look at the costs at least over a 10-year period. If you look at a 10-year period, you will see that prices are indeed considerably lower under the condition of generic drug competition than with the monopoly situation that the Government wishes to reintroduce.

Canadian consumers can expect substantially higher drug costs during the 10-year delay in the introduction of new generic drugs. I note that the federal Government's published cost estimates for the new policy stop at 1990. This is a convenient place to stop, because the Government does not want to admit that the prices are then going to go up. Reductions that would otherwise have happened because of generic competition simply will not happen. That drug competition which the 1969 policy brought in will have ended.

Despite its claims about drug prices, the federal Government has nevertheless promised to pay the provincial Governments $100 million in transitional payments by 1991. I think that this rather embarrassingly belies the argument that there will not be any increases. Why is the federal Government handing over $100 million if there will not be any increases? Any person with common sense will certainly be asking that.

It will be very scant consolation to Canadian taxpayers to know that they will be subsidized through federal taxes instead of provincial taxes. The money will go to provincial Governments so that they can pay the multinational corporations for these increased prices. The point is that increased prices will hurt. If it means that provincial Governments have to pay more for their particular medicare costs, then the federal Government will have to pay more. Even if it is not the individual consumer, we know that these costs have to be borne.

• (1640)

We expect the Government will then say that the cost of drugs has risen and that medicare is costing too much money. In that event, it will be required to cut back somewhere else in the medicare system. It will have to cut other services to make up for the increased costs of drugs.

Of course we do not want to see that happening. We do not want to see medicare hurt. We do not want to see other services being cut back as a result of increased prices in pharmaceutical products.

In winding up my remarks, let me point out that the proposal of the Government for a regulatory board to look at drug prices is not a satisfactory option. It is not clear how much authority the board will have. The Bill provides for provincial and federal health Ministers to intervene in hearings. However, there is no provision for consumers or other public interest groups. It is a very unsatisfactory business altogether. We will have another bureaucracy to carry out a policy which is not as good as the present one.

I urge Hon. Members to look at the past progress with generic drug competition and the enormous savings for Canadians as a result of the policy. I ask them to reject this extremely misguided approach which puts the welfare of American multinational pharmaceutical companies ahead of the needs of Canadians for decent drug prices and adequate competition in the pharmaceutical industry to ensure that prices remain at a reasonable level.

Ms. Copps: Mr. Speaker, I have a question for the Hon. Member for Broadview—Greenwood (Ms. McDonald). We heard the Minister say that he would bring information to us in committee but that he would not bring us specific documents relating to the costs or an analysis of the costs which will be faced by consumers. Would the Hon. Member speculate on why the Government does not want to release those documents?

Ms. McDonald: Mr. Speaker, the Hon. Member for Hamilton East (Ms. Copps) raises an extremely important question. She will know that her colleagues and members of my Party have raised with the Government in Question Period the need to have the documents tabled so that Canadians and consumer and advocacy groups can look at the cost estimates.

She will also know that the Government indicated that it would not cost a cent more but that it would not provide the information which gives specific estimates as to the costs in particular years. This must be a fraudulent claim, if the documentation is not to be put before Members of the House and the Canadian public.

A Government which really had hard information showing that prices would not rise would be delighted to document it and to hand over its study results. We have to be entirely suspicious of a Government which uses taxpayers' money to collect information and then denies Members of the House and the Canadian public access to the information on which they

can make their own reasoned assessments and reach their own conclusions.

Ms. Copps: Mr. Speaker, could the Hon. Member for Broadview—Greenwood also elaborate on some of the reasons the Government would see fit in certain instances to inform some multinational drug companies of what was coming up in the way of legislation without letting Hon. Members of the House have that same information?

Ms. McDonald: Mr. Speaker, indeed the Hon. Member for Hamilton East raises a touchy question. I hope the Government was extremely embarrassed to have this information come out. Multinational corporations were given information which Canadian parliamentarians were not given. This coincides with my own experience of seeing government Members lobbied by representatives of the same interest and seeing them completely willing to capitulate. They were willing to put second the interest of Canadians and to put first the pressure from American multinational corporations. It is shameful. The incident to which the Hon. Member referred is simply the last in a very shameful series of incidents of this nature.

Mr. Kilgour: Mr. Speaker, I have a number of questions for the Hon. Member for Broadview—Greenwood (Ms. McDonald). She might answer any or all of them, if there is time.

Could she tell the House when the last drug was invented in Canada? I think she will find that it goes back a great many years, partly because the system as it is now provides no incentive whatsoever to discover drugs which perhaps her mother or my mother might need. We are trying to create an atmosphere in the Bill where the Japanese will not have a drug which we do not have in Canada.

Perhaps the Hon. Member does not understand that $600 million has been committed by the drug industry for research and development and product development in Canada because of the Bill. I do not know how many thousands of jobs it will mean in Toronto, but I am sure her city will receive a lot of them.

The main point of the Hon. Member's speech was that prices will rise under the Bill. It is very clear that the prices of existing drugs will not rise as a result of the Bill. What is happening is that they are speculating about drugs which may be on the market in 1995 or whenever. How can the Hon. Member feel that the Bill will make prices higher in 1995 than they would have been otherwise?

Also I wish the Hon. Member would say something about the recent Eastman Report which recommended balancing the interests of consumers like her mother and my mother with the interest in getting some new development of drugs in Canada. The Hon. Member might know that presently people are simply filling bags in Toronto, Montreal, Edmonton or wherever. No research is being done. Nothing is being developed. This is why the situation is intolerable.

Britain, Germany, Switzerland, and a great many other countries think that Canada has been acting in a highly irresponsible way for many years. It is time we grew up and did things in the same way as the rest of the industrialized world.

Ms. McDonald: Mr. Speaker, in the very short time left to me, let me touch upon the questions raised by the Parliamentary Secretary. Turning to the question about higher drug prices, certainly Dr. Eastman said that the prices would be going up because there would not be reductions as would happen under generic drug competition. As soon as the generics come on to the market, there is competition and prices fall. This process will not happen in the future if the Bill is passed.

Let us turn to the question about the discovery of drugs. Of course it is a very important one. We would be very sympathetic to legislation if we thought it would result in increased research and development and the invention of new drugs in Canada. There is no reason to think that that will happen because there are structural reasons for how multinational corporations decide to do their research.

In the very long period of time between 1923 and 1969 very little research was done in Canada. The change in generics only came about in 1969. If the Hon. Member wants to make the point that there has not been enough drug discovery in Canada, then he must explain why it did not happen before 1969 when the same conditions held as the Government proposes for after 1986 or whenever the legislation is adopted.

The question of jobs is a very tricky one. Naturally we would like to see more jobs created in research and development and manufacturing. However, I note that there are no firm guarantees. An exchange of letters is no guarantee whatsoever. We have seen shameful examples in the past of corporations being given fantastic hand-outs, taking their profits and running. The problem is in the structure of multinational corporations. They do not have the incentive to do that work in Canada.

With increasing prices in drugs, money will go out of the economy. Money which goes in profits to multinational corporations will result in job loss. It is money which Canadian consumers, either directly or through their health plans, will be paying. It will go into increased profits outside Canada and to the headquarters of multinational corporations. That is money that might otherwise be staying in Canada and creating jobs here. We have to expect a net job loss as a result of the adoption of the legislation before us today.

• (1650)

The Acting Speaker (Mr. Paproski): I regret to inform the House that the period for questions and comments has now terminated. Debate. The Hon. Member for Capilano (Mrs. Collins).

Mrs. Mary Collins (Capilano): Mr. Speaker, I am pleased to have the opportunity to participate in the debate on this very important Bill and to express my support for Bill C-22 which the Minister has brought forward and to disagree with the amendment under debate.

I found it interesting listening to the debate and to the questions that have been asked in the 14 to 15 hours of discussion in this House on this issue because so much of it is based on either false information or what appears to be a desire to either scare or misinform the public about the real intentions and impact of this legislation.

We know that this is not a new subject. The previous speaker spoke about the history and the development of patent protection. I would like to bring Members back to 1982. In June of that year there was a debate in this House on patent protection. The then Minister of State for Science and Technology, Mr. Roberts, said:

> The Government is very concerned about the over-all low level of research and development in the private sector and is actively pursuing a number of measures to improve Canada's performance in this area. We recognize the importance which a strong patent system can play in encouraging industrial investment in R and D thus creating the appropriate climate for innovation.

On that same day the former Liberal Member for Scarborough East said:

> With the return of Great Britain to patent protection, Canada remains the only developed country with this unique discouragement to product innovation and manufacturing in the pharmaceutical industry.

This is not a new debate, Mr. Speaker. When the roles were reversed, our colleagues across the floor in the Liberal Party were asking for this kind of patent protection. But it was not only the members of the Official Opposition. I recall that in November, 1982—Members may check back in the records of *Hansard*—our colleague in the New Democratic Party, the Hon. Member for Yorkton—Melville (Mr. Nystrom), raised in the House the following concern:

> The transfer will mean the lay-off of some 300 employees, many of them full-time researchers at the lab.

Obviously he was referring to a situation in his own riding. He then questioned the Minister and said:

> I would like to know from the Minister what action the Government is going to take to make sure we can do this pharmaceutical research in our own country.

The then Minister for Economic Development, the Hon. Member for Saint-Henri—Westmount, (Mr. Johnston), replied:

> I am hopeful, as are my colleagues, that in the very near future we will have something that will enable us to retain this very important expertise in the area of science and technology.

There was a recognition of the problem and we knew that the amendments put through in 1969 had had a detrimental impact on research and development in Canada. We know that these amendments were totally unfair and inconsistent with what was happening right around the world; we knew that changes needed to be made. There were committees and commissions meeting on the subject, but basically there was no action. People were concerned about the difficult and complex issue, but it is no easy task to ensure that the public understands it, so no action was taken. We remained behind not only the rest of the western world but behind countries in Asia, in the Pacific Rim and even Taiwan which have patent protection. Nevertheless, we just toddled along in our way and nothing was done until our Government, after reviewing the situation, brought forward legislation to remedy it. It is important legislation which tries to be fair to all of the parties involved.

I share the conviction of the Hon. Minister that these amendments, to the compulsory licensing provision of the Patent Act will correct the disservice which arose out of the 1969 amendments which largely ignored the role of research and development in the pharmaceutical industry. These amendments will address the situation and, in time, Canada will become one of the world's leaders in research. Not only will Canada's status as a research oriented country be enhanced, allowing it to compete on a realistic basis in the future of research and development investments, but individual Canadians will benefit, as consumers of pharmaceutical products and as a result of increased employment generated by these amendments. That is something about which we have heard a great deal in the debate. It is not just wishful thinking. The Minister has produced.

Just recently in Vancouver, in my own home province, a biomedical research institution has announced that it will be investing $40 million in research through the University of British Columbia. This will create in itself 50 technical, professional jobs, and we all know the kinds of spin-offs that come with that kind of employment as well. A new centre for biomedical research in Vancouver will be created.

A recent announcement by the University of Alberta was for $100 million. There were other announcements in central Canada, Quebec and Ontario of projects that will be going ahead as a result of these proposed changes. These will create jobs and ensure that we are to fulfil the commitment and expectation the Minister has mentioned of research and development increasing by $1.4 billion. Three thousand jobs will be created as a result of the changes. That is a lot of jobs in your riding, Mr. Speaker, in my riding and right across the country, and it is in one of the areas in which we need to concentrate.

May I digress for a moment, Mr. Speaker. At the First Ministers' Conference in Vancouver which I had the opportunity to attend, the Premier of Ontario, Mr. Peterson, was talking about the high priority that must be placed on science and technology, that we had to make this the field on which to concentrate in the future. Our Government has shown we support that kind of a priority. We are undertaking the kind of legislative changes to encourage it. But all my colleagues across the way who are members of the same Party as Mr. Peterson can utter is doom and gloom. It is complete nonsense, Mr. Speaker.

Let me refer to *The Globe and Mail*. Many of us on this side of the House are not totally happy with some of the articles

and editorials in *The Globe and Mail*. In an editorial in the November 18, 1986, issue the writer understood what the Government was doing through this legislation and was certainly supportive. It talked about international concerns and reads:

> If gentle, first-world Canada opts out of patent protection for certain products, what are the prospects for the rest of the world? The new round of talks at the General Agreement on Tariffs and Trade has identified intellectual property rights as a priority for new agreements. Canada's isolationism on pharmaceuticals is a troubling aberration among industrial states committed to fair play in international trade.

That opinion, Mr. Speaker, is also supported by comments I received last week when I attended a meeting at the Pacific Economic Co-operation Conference held in Vancouver with representatives from all of the Asian countries. One of the major priorties in addition to agriculture in discussions in the new round of talks on tariffs and trade on which we have to co-operate with the Pacific Rim countries were issues related to intellectual property. But how can Canada play a meaningful role in these kinds of meetings on these kinds of issues if we ourselves have not taken the steps to bring Canada into line in providing protection for intellectual property, something which this Bill will do? I am pleased that not only in previous incarnations were my hon. friends on the other side of the House agreeing with the principle of what we are doing, but that our country's leading newspaper, *The Globe and Mail*, also agrees with what we are doing.

• (1700)

Since Canada does not provide the same protection for intellectual property in this field as do all other industrialized countries, research and development activity by the pharmaceutical industry has stagnated. In other countries full protection for intellectual properties has generated enormous investments. Canada has missed out on investments it might have shared in had we provided a better environment and system of incentives for investing in research.

I would like to turn to another aspect of this issue which has received a great deal of attention. We know that the 1969 compulsory licensing amendments did produce savings for Canadian consumers of pharmaceutical products. The changes the Government is introducing to compulsory licensing will continue to provide Canadians with price savings while generating significant employment in research, development and manufacturing. In fact, the amendment to create a Drug Prices Review Board will provide more complete price protection for Canadians than has been possible until now. The 1969 amendments relied soley on the introduction of generic drugs to provide price competition and to lower the price of these products. If no generic drugs existed, there was no means of price competition. In effect, this means that no price competition existed from anywhere from five years to 15 years. This was the time it took for a generic product to reach the market. In addition, there are certain types of medicines which are never copied and, hence, there is no price competition.

I recommend that my colleagues look at the amendments just introduced. They help ensure fairer drug prices by providing for price reviews even before the generic products become available. Perhaps that is a point which has been missed. I emphasize that with Bill C-22 there will be price reviews for all patented drugs, not only those that are copied. This is a significant step forward in providing protection for Canadian consumers.

Ms. Copps: Mr. Speaker, I rise on a point of order. I seek your guidance, but I just noted that it is past five o'clock. Normally we would be proceeding to Private Members' Hour at this time. I understand that we are not going to Private Members' Hour today because a member of the Conservative Party is off visiting in South Africa on a private trip.

Some Hon. Members: Oh, oh!

The Acting Speaker (Mr. Paproski): The House was properly informed on Friday of what is happening here today. I do not think that was necessary. The Hon. Member for Capilano (Mrs. Collins) has the floor on debate.

Mrs. Collins: Mr. Speaker, I will continue because I think all Members of the House have a great deal of interest in this Bill. I am pleased that we have an additional hour in which to debate it.

In order to make Canadian intellectual property laws similar to those in other industrialized countries, patentees of pharmaceutical products will be provided with up to 10 years of market exclusivity. Furthermore, the commission of inquiry into the pharmaceutical industry reported that it has taken on average 11.5 years from the time the original drug is introduced on the market until the generic copy is sold. The proposed 10 years is, therefore, really not far out of line with the present situation.

Let me remind Hon. Members that generic firms will not have to wait for seven years to apply for a licence. They can apply for and receive a licence for a drug at any time. They will simply not be able to sell the drug in Canada for a specified period of time. The fact that they have the licence will help minimize any delays in getting a generic product to market once the appropriate period of protection has ended. Seven years after the drug is first introduced on the Canadian market the generic drug companies will be permitted to activate their licences to manufacture, and after 10 years they can import the drug without any restriction.

By making the period of protection shorter for manufacturing licences than for licences to import, the Government is maximizing the employment benefits for Canadians and maximizing the opportunities for the manufacture of fine chemicals industry in Canada. If these periods did not differ, there would be no incentive to actually manufacture the drug and/or its ingredients in Canada, and the benefit to Canadians would be diminished. This is an important part of the Bill to remember because it is a major improvement over what had originally been recommended.

It is important to recognize as well that the generic drug firms, in their discussions with the Minister, actually said that they felt that six years was a time period with which they could quite happily live. The protection is to be only seven years, which is not much longer than they had originally suggested was possible to live with.

The changes the Government has proposed in Bill C-22 provide incentives to generic firms to set up fine chemical manufacturing facilities in Canada to provide earlier access to the market. These provisions will increase employment for Canadians and will increase the availability of Canadian-made drugs to Canadian hospitals and pharmacies and to individual citizens.

The Government is also providing an incentive for Canadian drug research and development in Bill C-22. When a drug has been invented and developed in Canada, that is, when the drug is the product of Canadian research performed in Canada, it will be given protection from imported generic competitors for the full time of the patent. In that way we will again be encouraging the Canadian industry and the development and manufacture of Canadian drugs. To take full advantage of this protection the patentee must manufacture the drug in Canada. If that is not done, after the same seven-year period as for non-Canadian drugs, the generic firms will be able to activate their licences to manufacture the drugs themselves. The difference between the length of the periods of exclusivity for manufacturing and importing licences provides a much greater incentive for manufacturing in Canada and will maximize the employment benefits of Canada.

As I noted earlier, the Drug Prices Review Board will be headed by Dr. Harry Eastman who is, as we all know, one of the foremost outstanding authorities on this industry. This Board will provide a level of protection from excessive drug prices which is far greater than has until now been available to Canadians. The Board, which will have strong powers to call evidence and to pass judgment on the appropriateness of drug prices, will be independent. Its responsibility will be to ensure that Canadians continue to enjoy moderate and reasonable prices for patented drug products.

The provincial Governments, through their constitutional responsibility for the delivery of health care to Canadians and their involvement in drug cost reimbursement plans for their citizens, are the largest purchasers of prescription drugs. The importance of the provincial role in health care and the provision of drugs at reasonable prices is recognized in this Bill. The Drug Prices Review Board will be required to notify the Minister of National Health and Welfare (Mr. Epp) and the Ministers responsible for health in the provinces of any hearing which the Board is going to hold. The provinces are in fact being given a statutory right to present evidence to the Board in order to guarantee that they are heard. The Board will have the powers to compel companies to provide evidence on the prices for which they have sold the medicine in Canada and in other countries. When necessary, the Board will take into account the cost of making the medicines and determining whether the price is appropriate. If the Board, after hearing and reviewing the evidence, decides that the price of a medicine is excessive, it will have the authority to compel the company to reduce the price to whatever level the Board feels is appropriate. As further punitive measures, when the Board deems it appropriate, it will also be able to revoke the exclusivity for a second patented product sold by that company.

• (1710)

It is intended that the Board be able to act quickly in any cases of suspected excessive prices. That is why the Board will be small, consisting of not more than five persons, and will be supported by a secretariat.

The Board will review the prices at which new drugs are introduced, the prices at which they continue to be sold, and will deal with all patent medicines. By giving the Board wide scope in terms of the drugs it can deal with, and stronger powers to call for evidence and enforce its decision, Bill C-22 both extends and solidifies the price protection available to Canadian consumers of patented products.

I am confident that these amendments to the compulsory licensing provisions of the Patent Act will strengthen Canada's position as a participant in pharmaceutical research and development, and I am confident that it will strengthen Canada's pharmaceutical manufacturing centre and continue to provide Canadians with moderate and reasonable drug prices.

My hon. friends opposite should take note of the editorial in *The Globe and Mail* to which I referred earlier. It states that moving toward normal patent protection for pharmaceuticals is like getting out of rent controls. Opposition Parties fulminate, consumer groups agitate and, in this case, others will add the anti-American view. Fortunately, the Government has both the cause and the powers to do the right thing.

The Acting Speaker (Mr. Paproski): Order. Questions or comments. The Hon. Member for Edmonton—Strathcona (Mr. Kilgour).

Mr. Gauthier: I have a question, Mr. Speaker.

Mr. Kilgour: Mr. Speaker—

Mr. Gauthier: Point of order, Mr. Speaker. I have a lot of respect for the Member you are recognizing—

The Acting Speaker (Mr. Paproski): Order, please. Is the Hon. Member for Ottawa—Vanier (Mr. Gauthier) rising on a point of order?

Mr. Gauthier: Mr. Speaker, I take it that you will be asking the Member to put a very short question because the purpose of questions and comments is for the Opposition to question the Member, as has taken place during the day.

The Acting Speaker (Mr. Paproski): Order.

Mr. Gauthier: The Government gets to question us, we get a chance to question it. It is not for the purpose of back scratching.

The Acting Speaker (Mr. Paproski): Order. I recognize Members as I see them. I was indicating to the Hon. Member for Capilano (Mrs. Collins) that her time had expired and I saw the Hon. Member for Edmonton—Strathcona rise.

An Hon. Member: Nonsense.

The Acting Speaker (Mr. Paproski): I don't find any of these remarks necessary at this time. I will recognize the Hon. Member for Edmonton—Strathcona.

[*Translation*]

Mr. Rossi: Mr. Speaker, on the same point of order. I have been here often enough during debate to know this is not the first time when a Conservative Member has the floor and we get to the period for questions and comments, another Conservative is recognized by the Chair. I think the Chair should have the courtesy to recognize Opposition Members, for comments. I think the Opposition should be shown this courtesy. This happens too often.

[*English*]

The Acting Speaker (Mr. Paproski): I will repeat that questions and comments are usually for the Opposition—

Mr. Rossi: Yes.

The Acting Speaker (Mr. Paproski): —not always for the Opposition. Questions and comments are generally for the Opposition. Would the Hon. Member take his seat.

Mr. Rossi: Yes, they are not always for the Government.

An Hon. Member: Sit down.

The Acting Speaker (Mr. Paproski): The Hon. Member for Edmonton—Strathcona.

Mr. Kilgour: Mr. Speaker, I have not seen so many Liberals and NDP Members in the House for a long time.

Some Hon. Members: Order.

The Acting Speaker (Mr. Paproski): The Hon. Member knows that he should not reflect on the attendance in the House.

Mr. Penner: Mr. Speaker, I rise on a point of order. The Hon. Member who just spoke knows that it is not in order for an Hon. Member to make a comment on the presence or absence of other Members in the House.

The Acting Speaker (Mr. Paproski): I just said that. I agree with the Hon. Member.

Mr. Penner: Thank you, Mr. Speaker.

Mr. Kilgour: Mr. Speaker, I have a question for the Hon. Member who is seated behind me. Does she know of any country other than Canada that has a regime like our present regime for generic patent drugs? This includes OECD countries and others that consider themselves to be advanced industrial democracies.

Mrs. Collins: Mr. Speaker, I have never experienced having so many colleagues interested in questions and comments following a speech. I am pleased to have the opportunity to respond to my colleague's question.

I am not personally aware of any other countries which have a regime such as ours, that does not allow protection of intellectual property rights, as in this case of patent medicines. As I said in my speech, that is why representatives of countries from the Pacific Rim who attended the Pacific Economic Co-operation Conference find it hard to understand why we have not had those kinds of protections. Of course, they encourage us to have it so that we can be seen as being fair in the international community.

Let us consider a country such as Japan which has such laws. There has been a great emphasis in that society on developing the research skills of their people, the employment of university graduates, and encouraging the development of research in this area of drugs and medicines. Canada has been left far behind because it makes no sense for anyone to make that investment knowing there is no opportunity to benefit from it. A portion of this Bill will bring us into the 20th and 21st century.

Ms. Mitchell: I have a question for the Hon. Member, who comes from Vancouver. Is she aware that there are numerous senior citizens' groups from the district in and around Vancouver that have been following the debate and are very concerned about this Bill? In fact, we received a telegram from several seniors groups indicating that they had sent a letter to the Prime Minister (Mr. Mulroney) reminding him of how seniors had banded together over the deindexing, and are ready to do so again on the generic drug issue.

They also want to point out that these groups are very aware that the drugs that are on the market now will not be affected, but that seniors are always trying something new for illnesses, such as arthritis. They cannot afford the time to wait for the cheaper priced drugs to become available since many of them will not be around in 10 years. They are concerned about this, and a very broad-based group has been organized.

Has the Hon. Member talked to seniors in her riding, particularly those on low income? Perhaps she does not have many low income people in her riding?

Mrs. Collins: Mr. Speaker, as my hon. friend knows, there are many seniors in my riding. In fact, part of my riding has perhaps the largest percentage of seniors.

Her comments disturb me because I believe there is much false information being spread about the potential impact of this Bill. It is simply not true. The Opposition is alarming

people, including senior citizens. I believe that that is irresponsible and unfair. They may not have had the opportunity to listen to the full debate and understand all the issues in order to recognize the kind of protection that has been placed in this Bill, to understand that there will be no increase for existing drugs, and that it will be 10 years before the new drugs are on the market. They are being unnecessarily alarmed. As responsible Members of Parliament, I do not believe we should do that to our constituents.

• (1720)

I would like to refer back to the time a few years ago. It is funny how people's views change. The Hon. Member for Sudbury (Mr. Frith) said in May, 1985: "Higher drug prices might be justified if it led to more drug research in Canada". We really hear some different perspectives depending on when the issue comes to the fore. I would caution my colleagues, and I do so very sincerely, that in the long run, I do not think the Canadian public will appreciate the false alarms that Hon. Members opposite are pursuing on this particular issue. I have confidence in the ability of Canadians to understand what we are doing and to recognize the tremendous benefits it will bring to Canadians, their children and their grandchildren, without increasing the price of the drugs they use.

Ms. Mitchell: Mr. Speaker, I would like to clarify with the Hon. Member that they were senior citizens talking, not myself. I think they would like to know why the Government will not release these studies so that the people will have the facts.

Mrs. Collins: Mr. Speaker, I think I have already commented on that. I understand that the Hon. Member has petitions and I know what it is like to receive petitions—

Ms. Mitchell: Then why don't you release the study?

Mr. Young: Give us the study.

Mrs. Collins: Do you want me to answer the questions?

The Acting Speaker (Mr. Paproski): At this point I think the time for questions and comments has now terminated. Debate.

Ms. Sheila Copps (Hamilton East): Mr. Speaker, I have been sitting here in the House listening to questions, comments and interventions by Hon. Members on the government side of the House and, frankly—

An Hon. Member: Wait until our turn.

Ms. Copps: That is right. Wait until our turn. It will not be too long, either, until we are on the government side of the House.

Frankly, I cannot believe my ears. This is the Canadian Parliament. The last time we looked we were in Canada, it was not the American Congress and we were not bowing to the American multinationals. We have here a number of mouthpieces for American multinational corporations who are prepared to sell out the rights and responsibilities of Canadians so they can bow down to the Americans.

An Hon. Member: Shame.

Ms. Copps: It starts with the seat right across from us occupied by the Prime Minister of Canada (Mr. Mulroney), the aptly self-described head waiter to the President of the United States. Hearken back fellow Members of Parliament to the Shamrock Summit. It was the greatest moment of two Irish blarney makers getting together. They came out of that meeting with a new Accord, a new relationship between Canada and the United States. However, the sham was the sham which was perpetrated on the Canadian people because one of the things we sold out as a Government on March 17, 1985, was the Patent Act. The Prime Minister told us we were going to bring in changes to the Patent Act. When the Americans say jump, we ask how high, and here we have another classic case of a high price being paid in our hot pursuit of a so-called free trade agreement with the United States.

We heard the Hon. Member for Capilano (Mrs. Collins) talk about the number of jobs which were going to be created, and we have already heard that story. However, let us go back to 1969 when the first legislation was introduced. At that time there was no research and development being done by the multinationals in Canada. Yet we were twinned with the United States for the highest drug prices in the western world. We had the highest drug prices in the western world. Now Members of Parliament on the Conservative side of the House want to see our drug prices follow the way of the American medical system. Do we in Canada want to see emulated in our pharmaceutical system the kind of rip-off we have seen in the American medical system?

An Hon. Member: No.

Ms. Copps: We have built a country which is unique, where the medical system is universally accessible, as a result of Liberal legislation. Because we recognized the problem almost 20 years ago, we went from paying the highest prices for drugs to paying the lowest prices for drugs in the western industrialized nations. The cost will be $3.5 billion, which will come out of the pockets of the sick, the needy and the elderly over the next 10 years. That cost translates into a loss of 9,000 Canadian jobs. The Pharmaceutical Manufacturers Association did not tell the truth back in 1969 when it said that this was going to cause all kinds of problems with research and development, because it never developed drugs in Canada. Even before 1969 when it was taking Canadian consumers to the cleaners, we still did not have research and development in this country.

The issue here is more than simply a question of jobs. It is an issue of sovereignty.

[*Translation*]

But the Hon. Member for Bourassa (Mr. Rossi) cannot overlook this. In the Liberal Party, we are all united throughout the provinces and throughout the country in our fight for the rights of the elderly. I am delighted to see the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart), because frankly, Mr. Speaker, when we see how the elderly stood up against this Government on the issue of Old Age Security Pensions, we can expect the same thing to happen on the drugs issue. Mr. Speaker, what we are about to sacrifice today is not just the elderly and the sick and women who are the most frequent users of our health care system in Canada. We are about to sacrifice our sovereignty as a country.

[*English*]

The Acting Speaker (Mr. Paproski): Order. The Hon. Member for Hamilton East (Ms. Copps).

Ms. Copps: It is not simply a question of the cost to senior citizens and it is not simply a question of the cost to women who are the primary users of our health care system. It is a question of Canadian sovereignty and whether we in this Parliament of Canada are going to allow our policies to be dictated by the whims of the multinational corporations south of the border. I would like to ask the Hon. Member for Capilano who spoke earlier about jobs, whether the workers at Goodyear in Toronto today, who have been given their walking papers because of a plan to develop their corporation in the United States, have in fact been protected. Is the Canadian Government going to say to those workers: "It is fine and dandy you are going to lose your jobs. We are going to see 1,300 people in the Toronto area out of work but that is all right because we are getting along with our neighbours to the south"? We are getting along cap in hand. We are on our hands and knees. We hear the Prime Minister talk about this great new relationship with the United States. When the Liberals were in power and when the softwood lumber issue came to the court, the Liberal Government fought the case and we won. We did not cave in. We did not buckle down and wince and whimper, which is the kind of activity we have seen from this Government.

• (1730)

Unfortunately, the head waiter and the butler—the self-described head waiter of the Canadian Government—is not prepared to fight on this issue. Why can he not take the same initiative that the senior citizens of the country took with respect to deindexing? Why can he not say to the Americans: "We have the lowest drug prices in the world and we want to keep it that way"? In fact, there is an indigenous, generic Canadian industry that is not only creating jobs, it is creating more jobs than we had under the pre-1969 legislation invoked by the Liberal Government as a result of the patent protection of American multinational corporations.

I do not buy the argument that all of a sudden we will see tens of thousands of jobs created by the pharmaceutical companies. These companies, mostly multinational pharmaceutical companies, will continue to create jobs in areas in which they will receive the best bang for their buck. What we will see is that the cost to Canadian consumers will sky-rocket.

I would like to refer Hon. Members to an example of this which is so unbelievable that when I read it it boggled the mind. I refer to one particular drug sold in Canada before the Liberal Government introduced protection for consumers back in the late sixties. At the bulk level this particular drug sold for $200 per kilo. That kilo was eventually sold to the Canadian public in the form of pills for some $96,000 per kilo. That is a $95,800 profit, or roughly a 50,000 per cent mark-up. That was the type of gouging, the multinational rip-off that forced the previous Liberal Government into a position in which we had to build in some protection.

Over the last 15 years we have gone from being the people who paid the highest prices for drugs in the world to those who now pay the lowest prices. Yet we see our American counterparts across the way—that was a Freudian slip. They are not our American counterparts, although they might as well be. We see the incredible spectacle of ordinary Members on the government side of the House elected with an unprecedented majority actually standing up in the House to defend the decision of their Government to prop up American multinational drug companies at the expense of the Canadian consumer just so we can get into another fast-track free trade agreement. First it was shakes and shingles. Then it was softwood lumber. Now it is the drug question.

An Hon. Member: Shrill Sheila!

Ms. Copps: The Hon. Member for Ottawa—Carleton (Mr. Turner) says: "Shrill Sheila".

Mr. Turner (Ottawa—Carleton): No, I did not.

Ms. Copps: If it was not the Hon. Member for Ottawa—Carleton, then it was someone else.

Yes, Mr. Speaker, I will be shrill on this issue. I want to tell Members opposite that when I was back in my riding of Hamilton East on the weekend, people spoke to me and said: "You had better go back there and fight that drug issue as hard as you can because it is just like the senior citizens' issue".

Some Hon. Members: Hear, hear!

[*Translation*]

I make no excuses, Mr. Speaker, because I am fighting for my constituents. There is one thing those in the Conservative Party who are just starting their political career should remember. If they don't want to see that career come to an untimely end, Mr. Speaker—

An Hon. Member: It already has. They are already finished.

Ms. Copps: —I think it would be a good idea if they would start listening to their constituents—

[*English*]

Mr. Fennell: Mr. Speaker, I rise on a point of order. There have been discussions among all Parties with respect to the question of extending the sitting hours of the House tonight. I wish to advise you, Mr. Speaker, that there is no intention on behalf of the Government to extend the hours of sitting. In this respect we have the agreement of the chief opposition Whip and the House Leader of the New Democratic Party. I feel this will put us all at ease and allow us to relax. We on this side of the House and Members opposite will not be calling for extended hours this evening.

Mr. Riis: Mr. Speaker, I rise on the same point of order. There have been discussions in this respect. Perhaps just to make it perfectly clear, Your Honour could ask for the unanimous consent of the House with respect to adjourning at six o'clock today, after which time we will go into the proceedings on the adjournment debate.

The Acting Speaker (Mr. Paproski): Is there unanimous consent?

Some Hon. Members: Agreed.

[*Translation*]

Ms. Copps: Thank you, Mr. Speaker. I was suggesting to the Conservative Members who are taking the bait, as it were—

[*English*]

The Acting Speaker (Mr. Paproski): Order, please. The Hon. Member for Hamilton East (Ms. Copps) has the floor.

[*Translation*]

Ms. Copps: Mr. Speaker, I think "mangent la ligne" is not a very good translation of the English. But in English, when you go fishing and a bunch of little fish eat your bait, the minnow or whatever . . . What the Conservative Members are doing now is, they're eating the bait, they're eating the whole thing. They are not listening to their constituents who will tell them in no uncertain terms: We want you to fight this legislation which is going to affect us as consumers and will cost us about $3.5 billion in ten years. For instance, if we consider the province of Ontario . . .

[*English*]

In the Province of Ontario alone in current costs there will be an increase of $43 million per year to the people who are buying current drugs. The real danger for the average consumer is not in the increased cost of current drugs. That is something which has now been accepted by the Minister of Consumer and Corporate Affairs (Mr. Andre). All last week he claimed that there would be no effect. What he says now is that there will not be an increase but that the decrease which is provoked by competition by the generics will occur less quickly. That is how he now explains it.

Let us consider a new drug coming on stream, for example, Tagamet which was a wonder drug for people who suffer from ulcers. These new drugs will continue to cost consumers sometimes $100, $200, even $500. In the case I just cited, there was a 50,000 per cent mark-up. This was brought about because we allow these companies *carte blanche* to monopolize the Canadian market-place. If our Conservative colleagues are really interested, then there will come a time when they will have to break away from the pack—and I do not mean the Rat Pack. There will come a time when they will have to break away from the Party line. I think all of us here have seen that in our own respective Parties from time to time. I humbly suggest that this is one time that those invisible masses in the Progressive Conservative Party, those Members who were elected with a huge landslide back in 1984 and from whom we have heard almost nothing since, should part company with the powers that be. This would be a good time for them to part company with the actions and political strategies of people such as Senator Atkins, and others, who desperately want to get the Prime Minister back on track but who, unfortunately, have failed to recognize the key to the Achilles' heel of the Conservative Party, that is, the question of Canadian sovereignty. That question has never been more clearly put than it is put in the Bill which is before us. Here we have a blatant, flagrant example of how the Government is prepared to sell out millions of Canadians, senior citizens, sick people and those on disability pensions. These people are not covered by provincial drug plans.

Having spoken to the Minister of Health for the Province of Ontario I can tell Hon. Members that we are putting these provincial drug plans in a strait-jacket as a result of this legislation. If a new drug comes on the market, and it may be a wonder drug, it may do for other diseases what Tagamet did for ulcers, then can Hon. Members imagine the savings to the Canadian health care system? Tagamet eliminated the need for surgery in the case of ulcers. If a new wonder drug comes on the scene because of these new monopoly provisions then, unfortunately, the cost will be so prohibitive that in most provinces a tremendous delay will occur before the drugs can be covered under the drug benefit formulary. If any Member has dealt with this issue he or she will know that if a drug is not on the drug benefit formulary then it is not covered by a provincial drug plan. I have many seniors in my own area who are forced to purchase drugs which do not currently come under the drug benefit formulary. The Minister's suggestion that the slack will be picked up by provincial Governments or insurance companies is simply not true. It is the consumer who will pay in the short term and it is the consumer who will pay in the long term.

• (1740)

I believe that our system has worked. It has taken Canadian drug prices from being the highest in the world to being the lowest in the world. If it ain't broke, don't fix it. Here we have a classic example of over-fix. The Government is making an attempt to fix something that is not broken and in truth it is attempting to buckle down to pressure from American multinationals in the drive for a free trade agreement. The

Government is now prepared to sell out Canadian senior citizens and the sick, those who are the least able to pay.

I heard a Member from the government side talking about following the system in the United States. I would ask that Hon. Member to see in which kind of shambles the American health system is. Over the last couple of years, because my husband's family is from the United States, I have had a chance to visit there. Almost without exception, every time I have been to my husband's home town of Tampa, Florida, I have read in the paper accounts of at least two or three cases of suicides, people who have killed themselves because the cost of medical care is so prohibitive. The last time I was there, I heard of a murder-suicide. A young mother whose son had been in a motorcycle accident and who did not have medical insurance killed her son and herself because she simply could not face the thought of losing everything the family had worked hard for. There was no hope because of the condition of her son. I do not think we should hold up this kind of a system as one to emulate.

We know that the current Canadian pharmaceutical system was studied by experts from the United States who wanted to find a way of bringing down the escalating costs of drugs. Those experts looked to Canada for leadership. At a time when our Government should be showing leadership and telling American multinationals that we like our system and are going to keep it, why are we buckling down to pressures from multinationals? Why has the Prime Minister led us down the garden path on our merry way ever since the Shamrock Summit, a summit which really did put the sham back into the word "shamrock"?

Mr. Orlikow: Mr. Speaker, I would like to direct a question to the Hon. Member for Hamilton East (Ms. Copps). She made a very eloquent speech in which she attacked the Government for bringing forth this legislation which will add tens of millions of dollars each year to the costs borne either by individual Canadians or private or public pharmacare plans for prescriptions. She has lauded the legislation passed in the late 1960s by the Liberal Government which gave us the system which the Conservative Government is proposing to change in such an ill-advised manner.

If those are her views and the views of her Party, why, when the Liberals were in government, did the Hon. Member for Papineau (Mr. Ouellet), who was then the Minister of Consumer and Corporate Affairs, buckle under to the pressure of multinationals by telling them he was willing to think about changing the system? Why did his successor, Mrs. Erola, appoint Prof. Eastman to look at the question if the system was working well? Why did the Hon. Member for Sudbury (Mr. Frith) in June assure Conservative Members of Parliament that if the Government brought the Bill forward before the summer break, the Liberals would not oppose it and only members of the NDP would, so they would get it through quickly? Why do Liberal Members continue to talk on both sides of every question?

Ms. Copps: Mr. Speaker, I believe the response of the previous Liberal Government to pressure from multinationals was in fact to set up the Eastman Commission. As I understand it, from discussions with members of the New Democratic Party as well as members of the Liberal Party, there is a broad range of views on how far Eastman went, how far he should have gone and what recommendations should be accepted. I believe it is common knowledge that Liberal Members were prepared to accept some of the recommendations of the Eastman Report, and that is also the case for members of the New Democratic Party. I am not quite sure what the Hon. Member is driving at.

The Liberal Party did not change the patent law. It appointed an expert who would look at the question and return to Parliament with a report, thus giving us a chance to examine the questions as he has suggested we should do. We did not get the Eastman Report in this Bill, we got a carbon copy of the message Mr. Ronald Reagan sent to the Prime Minister at the Shamrock Summit. Even though Eastman did his work and tried to find out the general feeling among the population as well as the producers, his recommendations were ignored. What we have before us is basically a regurgitation of what American multinationals wanted from the Prime Minister and got from him in the first place.

The Hamilton and District Labour Council, a member of the Canadian Labour Congress, wrote to the Prime Minister with a carbon copy to me, the Member for Hamilton East, objecting to this measure. Surely the Hon. Member is not suggesting that I should not voice to the Government my concerns and the concerns of the Hamilton and District Labour Council about the changes which will result in this kind of monopoly. Surely he does not want us to stop fighting the Government on this issue. Is that what he is suggesting?

Mr. Mazankowski: Mr. Speaker, I rise on a point of order. This morning I rose to indicate my intention to serve notice that there would be an amended motion put providing for the number of additional days for debate on this issue pursuant to a notice I gave last Friday. I understand there has been some uncertainty as to the interpretation of the number of days in the motion and I wish to make it very clear that in the motion I proposed—

Ms. Copps: On a point of order, Mr. Speaker.

Mr. Mazankowski: I am speaking on a point of order, Mr. Speaker.

Ms. Copps: I had the floor. There was a question and answer period and I believe that I had—

The Acting Speaker (Mr. Paproski): Order.

Ms. Copps: Well, I had the floor. You can't stand up on a point of order in the middle of anything.

The Acting Speaker (Mr. Paproski): The Hon. Deputy Prime Minister (Mr. Mazankowski) has the floor. I will

recognize the Hon. Member for Hamilton East (Ms. Copps) on a point of order if she wants after the Deputy Prime Minister is finished.

Ms. Copps: But—

The Acting Speaker (Mr. Paproski): Yes, it is a point of order.

Mr. Mazankowski: Mr. Speaker, I had indicated last Friday that I would be bringing forth a motion asking that two additional days of debate be granted for the consideration of the Bill at this particular stage. This morning I rose to indicate that I would be bringing in a new Notice of Motion pursuant to the notice I gave last Friday which would provide for the substitution of one day of additional debate rather than the two days of additional debate as is presently recorded under the present government Notice of Motion. In effect, we are reducing the number of days provided from two to one.

Ms. Copps: Mr. Speaker, the reason I raised my point of order is that I find it highly unusual that in the middle of a question and answer period following a debate during which the Minister was not present and in which he did not participate—

The Acting Speaker (Mr. Paproski): Order. It is not unusual. It was a point of order brought by the government House Leader and Deputy Prime Minister. I recognized him and he is now finished with his statement. I will now return to questions and comments. Are there any further questions and comments?

Mr. Orlikow: Mr. Speaker, I was not questioning the point the Hon. Member was making in her speech opposing the Government's legislation, but she did not answer my question. Of course, once Prof. Eastman brought down his report, Members had to look at the report to see which parts of it they could accept, if any. If the system was working well, an argument she has made with which I agree, why did the former Government appoint Prof. Eastman and why did the Hon. Member for Sudbury, who is present in the House now, tell Conservative Members in June that if they brought forward the Bill at that time, the Liberals would not oppose it and it would pass quickly?

Mr. Frith: Eastman, we'll take Eastman.

Ms. Copps: Mr. Speaker, I suppose I am repeating myself, but I think the point was that the Hon. Member for Sudbury (Mr. Frith) believed that the recommendations of the Eastman Report were the ones that would be tabled in the form of a Bill.

Mr. Orlikow: That wasn't the Bill.

Ms. Copps: That was not the Bill. That is the point. That is why we are here debating this issue.

The heavy boots of the Deputy Prime Minister (Mr. Mazankowski) are now entering into the middle of this debate. The Hon. Member for Capilano said that there had been 14 hours of debate. As of this afternoon, we have had a total of two and a half hours' debate on this Bill. That means that we have had less than one hour for every billion dollars of the cost of this Bill. The Deputy Prime Minister now comes in and suggests that we cut the closure from two days to one day. I think that it is outrageous.

• (1750)

An Hon. Member: I think it's childish.

The Acting Speaker (Mr. Paproski): Order, please.

[*Translation*]

Mr. Gérin: Mr. Speaker, I don't think the Hon. Member should be allowed to make that kind of comment when she is discussing the Bill. To be relevant, she should stick to the Bill and give direct answers to the questions that have been asked and the many questions we want to ask as well, Mr. Speaker.

[*English*]

The Acting Speaker (Mr. Paproski): I wish to recognize another Member on questions and comments. The Hon. Parliamentary Secretary to the Minister of Public Works.

[*Translation*]

Mr. Lanthier: Mr. Speaker, I would like to comment that the Minister of Consumer and Corporate Affairs, a man who can count since he is an engineer, informed us here in the House of two things: first, Canadians will not be spending more on drugs. Second, if you want to discuss details, the House of Commons is not the appropriate place. This should be done in committee.

This afternoon, Mr. Weiner, who is a pharmacist, said substantially the same thing, in addition to saying that we Canadians were doomed to receive drugs—

[*English*]

The Acting Speaker (Mr. Paproski): The Hon. Member should know that he should not refer to the Minister by his name. He should be referred to as Minister of State for Immigration (Mr. Weiner). I recognize the Hon. Member for Saint-Denis on what is, I hope, a point of order.

Mr. Prud'homme: I rise on a point of order. It has been three times today. Mr. Speaker, you know the rules so well that you knew as soon as I got up that it was exactly to call to order the Hon. Member and to remind him that we do not refer by name even to the Minister of State for Immigration. It is not a custom of the House. I know you have done it, so my task is very simple. I thank you very warmly for perceiving ahead of time that this is exactly the point of order that I wished to make.

The Acting Speaker (Mr. Paproski): The Hon. Member for Hamilton East (Ms. Copps). Was there a question there, or an answer that the Hon. Member wished to give?

Ms. Copps: Mr. Speaker, I am not an engineer. I am not a pharmacist. But I was elected to represent the people in my riding. Where you represent the people is in Parliament. That is why we are elected to come here and debate issues on the floor of the House.

The Members on the government side of the House know that the reason they want to get this Bill into committee is to scuttle the type of publicity and negative reaction which we have seen on a daily basis as we hear the contradictions, the obfuscations, and the Neanderthal meanderings of the Minister of Consumer and Corporate Affairs. This weekend the Minister in fact contradicted his own words when he said that there would be a detrimental effect on prices, because the prices of drugs would not go up. But any new miracle drugs coming on the market would not see their prices lowered as quickly as they might be, because they would not have competition from the generic drugs. It is going to hit us in the same place, that is, in our pocket-books.

The Acting Speaker (Mr. Paproski): There are still two short questions. One is from the Hon. Member for Surrey—White Rock—North Delta (Mr. Friesen) and the other is from the Hon. Member for Beaches (Mr. Young). I will recognize two very short questions put to the Hon. Member for Hamilton East (Ms. Copps).

Mr. Friesen: I listened with care to the Hon. Member's speech. I was a little afraid that she had overdosed on gripe water there for a while.

Some Hon. Members: Oh, oh!

Mr. Friesen: The purport of her remarks was that the legislation and the Government here are simply a mouthpiece for the United States. I have noticed for the past couple of years that the Hon. Member has taken positions similar to the Congress of the United States on such issues as Nicaragua and South Africa. I wonder if the Hon. Member is speaking as a mouthpiece of the United States when she does that. Is it not possible to have a parallel conclusion based on what is right, without being a mouthpiece for another country?

Second, if it is right to protect Canadian intellectual property, for example, authors, the works of Margaret Atwood, or movies, why is it not right to protect other intellectual property, too?

Ms. Copps: First of all, Mr. Speaker, going back to the introduction of the legislation which protected Canadian consumers back in the 1960s, the reason it was introduced was that this so-called intellectual property which was supposed to be flourishing in Canada was non-existent. Consumers were being taken to the cleaners.

The Hon. Member states that I have patterned my views after the views of the American Congress *vis-à-vis* South Africa. The Hon. Member mentioned the fact that I have taken the position of other countries. Yes. I am proud of the fact that unlike a colleague on his side of the House I am not going to go on a South African propaganda trip and give up my chance to be speaking here in Parliament. His Government has been getting away with speaking out of both sides of its mouth on the South African issue. There is one Member who is running off on a propaganda trip, which the Minister of State for External Affairs (Mr. Clark) has said is so outrageous that he is closing down the South African tourist board. Then there is another Member coming in and stating what a great job we are doing. I will pit the record of this Party on the issue of South Africa, and on the issue of the pharmaceuticals, against any other Party bar none, Mr. Speaker, and with no apologies.

Some Hon. Members: Hear, hear!

Mr. Young: I will try to make my question short, Mr. Speaker. Does the Hon. Member for Hamilton East (Ms. Copps) agree with what the government Members are arguing, that there is somehow going to be a Drug Prices Review Board provided in this legislation which will protect the interest of consumers? On the other hand, we know that the pharmaceuticals, the multinationals, have literally spent millions of dollars in challenging generic drug firms before the courts. Does the Hon. Member think that the multinational corporations would not alter their approach to generic drugs by indeed challenging any application that they may make before a review board? Dr. Harry Eastman expressed exactly the same fears in a report in *The Globe and Mail* this morning. Would the Hon. Member comment on that?

Ms. Copps: Far be it from me, Mr. Speaker, to criticize previous Liberal Governments. Some of us remember back to the mid-1970s when we had the prices review board under the very able leadership of Beryl Plumptre. There was a feeling among a lot of people that it is very easy to control wages. It is something quite different to control prices. The studies that have subsequently been done on the experience of the prices review board at that time show that it is very difficult, if not impossible, to control prices.

If you look at Clause 14, proposed Section 41.18 to proposed Section 41.25, the so-called prices review board that is being set up here is so vague that the Government chooses not even to define what is research and development. If there is no definition of research and development, how will we be able to equate the costs of the drug, and the costs that are to be borne by consumers?

Surely the issue of R and D—we have heard all this talk about intellectual property—is fundamental enough to the Bill that it should be included in the legislation, as opposed to left to the whim of some regulator who may, in fact, decide that something which is absolutely not Canadian R and D will be paid for by Canadian consumers.

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated.

Ms. Copps: Mr. Speaker—

The Acting Speaker (Mr. Paproski): I have been more than kind. Order, please. Questions and comments are now terminated.

Ms. Copps: I rise on a point of order.

The Acting Speaker (Mr. Paproski): On a point of order, the Hon. Member for Hamilton East (Ms. Copps).

Ms. Copps: Mr. Speaker, I wish to raise this point of order. I do not mean to be frivolous. But in the course of the the questions and answers, because of the noise level at times and the number of interventions that were coming from a number of Conservatives, I am not sure whether I answered all of the questions, or whether there was at least one Member from the Conservative side of the House who had the opportunity to pose a question without my having the opportunity to respond. Generally speaking, the strategy is to have a question followed by a response. Because of the mêlée, I was not sure whether that objective was achieved.

The Acting Speaker (Mr. Paproski): I think that the Hon. Member did very well today. I also think she has answered all the questions. I will vouch for that.

• (1800)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

SCIENCE AND TECHNOLOGY—NATIONAL RESEARCH COUNCIL—ABOLITION OF 200 POSITIONS IN APRIL—GOVERNMENT POSITION. (B) GOVERNMENT FUNDING

Mr. David Berger (Laurier): Mr. Speaker, on October 15, I raised the now infamous cuts at the National Research Council in a question in the House. On that day officials of the NRC announced at a press conference that they would be cutting $20 million from their budget and provided Canadians with a detailed list of the cuts. That $20 million cut was being made to a budget of some $400 million. The Government had previously cut the budget of the NRC by some $120 million in the two years since it took office. The cuts now total almost 30 per cent of the previous NRC budget of $520 million in November of 1984.

Also on October 15, John Polanyi, Professor of Chemistry at the University of Toronto, won the Nobel Prize. The coincidence of Dr. Polanyi winning the Nobel Prize and the Government cutting further in the area of research and development caused these issues to appear on the front pages of our newspapers and in the evening telecasts.

As an aside, some Tory Members several weeks later had the audacity to suggest in committee that the NRC had somehow planned to make these cuts on the very day that John Polanyi won the Nobel Prize. They indicated that there was some sort of conspiracy which the NRC had conjured up to try to make the Government look bad. How ludicrous.

I attended the press conference given by the NRC officials. They announced the $20 million in cuts at the direction and under the orders of the Government. The press conference coincided with a meeting of the executive committee of the NRC, following a meeting of the full membership of the council in September. At the end of that rather dreary press conference, I remember a member of the media saying to Larkin Kerwin, the President of the NRC: "Did you know that John Polanyi just won the Nobel Prize?" Dr. Kerwin was pleasantly surprised and somewhat taken aback. How ludicrous it is for members of the Conservative Party to suggest that there was some sort of conspiracy on the part of the NRC to announce the cuts on the same day as Dr. Polanyi won the Nobel Prize.

We know what happened thereafter. There was an outcry from all parts of the country when it was learned that the public safety office at the NRC was being sacrificed. That office had done some work in the area of detection of drugs and bombs at airports. It had done considerable work with police forces across the country. There was a protest from the Canadian Association of Chiefs of Police. We also learned that cold weather research would be affected. Work in the area of icing of structures in the North, such as transmission lines and helicopter blades, is going down the drain. We learned that the work of the scientists who had developed the mechanism which controls the Canadarm was being cut out.

• (1805)

We were told by the Minister of State for Science and Technology (Mr. Oberle) that there would be no lay-offs at the NRC. Several days later he told us that there would be no lay-offs this year. After that he said he personally would try to place scientists in universities and in the private sector to prove that there would be no lay-offs. The truth is somewhat different than what we were told by the Minister. We were told by officials at NRC that all the fat had been cut out in the past several years and that it would be difficult to avoid lay-offs this time around.

I could talk about the effect on morale of people at the NRC which is at all-time low, however, I would like to conclude by saying that the Minister's tactical retreat is unsatisfactory. The Minister has named a task force to review the cuts, but he has not said that it has the authority to reverse the cuts. He has not said that the Government will restore the funding of $20 million to the National Research Council. That is what I ask the Minister to do today, and I hope all Canadians will send him a message to that effect.

Adjournment Debate

Mr. Gordon Towers (Parliamentary Secretary to Minister of State for Science and Technology): Mr. Speaker, I welcome the chance to reply to the Member's question because it gives me an opportunity to set the record straight and lay to rest many of the exaggerated and unfair statements raised recently.

First, the extent of the reductions has been exaggerated. The Hon. Member said that the cut was 30 per cent when in actual fact it is only 9 per cent.

Mr. Berger: Take a look at your estimates.

Mr. Towers: An area of gross exaggeration has been the impact on people. It has been claimed that the reductions affect some 200 positions. In actual fact, as the Hon. Member for Laurier (Mr. Berger) found out in the Standing Committee, only 184 people are directly affected, something like half of them will be reassigned before the end of the year and the remainder will have a minimum of 13 months more in which to find satisfactory work. NRC expects to use many innovative ways to help these people. For example, the NRC wind tunnel will be commercialized and actively marketed. This could actually result in an expansion of employment at the facility if it goes to two shifts per day.

NRC is also discussing the possibility of transferring various research teams to Canadian universities or other departments so that they can maintain their R and D activities with limited disruptions. NSERC funding may be provided to help ease the transition.

NRC has also imposed a freeze on outside hiring, and an early retirement program will be introduced. All together these actions will ensure that valuable research and technical resources remain effectively utilized, even if they are not employed by the NRC. Finally, NRC will be getting additional person-years for some programs so that by next year their person-year authorities will be expanding.

Another issue that has often been raised is the question of IRAP. In spite of everything the Opposition has said, it can now be confirmed that IRAP contributions will not be reduced. We have always recognized how important that program is and have never wanted to cut it.

Lastly, many people have raised concerns over certain specific reductions. Many problems have been raised and a variety of dangers alluded to. We have now appointed a task force with three eminent persons to review the reductions to ensure that no such problems arise. In sum, the reductions and reallocations at NRC are only part of the Government's program in science and technology. They can be seen as necessary and important redress from the situation we inherited. The NRC situation has been exaggerated out of proportion. In actual fact, the extent of the cuts is not very great, the impact on people has been contained and the NRC remains a strong and viable research facility with new resources in important areas like biotechnology and space.

• (1810)

I recognize that the Hon. Member did not have the courtesy to remain for the answer.

BANKS AND BANKING—ESTEY COMMISSION REPORT—NON-PUBLICATION OF UNINSURED DEPOSITORS' NAMES. (B) INQUIRY CONCERNING POSSIBLE INTERIM REPORTS

Miss Aideen Nicholson (Trinity): Mr. Speaker, since the report of the Estey commission was released last month, I have asked a number of questions concerning the uninsured and as yet unnamed Canadian Commercial Bank and Northland Bank depositors who were fully reimbursed by the Government out of public funds. For over a year now my colleagues and I have been asking the Government to justify its refusal to release the names of those uninsured depositors who received nearly $1 billion in *ex gratia* payments out of the public purse. I would remind the House that these are the so-called sophisticated investors since we are talking about a wholesale bank. In fact, at least one investor on the secret list received $1 million of taxpayers' money to compensate for a lost deposit.

First the Government said that the provisions of the Bank Act precluded it from releasing the names. However, when my colleagues and I asked exactly what portion of the Bank Act and asked to see the legal opinions on which the Government was basing its interpretation of the Bank Act, we received no answers. I also asked why the Government was citing the Bank Act in the first place since the situation involved former banks then in liquidation whose affairs might reasonably be considered to be subject to the provisions of the Winding-Up Act rather than the Bank Act. Again I received no answer.

Finally, on October 1, 1985, I was told by the former Minister of State (Finance), as reported at page 7206 of *Hansard*:

—I am quite prepared to release the lists to the commission and have Mr. Justice Estey decide—

We now have the report of the Estey commission and, as illuminating and thorough as it is, it is completely silent on the matter of the uninsured depositors. On October 31, 1986, when I pursued this with the current Minister of State (Finance) (Mr. Hockin) he said, as reported at page 950 of *Hansard*:

—when the commission was established the question of the names of depositors was something on which Mr. Justice Estey was to decide . . . . It is not now our position to challenge Justice Estey's decision since it was his decision. He received the names and he has decided not to publish them.

When I pursued this further on November 3, 1986, I received a different response from the Minister of Finance (Mr. Wilson) who said, as reported at page 1007 of *Hansard*:

We decided it was inappropriate for us to release those names . . . We know that the matter could have been considered by Mr. Justice Estey. He chose not to do so.

In fact, we now know that the matter was never referred to Mr. Justice Estey. It was never a part of his terms of reference. Finally, after 18 months, the Minster of Finance admitted that it was his decision and that of his Cabinet colleagues and was

not particularly based on a legal opinion or on Mr. Justice Estey or anyone else behind whom they had tried to hide.

I do not think that Canadian taxpayers, who surely have the right to know where their tax dollars are going, will accept that the matter rests there. We in the Official Opposition have always taken the position that taxpayers have the right to know and we agree with the former Deputy Prime Minister who said in this House on October 4, 1985, as reported at page 7332 of *Hansard*:

—public funds are at all times subject to the scrutiny of Parliament. That is what this place is all about.

However, the Government has been less than forthcoming and has contradicted itself in the little that has been said. First we were told that there was a decision on the part of the Estey Commission not to release the names of the uninsured depositors. Then we were told that in fact it was the Government's decision and that the matter was not considered by the commission and was never part of its terms of reference.

It is not acceptable for the Minister of Finance to say, as he did on November 3, that it was the Government's decision not to release the names and to attempt to close the book on it without any reasonable explanation. A secret list of people who got $875 million from the taxpayers' pockets requires a very full explanation.

• (1815)

Mr. Gordon Towers (Parliamentary Secretary to Minister of State for Science and Technology): Mr. Speaker, the Hon. Member has raised the question of the publication of the list of uninsured depositors of the CCB and Northland Bank who were compensated under Bill C-79.

As was indicated in the House last fall, and reiterated this month, the Government felt it would be inappropriate to release the names of the uninsured depositors of the two banks because it holds as an important principle respect for the privacy rights of individuals. Protection of this privacy is consistent with the intent of the Bank Act and the Access to Information Act. The private financial information given by a depositor to a bank is given in confidence and treated with confidence from that moment forward under the privacy provisions of the Bank Act. Such protection of the privacy of individuals continues to be the position of the Government.

While the Government protected the names of depositors, it did table in the House a detailed breakdown of the categories of depositors compensated under Bill C-79. These lists were organized into more than 40 categories for each institution, representing a very clear and concise picture of the individuals and types of organizations who received compensation under the Bill. The breakdown clearly demonstrated therefore where and to what major groups in society the funds were to be paid. By doing so, the Government acted responsibly in providing as much information as possible, and at the same time did not violate the right to privacy of uninsured depositors.

The Government, while it did not feel entitled to release the names of uninsured depositors, did send the list of these individuals to Mr. Justice Estey. I want to clarify to the House, however, that the list was provided to the commission as part of a package of background information regarding events related to the Canadian Commercial Bank and Northland Bank failures. Mr. Estey was not asked to decide whether or not the list of uninsured depositors should be made public.

PHARMACEUTICAL INDUSTRY—STATEMENT ATTRIBUTED TO UNITED STATES TRADE NEGOTIATOR. (B) CONSUMER ASSOCIATION'S POSITION

Mr. David Orlikow (Winnipeg North): Mr. Speaker, on November 19 I put a question to the Minister of Consumer and Corporate Affairs (Mr. Andre) with regard to a statement by the U.S. special trade representative on whether drug prices will rise as the result of the Government's legislation. Of course, the answer is that Mr. Yeutter said drug prices will rise. According to the transcript of the program, he said:

Any improvements in this area are clearly in the best interest of Canada as a nation. Now in some cases maybe this will raise the price at the retail level of some of these products, but if we're going to have low retail prices based upon piracy it seems to me that's not a sound way to run a country.

My point was simply that if Clayton Yeutter said drug prices will rise and if Professor Eastman and the Canadian Drug Manufacturers Association said drug prices will rise, then there is not much doubt.

I realize that the Minister valiantly held out by insisting that the savings Canadians would make would come in the form of lower prices rather than higher prices, but he too finally conceded the point on Friday when he said his "worst case scenario" meant that drug prices could rise. I wonder if this could be confirmed tonight? I asked again in Question Period this afternoon, and I did not get any real answer, as to how much prices will rise as a result of this Bill.

The second part of Mr. Yeutter's comments was the reference to Canadian policy being based on piracy. Canadian patent rules are based on our national needs within recognized international conventions. They have withstood the many challenges which the multinational companies have made, the most recent being the Federal Court decision of 1985 which found that Canada's drug patent law was not an abridgement of the freedoms granted under the Canadian Charter of Rights, and further had not stopped the companies from earning substantial profits.

Compulsory licences, which authorized generics in this country, are a well-known patent device. They are recognized as such and the only reason they are being restricted, as proposed in this Bill, is not because they are theft, piracy, or that the people who apply for them are scavengers, but that the United States does not like them.

To change the present policy is to say that we must act like the big boys who are our trading partners. It ignores the fact that Canada is a very small minnow in the world drug market.

We are 2 per cent of that market. There are no multinationals with headquarters in Canada. All the indigenous Canadian drug companies have largely been bought up by multinationals and often had their research transferred to the United States.

Faced with this situation, the Government made the right choice in 1969. It said that we will not get much in the way of research and employment in an industry that is not employment intensive, so we have opted for lower prices and a smaller indigenous generic industry.

• (1820)

It is another form of the Auto Pact where we have recognized international reality and made the best deal for ourselves. The Government's legislation will now sacrifice both these aspects of a successful drug policy. I invite the Member who replies on behalf of the Government to confirm that we will no longer have low prices as our policy goal in prescription drugs, that we will have a generic drug industry which will be stalled for at least seven years before it has new drugs to produce and we will have a system which is essentially like that of the United States. Certainly Clayton Yeutter will be happy, but most Canadians will not be. I invite the Government to recognize why Canadians are not happy and why the majority is so opposed to this Bill.

[*Translation*]

Mrs. Gabrielle Bertrand (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, in reply to the Hon. Member for Winnipeg North (Mr. Orlikow), who has quoted Mr. Yeutter, I would like to say that perhaps there is some misunderstanding about the contents of this bill and about the role and functions of the Patented Medicine Prices Review Board. As the Minister has said on numerous occasions, this Bill will not affect drugs now sold in Canada and will not cause any increase in their price. The drugs which now have generic equivalents will continue to have them and competition between the manufacturer of innovative products and the generic company will continue to guarantee low prices for these products.

In the case of all existing drugs for which there is no generic equivalent at this time and of new drugs marketed in the future, the Prices Review Board is empowered to guarantee that the prices are reasonable and that any increase corresponds to the Consumer Price Index.

The Patented Medicine Prices Review Board is also empowered to compare the prices asked for a drug in Canada with those asked in other countries and to ensure that prices in Canada are reasonable and fair to Canadians. When the Board identifies an unreasonable price, it will have the power to revoke the exclusivity period for the product involved, and in extreme cases, to remove the exclusivity of another product of the same manufacturer.

Mr. Yeutter used the word piracy. I strongly oppose any allegation that our compulsory licensing system is an illegal counterfeiting scheme. The changes which will be made under Bill C-22 had long been suggested by other OECD countries. The previous Government had started a review process and corrections are now being made to our compulsory licensing policy, not as a response to these accusations, but because the Government wants to encourage investment in pharmaceutical research and development in this country. The Government wants also to stimulate the growth of a high quality chemical product branch in the pharmaceutical industry. The current policy has made very little progress on either of these fronts and the changes Bill C-22 will bring about will help remedy the situation. This initiative will create at least 3,000 new jobs for Canadians and will attract huge investments in research, development and manufacturing in the pharmaceutical industry in Canada.

The Acting Speaker (Mr. Paproski): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 6.24 p.m.

HOUSE OF COMMONS

Tuesday, November 25, 1986

The House met at 11 a.m.

[*English*]

BUSINESS OF THE HOUSE

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I rise on a point of order with regard to business of the House. There were some initiatives taken this morning to facilitate progress on Bill C-22. Would it be reasonable to request the undertaking of the Government House Leader (Mr. Mazankowski) that the Government will not take steps to move time allocation while negotiations are taking place and that we will continue with second reading stage of Bill C-22?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, nothing concrete has been offered at this time. If parties want to provide something concrete, I would certainly entertain it. However, if he is referring to a letter which was sent to me a few minutes ago, the proposal he is making is tantamount to him offering me $1,000 for a $10,000 automobile.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I move, seconded by the Hon. Member for Ontario (Mr. Fennell):

That the House do now proceed to the next item of routine business.

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, on a point of order. He does not have the floor. You called petitions. We are on routine proceedings and you did call for petitions. I rose to present a petition. I maintain that while we are on petitions, only petitions can be received. No point of order can be entertained while petitions are being presented.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, on the same point of order, the Hon. Parliamentary Secretary did have the floor. He had the floor under—

Mr. Gauthier: On a point of order.

Mr. Mazankowski: He had the floor. This is consistent with your ruling on November 7 as reported at page 1192 of *Hansard*. I see absolutely no difference. As a matter of fact, that has been going on across the way for the last few days. Similar types of dilatory motions have been moved to move to routine proceedings or government orders. Such a motion was moved yesterday. In order to be consistent, Mr. Speaker, this would have to be ruled in order.

Mr. Benjamin: He already called petitions.

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, the Government House Leader (Mr. Mazankowski) is right in a way. Yesterday he moved to move to orders of the day. I remind the Chair that there is a specific Standing Order which allows this to be done and specifies how it should be done. However, I know of no specific Standing Order which would allow us to move to another item within routine proceedings. Can the Hon. Parliamentary Secretary tell us where he finds provision in our Standing Orders to do what he has just done?

Mr. Lewis: Mr. Speaker, in addition to the precedent to which the Deputy Prime Minister (Mr. Mazankowski) referred, which was established on November 7, I bring to the attention of the Chair and my colleagues Beauchesne's Citation 417(1)(b)(ii) which refers to dilatory motions and includes a motion "That the House proceed to the next business". It is in there quite clearly. We are doing nothing more than following a precedent set November 7.

Hon. Herb Gray (Windsor West): Mr. Speaker, I would like to make a few comments. I submit that routine proceedings is an item of business and the effort of the Government to leap over one item of business under routine proceedings is not what is contemplated by the motion which the Government is trying to present at this time. I do not know why the Government would want to blank out an entire item of routine proceedings. I submit again that the motion offered by the Parliamentary Secretary to the Government House Leader (Mr. Lewis) is not intended to allow the Government to pick and choose among the various components of routine proceedings.

• (1110)

Mr. Mazankowski: Mr. Speaker, what we are trying to do is facilitate the business of the House. We have been frustrated for some 16 hours in trying to move this Bill forward for debate. The purpose of this is to prevent the kind of frustration and phoney procedural points that have been taking place from time to time, and allow debate on this Bill to take place. It is quite in order, under Citation 417, to move the motion that the Hon. Parliamentary Secretary has just moved. As a matter of fact, it is taken word for word from Citation 417.

Second, on November 7, a similar motion was presented and accepted under the same category of Routine Proceedings. I submit that, notwithstanding the protestations opposite, this motion is in order and the question should be put.

Mr. Riis: Mr. Speaker, I believe we need some clarification. When you called for petitions, Hon. Members were standing to be recognized under that order of business. Members had a number of petitions they wished to present on behalf of their constituents. The Parliamentary Secretary rose on a point of order—

Mr. Mazankowski: He did not.

Mr. Benjamin: He did so.

Mr. Riis: There were no petitions.

Mr. Mazankowski: He did not. He was recognized, he did not say a point of order. Stop putting words in people's mouth.

Mr. Riis: It was petitions.

Mr. Speaker: Order, please. I recognized the Hon. Parliamentary Secretary but he did not say "Point of order", nor did I say point of order.

Mr. Gauthier: Mr. Speaker, on what was the Member recognized if it was not a point of order? It was petitions. You called petitions. I stood because I had a petition. If he did not have a petition, he had no business being recognized. That is the point.

[*Translation*]

Mr. Prud'homme: Mr. Speaker, what appears to be happening in the House may well have occurred before. However, I submit, with respect, that just because there may be a precedent—that may well be erroneous—that does not mean we should use that precedent today.

[*English*]

Second, I want to take strong objection to what the Hon. Deputy Prime Minister (Mr. Mazankowski) just said about an exercise in frustration, and "phoney". I take objection to that. We all have had past experience—I am not talking to Hon. Members who came here in 1984—with events that took place in the House many times in the last years when we, having been in government, went through what the Hon. Deputy Prime Minister may be going through today. I object to the word "phoney" and to the vocabulary used by the Hon. Deputy Prime Minister about the right of Members to either present petitions or use any rules at our disposal to perhaps show our displeasure about some legislation. Certainly, that is exactly what the House is all about.

The Hon. Deputy Prime Minister is imputing motives about what my Party or the NDP are trying to do today. What we are trying to do may be very clear, but it is legal and very acceptable according to the rules of the House.

The Deputy Prime Minister may be extremely frustrated to see that we are not proceeding as fast as he would like, but he is the last person here who should show his displeasure when we remember that we had to endure bell ringing, night and day, for 14 days in the House. That was quite acceptable according to the rules of the House. He is showing his displeasure because we are not passing his legislation immediately, within very few hours. The Deputy Prime Minister and his colleagues are calculating some two hours and eleven minutes or two hours and seventeen minutes, or four hours for a very important piece of legislation.

I do not think that kind of vocabulary should be used in the House, to impute motives to our action today, this afternoon, tomorrow, the day after and even next week. It is not our custom to impute motives.

Second, in my view, any Member cannot rise at any time, on any subject, and move a motion. There are certain rules. You were calling petitions and we have petitions to introduce.

I may be wrong, Mr. Speaker, and you will have to decide what is proper at this time, but I submit that it is proper to go through the proceedings. If he could do that today, why did he not do it yesterday? If it was illegal yesterday, why should it be legal today. We are now on petitions and let us see what the rest of the day will bring.

Mr. Mazankowski: Mr. Speaker, I want to respond to the Hon. Member.

Mr. Guilbault (Saint-Jacques): He was responding to you.

Mr. Mazankowski: I simply want to respond to the comments that have been made. Perhaps if the Hon. Member were patient he would like what I have to say. I have tremendous respect for the Hon. Member for Saint Denis (Mr. Prud'homme). He has been a distinguished Member of the House for a long time and I in no way want to impute any motives. To the extent that I used the word "phoney" or anything that may be perceived as unparliamentary, I want to withdraw those statements.

However, I do remind him that he is really asking you to propose a sort of double standard in applying the rules. First, the Opposition did not want this Bill presented. They did not want to debate it. Now they want to debate it.

I submit that over 16.5 hours of House time has been spent in consideration of this piece of legislation.

Citation 417 is very much in order. Let me quote Citation 417(2)(ii):

> Dilatory motions are designed to dispose of the original question either for the time being or permanently. They are usually of the following type:

This motion comes directly from these examples. These are the examples:

> That consideration of the question be postponed to—
>
> A certain date.
>
> That the Orders of the Day be read.

That is exactly what the Opposition did yesterday in a similar set of circumstances. The third one, which is the motion we moved yesterday but was ruled out of order, is:

That the House proceed to (name another Order).

You in your wisdom, Mr. Speaker, ruled that out of order.

The fourth example is:

That the House proceed to the next business.

That is precisely the wording that was entertained on November 7, which you found in order, and which has been presented today under similar circumstances.

The other examples of a dilatory motion are:

That the debate be now adjourned.

I submit that there are clear examples of dilatory motions. This is but one example. I submit that it is in order and the question should be put.

Mr. George Henderson (Egmont): Mr. Speaker, I have six petitions from residents of British Columbia and Alberta who have asked me to present them to the House today. These petitions concern the retaliatory tariff that the Government has imposed on imported books. This affects those residents and they do not view presenting these petitions in the House as being a dilatory procedure. It is a very real issue to them and I hope that Members opposite will understand how western Canadians feel about some of the Government's policies that are affecting them, and how they want those concerns to be brought to the House of Commons through their representatives or people speaking on their behalf.

I have these petitions and I ask you to return to petitions so I can present them on behalf of residents of British Columbia and Alberta.

• (1120)

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, I will not bore you with the details of all of the petitions I have, I just want to make a procedural point. The Chair may or may not rule in favour of the Parliamentary Secretary because it did recognize him on petitions. I thought he had a point of order, too, but I accept the Chair's ruling that he did not say "point of order". However, he did get up on petitions.

In terms of co-operation in the House of Commons and not misleading each other, I do hope that since the Parliamentary Secretary was recognized on petitions that he indeed does have some petitions. To start rising on Petitions and move motions instead, I think will cause some very bad feelings in the House. It will mislead the Speaker—indeed, it does mislead the Speaker because he will think a certain Member has petitions to present which he does not have. It also misleads Hon. Members of the other Parties. If we get into that kind of mess, this Parliament will really get bogged down as it was a few years ago with the ringing of the bells. I make that as a point, Mr. Speaker.

Mr. Gray (Windsor West): Mr. Speaker, I want to place before you for your consideration two points; first, there has been reference made to a ruling made by yourself, Sir, on November 7. I took a look at *Hansard* and all that ruling seems to say is that a person cannot be recognized twice on the same day during the hearing of petitions to present petitions. I submit with the utmost respect that that ruling has nothing whatsoever to do with the issue before us.

Second, in *Hansard* of yesterday I see that after the Government House Leader moved that the House proceed to Government Notices of Motions immediately after petitions were called, the Chair ruled as follows:

The motion is that the House proceed to Government Notices of Motions, which means that, if the Chair should rule that it is in order, a number of items that are in the usual order under Routine Proceedings would not be heard. It is the view of the Chair that that would be inappropriate and that we should proceed from item to item. Consequently, I regret to advise the Hon. Deputy Prime Minister that in the view of the Chair the motion is out of order.

I respectfully submit that what we are faced with today is exactly the same situation we were faced with yesterday which led to the ruling I just quoted. If yesterday, after petitions were called, a motion by the Government House Leader that the House proceed to Government notices of motions was out of order, surely a motion today on behalf of the Government that the House proceed to the next order of business, a motion made after petitions had been called, would also be out of order.

I respectfully submit, Sir, that the ruling the Chair made yesterday with respect to the motion that the House proceed to Government notices of motions is directly applicable in the same way to the motion made today by the Parliamentary Secretary to the Government House Leader, and whether that motion is in order is the question to be decided.

Mr. Lewis: If I may, Mr. Speaker, I just have two brief points as a result of comments made by other Hon. Members of the House. I find it odd that Hon. Members of the New Democratic Party who moved yesterday to cut off routine business by moving the House proceed to the orders of the day should today complain if someone moves to move through routine orders of the Day.

Mr. Benjamin: We didn't do it after petitions had been called.

Mr. Lewis: I just do not see how they can argue one thing one day and another thing another day. Specifically—

Mr. Cassidy: We moved the motion yesterday. You could have had it yesterday.

Mr. Lewis: If the Hon. Member of Parliament who has just recently joined us would let me finish so we can get on with this debate.

Mr. Cassidy: Don't be so sensitive.

Mr. Lewis: Sensible as opposed to you.

Mr. McCurdy: Order.

Mr. Riis: Order.

Mr. Lewis: The Hon. Member for Egmont (Mr. Henderson) made the point that he has petitions—

Mr. McCurdy: Point of order.

Mr. Lewis: —to file with the table. I would point out that under Standing Order 106(3):

A petition to the House may be presented by a Member at any time during the sitting of the House by filing the same with the Clerk of the House.

Mr. McCurdy: Point of order.

An Hon. Member: He is still on a point of order. Sit down.

Mr. Gauthier: You are just putting oil on the fire, Doug.

Mr. Speaker: Perhaps the Parliamentary Secretary can close off his remarks.

Mr. Lewis: I just wanted to draw to your attention, Mr. Speaker, and to the attention of my colleagues opposite who may not be familiar with this particular Standing Order, that under Standing Order 106(3), which refers to petitions, my hon. colleagues will know that rather than tie up the time of the House by filing petitions verbally with the Table, the provision is in the Standing Orders for filing the same with the Clerk of the House.

Mr. Speaker: I think the Chair has heard enough argument and is ready to rule.

Mr. McCurdy: Point of order.

Mr. Speaker: The Chair is making a ruling. I know the Hon. Member would respect that.

On November 7, 1986, the House was in session. It was under Routine Proceedings, Petitions, and the Hon. Deputy Prime Minister (Mr. Mazankowski) rose and moved that this House now proceed to the next item of routine business. After consideration, the Chair accepted that motion as appropriate and a vote was taken.

The Chair feels the situation is the same today. All Hon. Members will remember that on another occasion, I believe yesterday, the Chair said that in its opinion it was not appropriate that the Government under Routine Proceedings jump over items. That is not the case here. The motion is to move to the next item under Routine Proceedings. I, therefore, decide that the motion is in order.

The question is on the motion of Mr. Lewis, seconded by Mr. Mazankowski, that the House do now proceed to the next item of Routine Business.

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

Mr. Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

Mr. Speaker: In my opinion, the yeas have it.

And more than five Members having risen:

Mr. Speaker: Call in the Members.

The House divided on the motion (Mr. Lewis), which was agreed to on the following division:

(*Division No. 26*)

YEAS

Members

Andre
Beatty
Belsher
Bernier
Bertrand
Binns
Blackburn (Jonquière)
Blais
Blenkarn
Blouin
Bouchard
Bourgault
Brightwell
Brisco
Cadieux
Caldwell
Champagne (Champlain)
Clark (Yellowhead)
Clark (Brandon—Souris)
Collins
Comeau
Cook
Corbett
Cossitt
Côté (Lac-Saint-Jean)
Crofton
Crosby (Halifax West)
Crouse
Dantzer
Darling
de Cotret
Desjardins
Domm
Duplessis
Edwards
Epp (Provencher)
Fennell
Ferland
Fontaine
Forrestall
Fretz
Friesen
Gagnon
Gass
Gérin
Girard
Graham
Gravel
Greenaway
Grisé
Guilbault (Drummond)
Gustafson
Hawkes
Hees
Hnatyshyn
Hockin
Holtmann
Jepson
Johnson (Bonavista—Trinity—Conception)
Joncas
Kilgour
Kindy
King
Ladouceur
Lanthier
Layton
Leblanc
Lesick
Lewis
MacDonald (Kingston and the Islands)
MacKay
Mantha
Martin
Masse
Mayer
Mazankowski
McCain
McCuish
McDougall (St. Paul's)
McKnight
McMillan
Minaker
Mitges
Nicholson (Niagara Falls)
Nowlan
O'Neil
Pennock
Pietz
Plamondon
Plourde
Porter
Price
Ravis
Reid
Ricard
St. Germain
Schellenberg (Nanaimo—Alberni)
Schellenberger (Wetaskiwin)
Scott (Hamilton—Wentworth)
Scowen
Siddon
Sparrow
Suluk
Tardif (Charlesbourg)
Thacker
Towers
Tremblay (Québec-Est)
Tremblay (Lotbinière)
Tupper
Turner (Ottawa—Carleton)
Valcourt
Van De Walle
Warner
Wilson (Etobicoke Centre)
Winegard
Wise—116

NAYS

Members

Allmand	Gray (Windsor West)	Murphy
Angus	Grondin	Nicholson (Trinity)
Benjamin	Guilbault (Saint-Jacques)	Nunziata
Blackburn (Brant)	Henderson	Nystrom
Boudria	Hopkins	Orlikow
Cassidy	Hovdebo	Ouellet
de Corneille	Kaplan	Parry
de Jong	Keeper	Penner
Dingwall	Killens	Prud'homme
Epp (Thunder Bay—Nipigon)	Langdon	Riis
Finestone	Malépart	Robichaud
Foster	Manly	Robinson
Frith	Marchi	Rodriguez
Fulton	McCurdy	Young —47
Gagliano	McDonald (Broadview—Greenwood)	
Garneau	Mitchell	
Gauthier		

• (1200)

Mr. Speaker: I declare the motion carried.

Hon. Ray Hnatyshyn (Minister of Justice and Attorney General of Canada): Mr. Speaker, I move, seconded by the Deputy Prime Minister (Mr. Mazankowski):

That the House now proceed to the next item of routine business.

Some Hon. Members: Shame!

Mr. Gray (Windsor West): On a point of order, Mr. Speaker—

Mr. Speaker: Order, please. We are now at the introduction of bills stage as a consequence of the motion moved by the Parliamentary Secretary. As I am required to do, I am dealing with each of the Bills of which we have notice and in the names of Ministers or Members.

I have not recognized the Hon. Minister of Justice (Mr. Hnatyshyn) but think that the Minister of Justice is attempting to use this occasion to introduce a motion that the House do now proceed to the next item of routine business. That of course was the motion upon which the House has just voted.

• (1210)

The Chair had occasion to consider this general question a few days ago. On November 7, at page 1194 of *Hansard*, the Chair said:

In the view of the Chair, in these proceedings the House is bound by the Bills as set out in the Order Paper. I think the Chair is bound to advise that we must follow the Order Paper.

Therefore, the Chair so rules and we will continue with introduction of bills.

Some Hon. Members: Hear, hear!

Mr. Speaker: Mr. Hnatyshyn, seconded by Mr. Mazankowski—

Mr. Hnatyshyn: Mr. Speaker, I was recognized and—

Some Hon. Members: No, you were not.

Mr. Hnatyshyn: Mr. Speaker,—

Some Hon. Members: Sit down!

Mr. Hnatyshyn: I am not going into the Bill—

Mr. Speaker: I think it is the wish of the Hon. Minister of Justice that the Bill stand.

* * *

AN ACT TO AMEND THE CANADA ELECTIONS ACT (LEAVE OF ABSENCE)

Mr. John R. Rodriguez (Nickel Belt) moved for leave to introduce a Bill to amend the Canada Elections Act (Leave of Absence).

Mr. Speaker: Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Speaker: All those in favour of the motion please say yea.

Some Hon. Members: Yea.

Mr. Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And more than five Members having risen:

Mr. Speaker: Call in the Members.

The House divided on the motion (Mr. Rodriguez) which was agreed to on the following division:

(*Division No. 27*)

YEAS

Members

Allmand	Hovdebo	Murphy
Angus	Isabelle	Nunziata
Benjamin	Kaplan	Nystrom
Boudria	Keeper	Orlikow
Caccia	Langdon	Parry
Cassidy	Malépart	Penner
de Jong	Manly	Prud'homme
Epp (Thunder Bay—Nipigon)	McCurdy	Riis
Finestone	McDonald (Broadview—Greenwood)	Robinson
Fulton	Mitchell	Rodriguez
		Young —31

NAYS

Members

de Corneille	Gray (Windsor West)	Nicholson (Trinity)
Dingwall	Grondin	Ouellet—10
Gagliano	Killens	
Garneau	Marchi	

• (1240)

Mr. Speaker: I declare the motion carried.

* * *

CANADA ELECTIONS ACT

MEASURE TO AMEND

Mr. John R. Rodriguez (Nickel Belt) moved that Bill C-237, be read the first time and be printed.

• (1250)

Mr. Mazankowski: Mr. Speaker, I rise on a point of order. As Your Honour knows, government Members abstained from voting on this particular issue—

Some Hon. Members: Shame, shame!

Mr. Benjamin: That is not a point of order.

Mr. Keeper: What's your excuse?

Mr. Mazankowski: As you know, Mr. Speaker, normally Bills of this nature are routinely introduced and passed by all-Party agreement on a unanimous basis. We regret that there were some differences of opinion across the way. We elected to allow the opposition Parties to sort out their differences between themselves. However, it just illustrates further the games that are going on here which are making a farce out of this institution.

Some Hon. Members: Hear, hear!

Mr. Gray (Windsor West): Mr. Speaker, there is a well-established principle that it is not in order to reflect on a vote of the House, certainly not in the manner—

Some Hon. Members: Hear, hear!

Mr. Speaker: The Chair has taken the point of the Hon. Member for Windsor West (Mr. Gray).

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: No.

An Hon. Member: Explain!

Mr. Speaker: The Hon. Member for Nickel Belt (Mr. Rodriguez).

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, I thank my colleagues for allowing me to present this Bill.

The Bill is entitled an Act to amend the Canada Elections Act. The purpose of the Bill is to extend—

Mr. Speaker: Order, please. The Hon. Member knows that this is not a time for a speech, but for a brief explanation.

Mr. Rodriguez: Mr. Speaker, the purpose of the Bill is to extend the leave of absence provisions respecting a candidate in a federal election to a candidate who is successfully elected as a Member of the House of Commons. It would apply to all employees who come under the jurisdiction of Part III of the Canada Labour Code.

Some Hon. Members: Hear, hear!

Mr. Speaker: Mr. Rodriguez, seconded by Mr. Riis, moves that the Bill be now read a first time and be printed. Is it the pleasure of the House to adopt the motion?

Mr. Robinson: Mr. Speaker, I rise on a point of order.

Mr. Speaker: I think the Hon. Member will realize that the Chair is putting the question and that it is not the time to raise a point of order.

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: No.

Some Hon. Members: Agreed.

Mr. Speaker: All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

Mr. Speaker: All those opposed to the motion will please say nay.

Some Hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five Members having risen:

Mr. Speaker: Call in the Members.

The House divided on the motion (Mr. Rodriguez) which was agreed to on the following division:

(*Division No. 28*)

YEAS

Members

Angus	Epp (Thunder Bay—Nipigon)	Grondin
Benjamin	Finestone	Hopkins
Blackburn (Brant)	Foster	Hovdebo
Caccia	Fulton	Keeper
de Jong		Langdon
		Manly

Marchi
McCurdy
McDonald (Broadview—Greenwood)
Murphy
Nicholson (Trinity)
Nystrom
Orlikow
Parry
Penner
Prud'homme
Riis
Rodriguez
Young —28

• (1330)

Mr. Speaker: I declare the motion carried.

Mr. Mazankowski: Point of order. Mr. Speaker, the Government abstained from voting on this matter. For reasons I outlined earlier, we believe—

Mrs. Finestone: You are commenting on the vote.

Mr. Mazankowski: I am not commenting on the Hon. Member's vote. I am explaining the disposition of the Government for the information of the Hon. Member.

Mr. Speaker: Order, please. It has been known to happen in this Chamber that Hon. Members insist on the right to come into the Chamber and indicate how they would have voted had they been in the Chamber. We have had some recent experience along those lines. I think the Hon. Deputy Prime Minister (Mr. Mazankowski) can give the reason why Government Members did not vote.

Mr. Mazankowski: Thank you, Mr. Speaker. We believe it is the inherent right of every Member in this House, whether on the Government side or the Opposition side, to introduce a Bill. We do everything we can to facilitate that process in every way possible.

Mr. Speaker: When shall the Bill be read a second time? At the next sitting of the House?

Some Hon. Members: Now.

Mr. Prud'homme: One o'clock.

Mr. Gauthier: Point of order, Mr. Speaker.

Mr. Prud'homme: One o'clock.

Mr. Speaker: It being one o'clock p.m., I do now leave the Chair until two o'clock p.m.

At 1.35 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

S.O. 21

STATEMENTS PURSUANT TO S.O. 21

[*English*]

TRADE

UNITED STATES DUTY ON CANADIAN LUMBER—EFFECT ON NORTHERN ONTARIO

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, the people of northern Ontario are angry because the Government has caved in to the Americans and agreed to an arrangement for making permanent a 15 per cent cost imposition on our softwood lumber. Whether that 15 per cent is a tariff, an export tax, or an increase in stumpage fees, the result will be equally devastating for northern Ontario. Saw mills are and will be closed. Thousands of jobs will be lost. The industry in Ontario cannot afford the burden of an additional 15 per cent cost. Even if the $600 million or $700 million referred to by the Prime Minister (Mr. Mulroney) remains in Canada, it cannot be poured back into the industry without risking a further 15 per cent from the Americans.

We in Canada have the sovereign right to place a value on our natural resources. For the Americans to try to dictate the worth of our resources is a violation of our sovereignty. We should have stood our ground and fought. Instead, we yielded to American pressure. Today we gave in on lumber. Tomorrow it may be pulp or paper. We in northern Ontario feel betrayed and we will not forget this act of unfairness and injustice.

* * *

DRUGS

NEED FOR LISTING OF INGREDIENTS ON DRUG LABELS

Mr. Lee Clark (Brandon—Souris): Mr. Speaker, the federal Government has made genuine progress in making the environment safer for people who have allergies. The Minister of National Health and Welfare (Mr. Epp) has banned the use of sulphites so that people will no longer risk having an allergic reaction to food which they eat in restaurants or buy at a store.

However, more needs to be done. Every time we take a drug we risk having an allergic reaction because the ingredients of drugs are not listed on the label and we do not really know what is contained therein. One Canadian died this year when she unknowingly took a drug which contained a preservative to which she was allergic. Another Canadian has been near death on several occasions because he did not know that the drug he was taking contained an ingredient to which he was allergic.

These situations could have been avoided if the ingredients of the drugs were listed on the labels. Ingredients of drugs should not be kept a secret. Canada has one of the best ingredient lists on foods in the world. I urge the Minister of National Health and Welfare and the Minister of Consumer and Corporate Affairs (Mr. Andre) to apply those same standards to medication.

S.O. 21

AIR CANADA

DISMISSAL OF EMPLOYEE FOLLOWING RESULT OF DRUG TEST

Mr. Rod Murphy (Churchill): Mr. Speaker, an Air Canada employee in Winnipeg was fired on October 14 on the basis of a drug test. I understand that the worker was not informed that he would have to undergo the drug test performed by an Air Canada physician as part of a mandatory medical examination, and that a number of other applicants for the same job were not informed that they would have to undergo similar testing.

This man was hired on August 15 and worked for almost two months before being fired on the basis of a finding of cannabis in his test taken prior to being hired. An Air Canada official has stated that the worker's job performance was not even taken into consideration. The employee states that he discontinued the use of marijuana when he was hired at Air Canada, and went back to the same clinic which Air Canada, uses for another drug screen. The test revealed no trace of the drug.

I believe that this is an example of indiscriminate drug testing by Air Canada. Air Canada is particularly despicable in its use of the tests for failing to inform applicants that they will be screened for drugs and, in this particular instance, for firing someone on the basis of a two-month old drug test without even giving any consideration to the person's performance record on the job. The Minister responsible for Air Canada should end this questionable practice immediately.

Mr. Speaker: I regret that the Hon. Member's time has expired.

* * *

[*Translation*]

NATIONAL DEFENCE

IMPORTANCE OF CADET CORPS

Mrs. Anne Blouin (Montmorency—Orléans): Mr. Speaker, last weekend I had the pleasure of joining officers and members of the civilian committee of Squadron 630 of Montmorency to celebrate their 30th anniversary. The cadets of Squadron 630 receive a yearly financial contribution of about $500,000 from the Department of National Defence, which is used to pay for salaries of officers and civilian instructors, uniforms, summer camps, administrative support at the bases in Valcartier and Bagotville, flying classes, and so forth.

Mr. Speaker, thanks to the assistance provided by the Department of National Defence, these boys and girls from the riding of Montmorency—Orleans are cultivating a sense of public duty and discipline and a responsible attitude that will certainly serve them well in the future.

I am aware how important it is to have these cadet corps, and I am sure National Defence will continue its support.

* * *

• (1405)

[*English*]

ENVIRONMENTAL AFFAIRS

"GREENHOUSE EFFECT" PREDICTION

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, Doctor Ken Hare, a climatology expert, says that "the greenhouse effect" is a reality. He predicts that temperatures in the Arctic will rise by as much as eight degrees by the year 2040 and that the planet will be affected, with particular impact on Canada.

As a nation we will have to make major adjustments to cope with the rise in temperature. I urge the Minister of the Environment (Mr. McMillan) to develop an action plan on the greenhouse effect. This is a complex and inter-generational issue. We must ensure that as a nation we are equipped to deal with the changes that the rise in global temperature will bring about.

We also ought to help plan a global response and set up the international structures needed to tackle a global issue of such magnitude. Let us hope that the World Commission on Environment and Development will design the international structures necessary to slow down, if not check, the greenhouse effect, and that the United Nations will act on their recommendations expeditiously.

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[*Translation*]

SOCIAL SECURITY

UNIVERSALITY OF PROGRAMS—GOVERNMENT POSITION

Mr. Jean-Guy Guilbault (Drummond): Mr. Speaker, once again, our Conservative Government is keeping its promises to Canadian taxpayers by maintaining and promoting the universality of social programs, including family allowances. Our Government has made it possible for 756,000 families with incomes of less than $15,000 in 1985 to receive advance payments for 1986 of $300 per child, and this will apply to about 1,300,000 children in Canada.

This year, the maximum child tax credit payable in the spring of 1987 will be $454, an increase of $70, and in 1988 the maximum will be $524. This means that from now on families will no longer have to resort to using the services of tax discounters who in some cases were taking advantage of the precarious financial situation of low-income Canadian families. Mr. Speaker, this is one more example of the sense of equity and justice that guides this Government.

[*English*]

CANADIAN NATIONAL RAILWAYS

ANNOUNCEMENT OF MONCTON LAY-OFFS

Mr. Les Benjamin (Regina West): Mr. Speaker, the people of Moncton and the employees of the Moncton shops have more cause to distrust Canadian National and the Government today than they have ever had before. For years, unions representing the workers, the workers themselves, the City of Moncton, and Members of Parliament have begged and pleaded with the Government for accurate information on the future of the shops.

Last week I took such a concern to the President of Canadian National in the Transport Committee. In response to questions from the Member for Moncton (Mr. Cochrane) and myself about whether or not CN was planning to proceed with further lay-offs at Moncton, CN told the Standing Committee on Transport that no lay-offs were imminent.

Yesterday, CN announced that lay-offs would proceed at Moncton due to a reduction in work. I submit that no reduction of work has occurred between last Tuesday and today, and that CN is again using smoke and mirrors to exercise economic blackmail on its employees and on the city, in spite of a job protection clause—

Mr. Speaker: I regret to inform the Hon. Member that his time has expired.

* * *

[*Translation*]

WOMEN

ECONOMIC EQUALITY FOR WOMEN—GOVERNMENT'S PERFORMANCE

Mrs. Lise Bourgault (Argenteuil—Papineau): Mr. Speaker, for the first time in Canadian history the ten provincial Premiers and the Prime Minister of Canada (Mr. Mulroney) agreed to discuss the economic equality of women at the annual conference of First Ministers in Vancouver. In his statement the Prime Minister focused on existing inequalities between men and women.

Mr. Speaker, the Liberals thwarted and derided Canadian women for the last 15 years, and finally it took a Prime Minister like Brian Mulroney to give women in this country a reason to hope for a brighter future. For 15 years the Liberals did nothing but talk and philosophize, promising women that they would gain their rightful place.

In just two years, Mr. Speaker, our Government took action. There are too many examples to mention, and you know them anyway. Again today as I am speaking, three women are being sworn in as senators, three exceptional appointments which, I am sure, will stimulate other men and women who have been

in the other place for too long already. Mr. Speaker, another performance which will be hard to beat at the next election!

* * *

• (1410)

[*English*]

REFUGEES

DEPORTATION OF IRANIAN FROM UNITED STATES

Mr. Sergio Marchi (York West): Mr. Speaker, I rise as I did last week and once again ask the Minister of State for Immigration (Mr. Weiner) to reconsider his decision on Mr. Akbar Moatamedi. Mr. Moatamedi is a 25 year old Iranian who, for the second time, will be deported back to Iran tomorrow by the United States. Earlier this year, for the second time, Mr. Moatamedi attempted suicide rather than face certain torture and probable death in Iran.

There is a sponsoring group in Yarmouth, Nova Scotia, which is prepared to house, finance, and support this individual if he is admitted into Canada as a refugee. He is a university graduate and is employable. Canada earlier won the Nansen Medal Award for its service and work for refugees on compassionate and humanitarian grounds. I would ask the Minister of State for Immigration not get caught up in technicalities, that we recognize as a Government and as a country that we have the potential to save one human life. To turn our eyes away from this individual is to co-operate in this individual's eventual torture and probable death. I urge the Minister once again to have some humanitarian consideration—

Mr. Speaker: Order.

* * *

[*Translation*]

CONSUMER AFFAIRS

GENERIC DRUGS

Mr. Gabriel Fontaine (Lévis): In 1968, Mr. Speaker, in this House, the present Leader of the Liberal Party who was then Minister of Consumer and Corporate Affairs tabled a Bill to allow generic drug companies to duplicate pills in exchange for a mandatory 4 per cent fee to the inventors. What the Bill introduced by the Liberal leader did not say was that Canada would lose thousands of jobs. Since then, 1968, there has been no research and development in Canada because the Liberals gave the green light to pill copiers. Today, Mr. Speaker, as a result of the system set up by the present Leader of the Liberal Party, some of our sick people have to go to the United States or other foreign countries to obtain the drugs they need.

Mr. Speaker, the fact that the Liberals now support the socialists against our excellent Bill designed to rejuvenate the

Canadian drug industry shows that they have jumped into bed with the socialists, the former bent on regaining power at all costs, the latter blinded by their negative approach to Quebec.

Mr. Speaker: I am sorry but the time allotted to the Hon. Member has expired. The Hon. Member for Nickel Belt (Mr. Rodriguez).

* * *

[*English*]

INDUSTRY

FUTURE OF SYDNEY STEEL CORPORATION

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, the future of the community of Cape Breton hangs in the balance. The future of the Sydney Steel Corporation is determined by both the federal and provincial Tory Governments. The federal Tory Government has a responsibility to the people of Cape Breton to ensure the viability of Sysco. As Mr. Wes Stubbert, a Cape Breton County Councillor, said: "The Cape Breton economy rotates on Sysco's axis. It is the heart of our community and has to be strong. It is the main vein in the economic body of Cape Breton".

The viability of Sysco is in the hands of the federal Tory Government. Sysco needs rail orders. Only the federal Government can instruct CN to order its rails from Sysco. The Government has already established the principle that it is prepared to intervene where large numbers of jobs are endangered and a community is threatened. Such is the situation in Cape Breton—

Mr. Speaker: I regret to advise the Hon. Member that his time has expired.

* * *

PHARMACEUTICAL INDUSTRY

SUPPORT FOR AMENDING LEGISLATION

Mr. Barry Turner (Ottawa—Carleton): Mr. Speaker, one of Canada's leading newspapers, *The Globe and Mail*, printed today that the Government's direction on proposed changes to the Patent Act concerning the pharmaceutical industry is the right pill for Canada. In an article by Philip Seeman, chairman of the University of Toronto's Pharmacology Department, he states that drug designers have been packing their bags and leaving the country for years.

• (1415)

Canada is simply not inventing new drugs, but we have the capacity to do so. Most countries consider us drug pirates prepared to lay low behind some secure inlet and steal what others produce.

Jobs for thousands of young, enthusiastic Canadian researchers will be produced through hundreds of millions of dollars of R and D. Price stability will be assured by the drug prices review board.

Canadians may wonder what silly parliamentary games have been going on in this House lately. They should tell members of the Opposition to pack their bags and let Canada become a producer, not a pirate.

* * *

[*Translation*]

THE ADMINISTRATION

GOVERNMENT'S PRIORITIES

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, today, we heard to three Conservative Members. During their first year, people said they lacked the experience, but today, we can say they lack the competence.

The first Member said her Government had done a great deal for women. Unfortunately, the Hon. Member overlooked the fact that her Government was the first to discriminate against women by depriving 80,000 senior citizens in Canada of the spouse's allowance just because they are separated or divorced.

Mr. Speaker, another Member talked about pharmaceutical products, and I think it is clear this Government and these Conservative Members are interested only in big bucks and the big companies. That same Government, with no compunction whatsoever, levies a 10 per cent tax on people's health, taxing the sick to reduce the deficit.

Mr. Speaker, another Conservative Member talked about family allowances. These people had the nerve to de-index family allowances, to take away Canadian families' bread and butter with a 3 per cent cut in family allowance cheques.

ORAL QUESTION PERIOD

[*English*]

TRADE

UNITED STATES DUTY ON CANADIAN SOFTWOOD LUMBER—FEDERAL-PROVINCIAL POSITION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, in the absence of the Prime Minister I direct my question to the Deputy Prime Minister. I had the honour of meeting earlier today with the Premier of British Columbia. I told him what I have already told the Prime Minister in this House, that is, plea bargaining with the United States is not the way to handle the lumber issue. It is admitting a case when we have a solid case before the case is brought down and decided.

An Hon. Member: What does he have to say?

Mr. Turner (Vancouver Quadra): Mr. Speaker, I can assure you within the rules that the Premier can speak for himself.

The Minister for International Trade gave the strong impression—indeed, she told the provinces—that there was a deal with the United States. That now appears to be reduced to an agreed approach. Will the Deputy Prime Minister tell us what the deal is and explain it clearly to the House of Commons?

Some Hon. Members: Hear, hear!

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I wonder if I might be permitted on the beginning of my week in the House of Commons to express my very best wishes to the Right Hon. Leader of the Official Opposition as he goes through a period of travail with which I am only too well acquainted.

Some Hon. Members: Oh, oh!

Mr. Clark (Yellowhead): If the hon. gentleman needs any help in getting out of enemy territory, just have him call me directly, Mr. Speaker.

Some Hon. Members: No, no!

Mr. Clark (Yellowhead): Mr. Speaker, the Minister for International Trade indicated in Vancouver that there had been an agreement by the majority of the provinces and the federal Government to discuss an approach with the Government of the United States that would not only bring to an end the countervail petition against Canada but which would also allow us to keep in Canada money that might otherwise drain away to the United States. That is being pursued.

Mr. Turner (Vancouver Quadra): Mr. Speaker, of course I wish to thank the right hon. gentleman for his good wishes. However, I wish to assure him that I have no intention of retaining him as a consultant in this particular matter.

Some Hon. Members: Oh, oh!

CANADIAN APPROACH

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, it now appears that the so-called agreed approach with the provinces is falling apart. Ontario is not there. It appears that Quebec and British Columbia might well go it alone to apply individually for suspension agreements with the United States. Will the right hon. gentleman tell us that not only does he not have a deal with the United States but that he no longer has an agreed approach with the provinces?

• (1420)

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, we have an agreed approach with the provinces excepting Ontario, and we expect that that agreed approach will lead to an arrangement with the United States that will end the countervail and will stop the potential drain away from Canada of hundreds of millions of dollars.

TERMS OF CANADIAN OFFER

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the Prime Minister's latest final offer is 15 per cent. Will the right hon. gentleman tell us if the Government would be prepared to go from 15 per cent up to 20 per cent or 25 per cent in order to satisfy our American neighbours?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I will convey the Leader of the Opposition's recommendation to the Prime Miniser. However, I do not think this is a week in which the Leader of the Opposition and I want to discuss percentages.

Some Hon. Members: Oh, oh!

Mr. Tobin: Mr. Speaker, the Leader of the Official Opposition, unlike some other Right Hon. Members in this House, can count.

EXPORT TAX INQUIRY

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. The Secretary of State has just tried to tell the House that the co-ordinated approach is in good shape. However, as the Leader of the Official Opposition has said, the Premier of British Columbia can speak for himself. He has told the Government it has two days to put it together or the Province of British Columbia and, apparently, possibly the Province of Quebec, will go it alone.

Will the Secretary of State agree that, given the late stage of these negotiations, indeed the only way Canada can satisfy U.S. lumber industry interests is by imposing, contrary to what has been said, an export tax on the Canadian industry?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I have been asked whether or not I would agree with that. My answer is no, I would not agree with that.

PROPOSED CANADIAN MEASURES

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, it is time for the Minister to put aside his opportunity for making quips for a moment and to tell Canadians exactly what is being proposed. The major players agree that it is impossible to put a stumpage fee increase in place at this late stage. One province and possibly two are threatening to walk away from the co-ordinated position by Friday. Can the Secretary of State tell Canadians in plain, simple language what is it the Government of Canada is doing, if anything at all, besides floundering around in the sea of international trade?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, let me quote from the statement made by the Minister for International Trade:

> The Canadian Government has proposed an agreement that would lead to a complete withdrawal of the countervail action by the U.S. lumber producers. In return, Canadian governments would agree to take measures to offset the effect of a 15 per cent countervailing duty. Details of the Canadian measures will be disclosed following further consultations with provinces, industry, labour and the U.S Government.

The Deputy Minister for International Trade is consulting now with provinces—

Some Hon. Members: She is in Japan.

Mr. Clark (Yellowhead): The Deputy Minister for International Trade is consulting with provinces right now in the Pearson Building which, when I last looked, was on Sussex Drive and not in Japan. We will continue that kind of consultation looking for a way to bring an end to the countervail and stop a potential haemorrhage of hundreds of millions of dollars out of Canada to the United States.

CANADIAN APPEAL TO GATT

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I have to say that the Government's trade policy has turned into a farce of flip-flops and U-turns. It is frankly no wonder that the Minister—

Mr. Speaker: Order. The Hon. Member will put his question.

Mr. Langdon: Thank you, Mr. Speaker. I just wanted to note that it was no wonder that the Minister for International Trade has gone off to Japan—

Mr. Speaker: Order. I know the Hon. Member wants to note many things, but the Hon. Member will put his question.

• (1425)

Mr. Langdon: Will the Minister of External Affairs admit that the Government has caved in on its harsh attacks on U.S. customs surcharges by changing its GATT appeal from Section 23 of the Code, which allows for tough action against the United States, to the toothless Section 22 that only involves consultation?

Some Hon. Members: Hear, hear!

Mr. Blackburn (Brant): Put your dentures in and answer.

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, after the Hon. Member passed from his statement under Standing Order 21 and began to ask a question, I listened to him with precision. The answer to the precise question that he asked is no.

GOVERNMENT POLICY

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I think that the Minister has been out of the country too long to realize what has taken place.

Second, I would like to ask if there are sufficient strengths and sufficient commitment in this Ministry to say today to Premier Vander Zalm that, despite his statements of threat to us at the national level, there is one national trade policy in this country and it is set by Ottawa.

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the NDP just spent four or five weeks using the House of Commons to attack Premier Vander Zalm. They have reaped the benefits of that particular tactic. I would have thought that they would have learned something from that.

Mr. Hnatyshyn: They gained another moral victory.

Mr. Clark (Yellowhead): Yes, they gained another moral victory, as my colleague, the Minister of Justice, revealed.

From the beginning, since what was at issue in this question had to do with provincial practices, the Government of Canada has exercised leadership in bringing together all of the parties, the provinces, labour, industry, and the federal Government. That is the approach that we intend to continue, and that is the approach that we expect to have continued by all of the people who are involved in the process.

Some Hon. Members: Hear, hear!

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF PREMIER OF BRITISH COLUMBIA

Mr. Speaker: In view of the questions and answers that have been given, Hon. Members will know that I am resisting the temptation to recognize a stranger. I call upon all Hon. Members to recognize the presence in the gallery of the Hon. Bill Vander Zalm, Premier of British Columbia.

Some Hon. Members: Hear, hear!

* * *

TRADE

CANADIAN SOFTWOOD LUMBER—INDUSTRY'S POSITION

Mr. Steven W. Langdon (Essex—Windsor): If the former Prime Minister is so certain of his support, why is it that the lumber industry, the Province of Ontario, and thousands of people across this country recognize this not as a moral victory, or anything else, but as a sell-out by the Government?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, we regard a process which can keep hundreds of millions of dollars in Canada, and can keep jobs in Canada, to be serving the national interest.

May I also say to the Hon. Member for Essex-Windsor that I was pleased to see him standing up when the rest of his Members were sitting down.

Some Hon. Members: Oh, oh!

NEGOTIATIONS WITH UNITED STATES—FEDERAL JURISDICTION

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): If I may, I would like to pursue the same line of questioning with the Secretary of State. As the Hon. Minister knows, this is a matter that goes very much to the heart of the question of who speaks for Canada in the trade issue.

In the reported statements in the press today Premier Vander Zalm indicated that his province will go it alone by Friday unless there is a deal worked out, and indicated that Quebec may join British Columbia. Would the Secretary of State for External Affairs make it very clear in the House that the federal Government would not accept any province undertaking unilateral action to negotiate an agreement on its own with the United States, and that it must be done through the federal Government? I would ask the Minister if the federal Government agrees with the approach being put forward by Premier Vander Zalm?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, obviously on questions of international trade the jurisdiction lies with the Government of Canada, and we intend to exercise that. As the Hon. Member knows, because he too was part of the delegation, this particular Government has recognized that there is no point in our hiding down in foxholes of jurisdiction and using the Constitution to divide the country. Rather we have approached trade issues by trying to bring in all of the parties. We did that with regard to the multilateral trade negotiations under the GATT in Uruguay when the Hon. Member was present, as were representatives of four provincial Governments.

• (1430)

We have done that in the approach to all trade discussions with the United States, including the approach to the lumber countervail. That is the position and the spirit in which the Government of Canada intends to act, and that is the spirit we intend to see respected.

POSITION OF BRITISH COLUMBIA

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, my supplementary question is for the same Minister. I have no quarrel with the spirit. We are concerned about its application and implementation. We now have a situation where the lumber industry is opposed to the measures taken by the Government, and we now have two provinces indicating that they are going it alone. Will the Secretary of State for External Affairs clearly state that the position put forward by the Province of British Columbia is not acceptable? Will the Government of Canada clearly establish in the House what measures and what proposals it in fact is making in the United States so that we will know exactly what kind of deal is in the offing?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, these questions are getting repetitive, and I apologize to the Chair.

Mr. Axworthy: I just want an answer.

Mr. Clark (Yellowhead): I answered his colleague from Newfoundland in respect of what is being sought. He can consult the record on that. I have indicated the position of the Government of Canada with regard to international trade. I also indicated that it is our approach, supported by the Government of British Columbia, the Government of Quebec, and the Governments of all other provinces except Ontario, that we should seek an arrangement with the United States which will bring an end to the countervail and keep in Canada hundreds of millions of dollars that might otherwise flow to the United States.

Mr. Speaker: I should like to say to the Hon. Member for Essex—Windsor that I inadvertently interrupted between his second and third questions, and I apologize for that.

LEGALITY OF U.S. DUTY QUESTIONED

Mr. Jim Fulton (Skeena): Mr. Speaker, my question is directed to the Secretary of State for External Affairs who seems to be handling softwood questions today. Yesterday the Prime Minister said that the 15 per cent offer now on the table from Canada was the "price of playing poker" with Uncle Sam. Since the Minister for International Trade is on record as saying that the 15 per cent preliminary duty is illegal, does the Government still think that the 15 per cent level is illegal?

Right Hon. Joe Clark (Secretary of State for External Affairs): Yes, Mr. Speaker. We think it is an illegal proposal. We think we could prevail upon the process. We think there is a risk, given the nature of the process, that we might not. During the long period of risk there would be a draining away of hundreds of millions of dollars from Canada. We think it is better to keep that money in Canada, to keep security in Canada, and to try to bring a sense of stability back to the Canadian softwood industry.

INQUIRY CONCERNING POSSIBLE RETALIATION

Mr. Jim Fulton (Skeena): Mr. Speaker, my supplementary question is directed to the same Minister. It seems preposterous to me, and I think to most workers in the forest industry, that when a dealer is caught cheating at cards, as we caught Uncle Sam, that you suddenly ante up $600 million. Do you intend in any way to retaliate—

Mr. Speaker: Order. The Hon. Member will correct the question.

Mr. Fulton: Does the Right Hon. Minister plan in any way to retaliate now that we in the House know that we have caught Uncle Sam and the Department of Commerce cheating at cards?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, we have a view as to the legality of the countervail action. We could pursue that case in the quasi-judicial process and in subsequent legal proceedings in the United States which would take a long, long time, prolonging uncertainty in Canada and continuing the drainage away from the country of hundreds of millions of dollars each year. We could do that. We have chosen not to do that. We have chosen instead to try to seek an arrangement which will terminate the countervail and stop the potential haemorrhage of hundreds of millions of dollars out of Canada, and stop an uncertainty which can bring an industry in Canada into deeper trouble.

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CANADA POST CORPORATION

DEFECTIVE MAIL SUPERBOXES

Mr. George Baker (Gander—Twillingate): Mr. Speaker, months ago we all feared that Canadians would have difficulty opening the locks on superboxes. Now we are hearing from all parts of Canada that Canadians have no problem opening the lock on the superbox; in fact the box door is already open before they get there. Would the Deputy Prime Minister indicate whether the Government intends to compensate people who have lost cheques or other mail in the 304 locations across Canada which were found to have defective superboxes by Canada Post yesterday, right from Vancouver to St. John's, Newfoundland?

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, what the Hon. Member refers to is a problem with the installation of certain mailboxes. We are informed by Canada Post that it is being looked after. I understand that later today the modification to these boxes will be made and completed.

Mr. Baker: Mr. Speaker, like our Canadian mail these days, that answer, my friend, is blowing in the wind.

REQUEST THAT SUPERBOXES BE SHELVED

Mr. George Baker (Gander—Twillingate): Mr. Speaker, my supplementary question is directed to the Deputy Prime Minister. Now we know that superboxes have lousy locks, will the Government recognize that this incident is only the tip of the iceberg, that the superboxes should be shelved, and that Canada Post should get back to delivering the mail to the people of Canada?

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, it is too bad that Party was not doing what it is now preaching. Right now Canada Post has a business plan which is before a committee of the House. The whole issue may be discussed there. If members of the Liberal Party are so interested in Canada Post, they can go there and make their representations.

SECURITY OF MAIL—REQUEST FOR ASSURANCE

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, my question is for the Minister responsible for Canada Post. Last night super mailboxes were wide open. There were no locks or keys. What assurances does the Government have for Canadians that this incident will not repeat itself? How can Canadians feel confident that the privacy and security of their mail will not be breached again?

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, we are going to have to try again. Let me assure the House that modifications to those boxes—and I repeat it—will be completed by the end of the day, so the mail will be safe.

COST OF ADVERTISING SUPERBOXES

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, previously the Minister assured us that the use of super mailboxes would be an improvement in service. Canadians want to know that their mail will be secure. Does the Government not believe that wide open mailboxes raise questions about the million dollars the Government is spending to advertise these boxes? Do they not raise questions about the entire super mailbox program?

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, as usual, the NDP would like to scare Canadians across the country. The fact of the matter is that those boxes are secure. The problem—

Some Hon. Members: Oh, oh!

Mr. Valcourt: They find that funny.

Mr. Blackburn (Brant): It is like pouring water into a sieve.

Mr. Valcourt: Obviously they do not want the answer, do they? Do they care very much about postal services to Canadians? They do not even listen. There were problems with the installation, not with the design of the boxes. They are safe, so we are informed and believe. The problems which were singled out will be corrected today. That is it.

Some Hon. Members: Hear, hear!

HUMAN RIGHTS

PERSECUTION OF BAHA'IS IN IRAN

Mr. Barry Turner (Ottawa—Carleton): Mr. Speaker, my question is directed to the Right Hon. Secretary of State for External Affairs. I was honoured to have been at the United Nations last week representing Canada when the perpetual issue arose concerning human rights violations. What position or what action will the Canadian Government take concerning the persecuted plight of the Baha'i believers in Iran?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, a resolution was introduced in the United Nations, which generally has the support of the House of Commons, with regard to the situation of the Baha'i people in Iran. This year Canada is co-sponsoring the presentation of that resolution.

* * *

[*Translation*]

CANADA POST CORPORATION

INQUIRY CONCERNING MAINTENANCE AND REPAIR COSTS OF MAIL SUPERBOXES

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, I have a question for the Prime Minister.

Yesterday, it was found that community superboxes are not as super as the Government made them out to be. We heard that Canada Post has just checked 7,600 boxes that are very easy to open.

Here is my question: What does it cost to repair and maintain these boxes? How much?

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, in answer to the Hon. Member's question about the cost involved, I will have to make enquiries, and as soon as I get the information, I will see that he receives it.

REQUEST THAT GOVERNMENT ORDER MAIL BE DELIVERED TO HOMES

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, instead of making enquiries—people have been making enquiries at Canada Post for months—why doesn't the Minister order Canada Post to deliver mail door to door instead of wasting taxpayers' money to repair boxes which are neither secure, economical or desirable?

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, the answer is quite simple. The Government cannot do this because the previous Goverment left us with a crushing deficit. It takes money to do that sort of thing.

What we are trying to do is give Canadians—

An Hon. Member: Come on!

Mr. Valcourt: Just listen and you'll learn something. What we are trying to do is give Canadians a good postal service at the best possible price. That is what we are trying to do.

* * *

• (1440)

[*English*]

TRADE

UNITED STATES EXPORTS OF WHEAT TO ALGERIA

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, I, too, have a trade question for the Secretary of State for External Affairs.

Mr. Crosbie: It will be the first one.

Mr. Nystrom: It was announced very recently that the Americans are planning to use their Export Enhancement Program to subsidize the sale of 300,000 tonnes of Durum wheat to Algeria, a very important and long time grain market for Canadian farmers. Can he explain to this House why our Government has been so ineffective in convincing the Americans not to go after our markets? Why have the talks and telegrams and telexes, begging, cajoling and pleading, not worked? Why have we been so ineffective?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, the Hon. Member should know that Canada's sales efforts in the last crop year worked. Not only did our exports of wheat, including Durum, go up, Canada's percentage of world sales went up.

Some Hon. Members: Hear, hear!

Mr. Mayer: Contrast that with what happened in the U.S. Its exports have gone down and its percentage of the world market has gone down by something like 6 per cent or 7 per cent.

As to what we are doing, the Secretary of State for External Affairs raised this issue as recently as last Friday in his meeting with Mr. Shultz.

GOVERNMENT POSITION

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, the Americans say their fight is with the European Common Market, not with Canada. The sale of 300,000 tonnes of Durum wheat is a very important issue for Canadian farmers. What is the Prime Minister or his Minister going to do to convince the Americans not to go after our markets? What is new? What is he going to do to be effective?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, first the Hon. Member should know

that, as a result of the leadership of the Secretary of State for External Affairs, agriculture is being addressed for the first time in the GATT negotiations. He should also know that this Government will not stand by and see what happened under the previous Government in the early 1970s happen again. We will not see us get into a LIFT program where we back away from production. We are standing by our producers and will do everything we can to maintain and increase our share of world markets.

* * *

LABOUR CONDITIONS

CONTRACT AWARDED TO SECOR INC. TO STUDY YOUTH UNEMPLOYMENT

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, my question is directed to the Minister of Employment and concerns the $124,000 untendered contract to Secor Inc. Yesterday the Minister denied there was a conflict of interest in the granting of that contract. Today we learn that, in addition, Claude Forget engaged three permanent employees of Secor to serve as his personal staff on the Royal Commission. How can the Minister justify this preferential treatment for Secor when that kind of action is in contravention of Article 7(F) of the Conflict of Interest Code?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, yesterday I said there was no conflict of interest. Again I repeat today that, in the case of Claude Forget, it is a commission of inquiry on unemployment insurance. The other contract awarded to Secor Inc. had to do with the mandate of the Wright-Gaucher Commission. The same company, but two different objectives.

I repeat that, in my judgment, there is no conflict of interest. There is not necessarily a conflict of interest in the fact that a company may have employees working on various contracts and dealing with the federal Government, as in this case.

[*English*]

REASON FOR COMMISSIONING STUDY

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, the Minister is not familiar with Article 7(F) and he has not answered my question. Why has this phony pork-barrelling contract been proceeded with when the same subject matter has already been studied by the Senate Committee on Youth, the MacDonald Royal Commission, and the Forget Commission?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, we can always look into the Hon. Member's allegations. Before anyone begins questioning the quality of studies that have been made we will table them and the Hon. Member will then be in a position to make a value judgment.

* * *

[*English*]

FINANCE

CAPITAL GAINS TAX EXEMPTION

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, my question is directed to the Minister of Finance. In his speech to the Canadian Tax Foundation last night he stated that "every tax preference in the system will come under very careful study". Does that statement apply to the $500,000 capital gains tax exemption the Government introduced 18 months ago? Is the Government re-examining that tax preference for wealthy Canadians so it can bring tax rates down for the average Canadian taxpayer?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I indicated quite clearly in my speech last night that all of the various tax preferences are under very careful scrutiny. However, I have commented recently that the purpose of the capital gains tax exemption is to encourage people to take risks and start up new businesses. One of the reasons we have had a considerable increase in the start up of new businesses, each of which creates new jobs, is because of that particular exemption.

REQUEST THAT EXEMPTION BE ABOLISHED

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, the Minister also said in his speech that "the proliferation of incentives has strengthened the perception that very high income earners do not pay their fair share of tax". Will the Minister send a signal to the average Canadian taxpayer that the system is fair by taking this huge tax preference away from wealthy Canadians and cutting rates for ordinary Canadian taxpayers?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I guess I could say I will take that as a representation. I indicated in my speech that we are going to be listening carefully to what various interested Canadians have to say about the process of tax reform. We tried to put a very clear focus on this last night. As I indicated, decisions will be made around the time of the next Budget.

* * *

INDUSTRY

FUTURE OF SYDNEY STEEL CORPORATION

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, my question is directed to the Minister of Transport.

The Premier of Nova Scotia stated that the continued operation of Sydney Steel Corporation is dependent upon its securing a long-term rail contract from Canadian National. He asked the Prime Minister for his support in securing this contract. Will the Minister tell us now that the federal Government will instruct CN to enter into such a long-term contract with Sysco?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, it is not necessary for the Government to instruct CN to enter into contracts with Sysco for the purchase of steel. It has been doing it for a number of years. Of course, CN is in a position where it has to stand on its own feet. It has its own financial problems. Traffic is down and has been down for the last several years for the rail companies. Given the circumstances in which CN has to exist it will certainly do its best to see that as much steel rail as possible is purchased from Sysco.

I do not have the time now to give all the figures, but in the present year, at the present time, 28,500 tonnes of rail are on order from Sysco for next year, as I understand it. There is a possibility of more besides.

Mr. MacLellan: CN is also buying 30,000 tonnes of rail from western Europe and Japan. This is our own Crown corporation.

MODERNIZATION OF PLANT

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, my supplementary is directed to the Deputy Prime Minister. The Province of Nova Scotia says that the modernization cannot continue without such an agreement. Will the Deputy Prime Minister state now that the federal Government will honour its commitment to the modernization of Sydney Steel Corporation, or is this commitment dependent upon market studies during the term of this modernization?

• (1450)

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, the Government of Canada stands ready to do its part with regard to Sysco, as it always has.

Mr. MacLellan: That's not an answer.

Mr. Crosbie: With regard to the rail question, the life or death of Sysco does not depend solely on the purchase of rail by CN. With regard to steel purchased outside Canada by CN, 18,500 tonnes of low alloy head-hardened steel—"head-hardened" reminds me of the Hon. Member—which cannot be manufactured—

Mr. Turner (Vancouver Quadra): You're a soft alloy.

Mr. Crosbie: Does the Leader of the Opposition want to give this answer?

Mr. Turner (Vancouver Quadra): I could faster than you can. You can't pronounce the word.

Mr. Crosbie: Oh, he knows everything.

Mr. Turner (Vancouver Quadra): Oh, come on.

Mr. Speaker: Order, please. The Hon. Member for Beaches.

* * *

PHARMACEUTICAL INDUSTRY

AMENDING LEGISLATION—REPORTED OPPOSITION BY MEMBER FOR KENT

Mr. Neil Young (Beaches): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. The Minister has been telling Canadians that in opposing this legislation the New Democratic Party is just trying to scare the disabled, the elderly, the sick, and other concerned Canadians.

Some Hon. Members: Right on.

Mr. Young: Mr. Speaker, is the Minister aware that a colleague of his, the Hon. Member for Kent, is advising constituents as follows: "As I indicated, as matters now stand I see no alternative but to oppose the present legislation"?

Some Hon. Members: Hear, hear!

Mr. Riis: There they go.

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, if the member of the New Democratic Party and his colleagues are so confident that this Bill will be badly received and will do political damage, they should be joining us in trying to get it to committee in order that all of the facts of which he speaks can be exposed there. If he is confident in his position, why is he doing everything he can to prevent the proper disposition of this Bill by the House of Commons?

FILING OF PETITIONS OPPOSING LEGISLATION

Mr. Neil Young (Beaches): Mr. Speaker, my supplementary question is directed to the same Minister. Is the Minister aware that in addition to this statement by his colleague from Kent, the Hon. Member for Perth and the Hon. Member for Swift Current—Maple Creek are filing petitions with the Clerk opposing this legislation?

Some Hon. Members: Hear, hear!

Mr. Hnatyshyn: That has nothing to do with it.

Mr. Young: How much opposition does the Minister have to receive before he will advise the House and Canadians that he will withdraw that obnoxious piece of legislation?

Some Hon. Members: Hear, hear!

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I wonder if the Hon. Member is aware of an editorial in today's Edmonton *Journal* which reads:

The Mulroney government's proposals to extend the patent protection on prescription drugs are complex and controversial. They demand careful, rational scrutiny.

Yet the New Democrats and the Liberals refuse to take part in intelligent debate. They are too busy trying to score cheap political points by whipping the public into a frenzy over potential cost increases to consumers.

* * *

AGRICULTURE

GRADING OF CANOLA SEED

Mr. Jack Scowen (Mackenzie): Mr. Speaker, my question is for the Minister of State (Canadian Wheat Board). Could the Minister advise what is being done to assure producers of commercial canola seed that they are getting fair grades? Has the Canadian Grain Commission given any thought to some mechanical means of establishing grades which could be used by the buyers?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, the Canadian Grain Commission has a very good reputation for grading. It monitors receipts of canola at terminal positions on a daily basis.

In response to the second part of the Hon. Member's question, the Canadian Grain Commission, along with the industry, has considered some non-subjective means of grading. Discussions on that have been ongoing for a couple of years. I will look into this issue and see what kind of progress is being made.

Mr. Speaker: I advise Hon. Members that there are still a number of Members rising. As we are running out of time, could Hon. Members make their questions short and could Ministers reply accordingly?

* * *

CANADIAN NATIONAL RAILWAYS

LAY-OFFS AT MONCTON SHOPS—REQUEST FOR POSTPONEMENT

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, my question is addressed to the Minister of Transport. Yesterday CN issued a communique stating that more lay-offs would take place in Moncton because of the impasse with the CN-CGE deal. Since 1985 more than 300 workers have been laid off. The Minister of National Revenue has stated that CN should be used as a tool for regional development. In light of those facts, will the Minister of Transport instruct CN to hold off on lay-offs at the CN shops until a reasonable and acceptable solution can be found?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, a reasonable solution was found and put forward by Canadian National. A most generous offer of benefits was put forward by Canadian National. It was accepted by 96 per cent of the union members in Moncton. It was turned down by two unions, basically by the Machinists Union national executive. I am proud to say that the Government encouraged CN to make this generous offer.

The solution is for the International Machinists Union to reverse its selfish and petty disregard for the workers of Moncton and to accept the offer which has been made by CN.

Mr. Speaker: I will recognize the Hon. Member for Broadview—Greenwood for one question.

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[*Translation*]

REGIONAL DEVELOPMENT

CHOICE OF DORVAL AS PRINCIPAL AIRPORT FOR MONTREAL—GOVERNMENT POSITION

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, my question is for the Minister of State (Transport). According to several members of the task force on the development of the Montreal region, there is a consensus to the effect that Ottawa will choose Dorval as the principal airport for Montreal. Will the Minister accept the pro-Dorval recommendation made by the task force which was set up by the Government itself?

Hon. André Bissonnette (Minister of State (Transport)): Mr. Speaker, I think that the task force report presented yesterday morning is excellent in many respects. We will consider the recommendations concerning the airports and, at the appropriate time and place, we will hold a press conference when we are ready to announce the stand we want to take about the two airports.

[*English*]

Mr. Speaker: I will recognize the Hon. Member for Cape Breton—East Richmond for one question.

* * *

INDUSTRY

FORTHCOMING CLOSURE OF GOODYEAR PLANT IN TORONTO

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my question is directed to the Deputy Prime Minister. Foreign financiers and the headquarters of Goodyear in the United States have put pressure on their plant in Toronto resulting in the forthcoming closure of that plant in May of 1987. This will effect 1,500 permanent lay-offs.

Will the Minister inform the House what action he has taken to keep this profitable plant open? Will he also explain to the House what impact this closure will have on the other Goodyear plants in Canada, in Valleyfield, Quebec, and in Medicine Hat, Alberta?

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, as the Hon. Member knows, the Toronto plant is Goodyear's oldest tire plant. The Department is aware of this situation. We are prepared to discuss with the company any alternate plan it may have with regard to future Canadian investment. Discussions are presently under way between officials of the Department and the company in order to minimize the impact of that announcement.

Mr. Speaker: I will recognize the Hon. Member for Windsor—Walkerville for one question.

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APARTHEID

SOUTH AFRICA—POSITION OF BRITISH COLUMBIA GOVERNMENT

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. The Province of British Columbia has the worst record of enforcement of human rights legislation. It is also the only province which has refused to join in the application of voluntary sanctions against South Africa. Has the Secretary of State for External Affairs engaged in conversations with the Premier of British Columbia to change this situation which is an affront to government policy and the people of Canada, not to mention the blacks of South Africa who are seeking freedom?

Some Hon. Members: Hear, hear!

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the Premier of British Columbia and I have agreed to meet tomorrow morning to discuss that question.

Mr. Blackburn (Brant): Lucky you.

* * *

[*Translation*]

TREASURY BOARD

THE LAPRADE FUND—GOVERNMENT POSITION

Mr. Gilles Grondin (Saint-Maurice): Mr. Speaker, last week, the President of the Treasury Board announced that by the end of November, he would have some interesting statements about the Laprade fund. Will the President of the Treasury Board confirm before the House that he will not give in to pressure from the Minister of Energy, Mines and Resources and that the Laprade fund will be reserved exclusively for the only riding included in Quebec economic area 04, which covers the ridings located north, south, east and west of Trois-Rivières, as was announced previously?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, I am pleased to confirm, as I did before the media, that there was, and is, no plan to change the geographical boundaries of the Laprade zone as defined in 1979, which is basically, as the Hon. Member said, zone 04. There has been no change in the zone itself, and in a few weeks' time, I hope to be able to provide details of the new criteria for access to the Laprade fund.

* * *

• (1500)

[*English*]

ADMINISTRATION OF JUSTICE

PRIVATIZATION OF PAROLE SERVICES IN TORONTO

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, my question is directed to the Solicitor General. I have a confidential Government memorandum indicating that parole services in the Toronto area will be privatized not just to the John Howard Society but to several other private agencies as well, in a significant expansion of privatization. Will the Minister indicate why he is expanding privatization to these other agencies as well as the John Howard Society? Will he not agree to impose a moratorium on all privatization plans until the people involved have had an opportunity to comment and appear before the Justice Committee on this dangerous and destructive proposal?

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, there has been full and ample discussion with all the parties involved. It is not a dangerous proposal. It is a well thought out proposal that will render better service to the people who are being discharged from our prisons and better enable them to return to society.

* * *

[*Translation*]

CONSUMER AFFAIRS

PHARMACEUTICAL PRODUCTS—OBLIGATION OF MULTINATIONALS TO MANUFACTURE BASIC INGREDIENTS IN CANADA

Mrs. Thérèse Killens (Saint-Michel—Ahuntsic): My question is directed to the Minister of Consumer and Corporate Affairs, Mr. Speaker. In the former Minister's Bill, the

Bill prepared last June, Clause 41(14)3(b) provided that multinationals had to manufacture their active ingredients in Canada. If after two years they had not done so, their ten-year protection was revoked under this legislation. The new Bill does not oblige multinationals to manufacture their active ingredients in Canada. Why did the Minister change the original Bill in this respect?

[*English*]

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, this is typical of the kind of question that should be asked in committee where we could go over it in detail. As I answered when she asked a similar question the other day, we did it because we were asked to by the generic companies and the Canadian Drug Manufacturers Association.

* * *

NARCOTICS

CONSULTATIONS ON NATIONAL ANTI-DRUG AND ALCOHOL ABUSE POLICY

Mr. Don Ravis (Saskatoon East): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. The prevention of drug and alcohol abuse among young Canadians is of particular interest to my constituency. The national PRIDE office, located in my riding, and the Saskatchewan Alcohol and Drug Addiction Commission have been instrumental in educating the public on the dangers of this problem. Since public awareness has increased on this issue, will the Minister indicate when the consultations to enforce a national drug strategy, as alluded to in the Speech from the Throne, will begin?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, I am pleased that the Hon. Member has asked the question. I want to take this opportunity to commend various groups, including PRIDE which is located in his riding, for the work they have done.

The major component of the drug strategy on which we have been working is the education component. I have said all along that we must consult the various groups, including parent-teacher groups and people in the community who have a lot of experience in this area, because they are the ones who have to proceed with this program. The federal Government wants to help them. Considering some of the work we have done internally, I think that that consultation can begin early in the new year and I hope that we can have the plan ready for everyone sometime in the first quarter of next year.

POINTS OF ORDER

REQUEST THAT DOCUMENTS BE TABLED

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, in answer to my question during Question Period, the Minister of Employment and Immigration (Mr. Bouchard) said that he would be willing to table certain documents relating to the question. Does this mean he is willing to table the Douglas Wright report on youth unemployment, as well as the untendered Secor report? Are these documents that he is willing to table, and will he table them right away?

Mr. Speaker: Is it the Hon. Member's position that the Minister quoted from the document?

Mr. Allmand: No, Mr. Speaker, but the Minister did say that he would table certain documents relating to the questions that I was asking. I am trying to clarify which documents, and I want him to table them right now.

Mr. Speaker: I think I should advise the Hon. Member that if the Minister did not quote from a document he cannot be forced to table it. If the Minister wishes to table that, of course it is his business.

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, what I referred to in my answer to the question put by the Hon. Member, what I said was that the research done by SECOR as part of the report to be provided by the Wright-Gaucher Commission, and a number of studies were made, I said: We are going to wait for the Wright-Gaucher report on the integration of young people in the labour market before deciding exactly what the merits are of the research done by the company. This has no connection with the tabling of documents in the House today.

[*English*]

ALLEGED MISSTATEMENT

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I want to raise a point of order arising from Question Period and the exchange between myself and the Secretary of State for External Affairs (Mr. Clark). I believe he may have inadvertently misled the House. I simply note that from his own Department, specifically Doug George in the GATT Secretariat in his Department, there was confirmation to us that the clauses were changed from Clause 23 to Clause 22 in our GATT appeal, after we originally made an appeal under GATT 23.

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the Hon. Member knows that he sent me a note on the question and I replied to him. I listened to his question with precision and care. He asked if the Government had caved in. My answer was no, the Government has not caved in. If he wants to use inflammatory language in the House of Commons he will have to suffer the consequences.

PRESENTATION OF PETITIONS—POSITION TAKEN

Mr. Albert Cooper (Peace River): Mr. Speaker, during Question Period the Hon. Member for Beaches (Mr. Young) made reference to Members of Parliament tabling petitions and it was my impression that he was arguing that the fact that those Members had tabled those petitions reflected their particular position on an issue before the House of Commons. I think that is a disservice to Members of Parliament. I think it is important that it be noted because it has been a longstanding practice in the House of Commons that all of us table petitions, not so much as a reflection of our positions but as a service to our constituents.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, when the Hon. Member for Beaches (Mr. Young) was making his comment in the House of Commons and referring to petitions he was simply saying that the constituents in that constituency were reflecting their concern about Bill C-22. It was not necessarily imputing that the Member presenting that petition held that position. It was simply a reflection of his constituents' view.

Mr. Speaker: The Chair has heard the representations of Hon. Members and they have heard the representations of each other. I think the point is taken.

GOVERNMENT ORDERS

[*English*]

PATENT ACT

MEASURE TO AMEND

The House resumed from Monday, November 24, consideration of the motion of Mr. Andre that Bill C-22, an Act to amend the Patent Act and to provide for certain matters in relation thereto, be read a second time and referred to a Legislative Committee; and the amendment of Mrs. Killens (p. 1378).

Mr. Speaker: The Chair is advised that the last Member to speak in debate was from the Liberal Party. Therefore, I think it would be appropriate, since there is no government Member standing to be recognized, to recognize the Hon. Member for Burnaby (Mr. Robinson).

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I am pleased to rise today to take part in this very important debate on a matter which affects literally hundreds of thousands of Canadians directly and virtually all Canadians indirectly.

I and my colleagues in the New Democratic Party have strongly opposed Bill C-22 which is being proposed by the Conservative Government since it first attempted to introduce it this spring. And on a previous occasion when the former Liberal Government made moves to weaken the protection which was accorded to the producers of generic drugs we put that Government on notice that we would not stand idly by

and allow these protections, which were initially implemented in 1969, to be in any way weakened to the detriment of those who are the most vulnerable in our society.

• (1510)

All Members of Parliament have received many representations on this legislation. I want to give a couple of illustrations of the kinds of responses I have received from my constituents as the Member of Parliament for Burnaby. I quote from a letter received from a gentleman and his wife who live on Gatenby Avenue in Burnaby:

> Both my wife and I suffer from chronic ailments requiring constant medication. The cost of these drugs is already high, especially to one like myself who is on pension. Any major increase would be an additional strain on our finances.
>
> I urge you and your Party to take energetic measures to block the passage of any legislation that would increase the price of drugs.

I have heard the same thing from many senior citizens in my constituency who live in the Winch Towers, the Vista Towers Senior Citizen's Complex, Doug Drummond Manor, the Hall Towers Senior Citizen's Complex, and from many others I could name if time permitted. However, in the interests of moving along in the debate I will not name all of them. Suffice it to say that these people share a sense of anger and a sense of deep concern that drugs which are already too expensive may increase in price.

We have to ask ourselves why this Conservative Government chooses to move forward at this time with a Bill which would increase the price of drugs to Canadians. What we are told is that if in fact the compulsory licencing provisions which were introduced in 1969 are eliminated it would somehow encourage more research in Canada and create more jobs. That does not make any sense. Before 1969 there was no compulsory licencing, yet Canada had some of the highest drug prices in the world, and before there was compulsory licencing there was a very low level of research on new drugs. Therefore, this myth that somehow there will be a significant increase in the level of research and development is merely a carrot being dangled by the Government and the multinational drug industry in an attempt to obtain protection under the Patent Act.

We in this Party do not buy that kind of corporate bribery. We certainly reject the suggestion that the consumers of Canada, the disabled, the poor, the seniors and those who are least able to afford drugs should be required to bear the burden of this Conservative Government's ideological fixation with paying off American multinational drug companies.

The Minister for Consumer and Corporate Affairs (Mr. Andre) has said there will be no significant increase in the price of drugs; in fact, he said there will be no increase in the price of drugs. Why is it that the same Minister has refused to make public the cost impact studies of this particular Bill? What does he have to hide? If in fact the studies, paid for after all by the taxpayers of Canada, disclose that there will be no increase in the price of drugs, we all know he would be the first

person to table those studies here in the House of Commons. We know the truth, Mr. Speaker, and the truth is that the cost impact studies commissioned by the Government show that the Minister is not levelling with the people of Canada when he says there will be no increase in the price of drugs.

What does that mean in real terms? Let us take a couple of examples of the drugs with which we are dealing. One of the more common drugs used in Canada is the drug Tagamet. It is very widely used by people who have ulcers. One hundred tablets of the brand name drug Tagamet costs approximately $40 in Vancouver. The generic equivalent of Tagamet costs approximately $15. I know Hon. Members of the House would not want to move forward legislation which could in effect significantly increase the level of drug prices such as Tagamet.

One of the newer antibiotics brand name drugs, Amoxicillin, costs approximately $18. The generic equivalent costs about $9, about half that price. One of the most widely prescribed drugs in Canada is Valium. In Winnipeg, for example, the retail price for 100 tablets of the brand name drug Valium is approximately $15. The retail price for the generic equivalent is just a little over $5.

I think my constituents in Burnaby and, indeed, the people of Canada, have a right to know why it is the Government is caving in to the pressure of the American multinational drug companies. Is it not a fact that the real hidden agenda here is that the Tory Government is trying to grease the skids for its free trade negotiations with the Americans? We know, for example, that Clayton Yeutter, the chief American negotiator on free trade, has put strong pressure on the Canadian Government to move forward, to increase the price of drugs. He said that drug prices will rise. For example, he said:

> Any improvements in this area are clearly in the best interest of Canada as a nation. Now in some cases maybe this will raise the price at the retail level of some of these products, but if we're going to have low retail prices based upon piracy it seems to me that's not a sound way to run a country.

At least Clayton Yeutter has the honesty to level with Canadians that the prices of drugs in Canada will rise.

Professor Eastman, who headed up a commission in this area, was very clear that the long-term prices of prescription drugs in Canada will increase as a result of this Bill. The Minister himself has effectively conceded to the consumers of Canada that drug prices will increase. On the one hand he said, no, there will be no increase in the price of drugs to Canadians. On the other hand, when dealing with the provinces, he said: "What I will do is put aside $25 million a year for four years". The reason for that is to cover the increase in the price of drugs to their pharmacare plans. So the Minister is saying one thing to provincial Ministers of Health, and at the same time the Minister is speaking out of the other side of his mouth to consumers telling them there will be no increase in price. If there is no increase in the price of drugs, why on earth does the Minister have to guarantee to provincial pharmacare plans that he will give them more money? The only possible reason for giving them more money would be to increase the profits of the multinational drug companies. We already know that this has been one of the most profitable sectors in Canadian society.

I would like to take a moment to address the question of a health care system and, more particularly, an industry which is geared solely to the pursuit of profit. I want to suggest that as democratic socialists, and as Members of the New Democratic Party, we believe there are certain sectors of the economy which should not be driven solely by the pursuit of profit and greed but which should be based upon the effective serving of human needs. I can think of no more appropriate sector for that particular philosophical approach than the health care sector. As long ago as 1961 my Party in its founding documents spoke clearly and with great eloquence about the importance of a health care system in which all of the health care needs of Canadians would be served and in which no Canadian would be deprived of affordable health care because he or she could not afford drugs, dental care or decent medical care.

• (1520)

In 1975, at the federal convention of my Party, we proposed and adopted the following resolution. It was arrived at after discussing the deterioration of health care and the fact that the fundamental principles which were the cornerstone of our medicare system were being eroded; fundamental principles which people such as Tommy Douglas, Woodrow Lloyd, Allen Blakeney and other New Democrats and CCFers fought long and hard to establish.

In our resolution we stated that we should be extending federal-provincial cost-sharing of services to include all extended health care services currently provided in some provinces but not others. There are still provinces today which do not offer their citizens pharmacare plans. What this means is that if one is a poor person living in one of those provinces and if one happens to be sick, disabled or dependent upon a particular drug, then he or she will suffer.

I am proud of the fact that it was a NDP Government in my own Province of British Columbia which introduced a pharmacare system in 1973. I hope that Governments all across the country will recognize the obligation to their citizens, and that no one should be forced into poverty because he or she happens to be sick and needs drugs.

One of the essential elements of the health care resolution that was adopted by the New Democratic Party in 1975 was that a NDP Government would assist the provinces to reform the health care system by setting up a Crown corporation to manufacture and bulk purchase low-cost generic equivalents of the 80 most common drugs prescribed. There are some who say that that is a radical proposal. They ask: "What about the free enterprise system? What about competition in the marketplace?" In that respect let us look at the underlying premises of the Patent Act.

By adopting the legislation which is proposed by the Tory Government what we are saying is that the only way that we

can encourage the development of new drugs in our society is, effectively to bribe the corporate sector by giving it the exclusive rights to drugs for a period of 10 years. What type of a distorted approach is that to health care? In this country, and, indeed, globally—and I can talk at some length about the abuses of multinational drug corporations in Third World countries where there is the dumping of substandard drugs and, indeed, in some cases, hazardous drugs—it is fundamentally wrong for us to adopt an approach in which effectively we say to the multinational drug companies that we have sicknesses and diseases in our society which we want treated. Our citizens have pains and disabilities which require drug treatment. We want you as a corporate community to assist us in responding to this pain, this suffering and this sickness. The only way that we as a Government are prepared to move forward on this issue is to give you exclusive rights for 10 years to the patent. I say that that is nonsense. We should be adopting a fundamentally different approach.

As a society we should be saying that if drugs are developed to deal with illness, pain and suffering, then we should not have to bribe the corporate sector with guarantees of exclusivity for 10 years to develop those drugs. No. We should be saying to the scientists in our society that we believe the best minds in the country, the best men and women scientists in the country, should be working collectively to develop responses to illness and pain. We should not have to bribe multinational corporations to conduct research in secret laboratories or have scientists working in splendid isolation from one another on cures for the same disease. That approach to health care is fundamentally immoral.

I suggest we have to look at the underpinnings of this legislation. We must recognize that when it comes to the provision of health care services and to the provision of quality drugs this approach is profoundly wrong. I suggest that the Government is caving in to the demands of American multinational corporations without any guarantees whatsoever that there will be any significant increase in research in Canada.

My colleague, the Hon. Member for Winnipeg North (Mr. Orlikow), who has led the fight on behalf of our caucus with respect to this Bill, said that there was no significant research done prior to 1969 and the advent of compulsory licensing. The companies about which we are talking are major multinationals, European and American companies which have labs in their home countries. They are not going to do research in any significant degree in Canada. They will do it in labs in their own jurisdictions. It is nonsense to suggest otherwise.

Earlier I mentioned the letter I received from the pensioners in my constituency of Burnaby who suffer from chronic ailments requiring constant medication. I have received letters as well from those who are disabled and who rely on drugs to help make their lives bearable, to help ease the pain. The Tory Government is saying to those who are most vulnerable, to those who depend on drugs to make their lives a little more bearable, that we will increase the price of those drugs. Why? Because we have been promised by American multinationals that they will create jobs in Canada. I do not buy that promise. I do not buy it because there is no evidence to back it up. I do not buy the promise of the Minister that prices will not increase when the evidence is clear that they will. The Minister has not even had the courage to table in the House the studies which were done by his Department at the expense of the taxpayers of Canada which deal with the impact in terms of costs.

In conclusion, I wish to make it clear that I and my colleagues in this Party are proud of the tradition of the New Democratic Party, both provincially and federally, in terms of standing up for an effective health care system in Canada. We will do everything—and I underline the word "everything"—in our power to prevent the Conservative Government from caving in to the pressure of multinational corporations in a way that will result in increases in the price of generic drugs, indeed, in the price of all drugs, an increase which will hit those who are most vulnerable, the sick, the disabled and seniors.

We will not stand by while Tory MPs try to railroad this Bill through the House of Commons using closure. It is disgraceful that Members on the government side are actually seriously prepared to try to ram this Bill through without any type of meaningful debate whatsoever. It is audacious of the Deputy Prime Minister (Mr. Mazankowski) to stand up and say that we are trying to obstruct this Bill. Damn right; we are trying to stop the Government in its tracks with respect to this legislation. We certainly believe that we are speaking on behalf of the people of the country. We are speaking up on behalf of those who say that it is nonsense for the Tory Government to be kowtowing to American multinational drug companies in a way that will result in harm, in pain and in suffering to those in our society who cannot afford it.

I hope that Members of the House will reflect on the substance of the legislation which is before us and that Tory Members in particular will stand up and be counted, as the Tory Member for Kent (Mr. Hardey) has done in saying that he cannot in conscience vote for this Bill. If Tory Members vote for this legislation, they will be voting against the interests of each and every one of their constituents and they will be voting solely in the interests of American multinational drug companies. That will be to their shame.

• (1530)

Mr. Young: Mr. Speaker, I must say that I enjoyed and appreciated the remarks made by the Hon. Member for Burnaby (Mr. Robinson). As you know, Mr. Speaker, the Hon. Member has been serving this House for quite some time. In fact, he became a Member of the House prior to my election in 1980. As such, he has a much greater awareness than I of the dynamics of the House of Commons.

Given the knowledge that everyone accepts the Hon. Member does have about the way this place operates, perhaps he would care to predict how many other government Members will likely join with the Official Opposition and the New

Democratic Party in opposing this legislation, as has the Hon. Member for Kent (Mr. Hardey) who has expressed his opposition to this legislation to his own constituents.

I know the Hon. Member for Burnaby has had a wealth of experience in this place. In fact, he saw Members on the government side come out in very vocal opposition to the Government's attempt to legislate the cost-of-living increases on old age pensions. In fact, it tried to deindex old age pensions and when senior citizens rose up in a united opposition to what the Government attempted to do, it did not take too long for government Members to come out suddenly in opposition to the measure. As a result of that united effort, the Government's attempt was defeated. I predict the same thing will happen to this legislation and I would certainly appreciate hearing the comments of the Hon. Member for Burnaby.

Mr. Robinson: Mr. Speaker, I appreciate those kind and unsolicited remarks made by my colleague, the Hon. Member for Beaches. He has led with courage and distinction the battle on behalf of my Party on a whole range of issues, particularly with respect to the rights of the disabled as our representative on that committee. I am honoured to serve in this Chamber with my colleague, the Hon. Member for Beaches, and I look forward to doing so in the future.

My colleague has asked me about the extent to which the splits, cracks or splinters will start to show in the Tory caucus over the coming months on this particular legislation. I would like to be a bit more optimistic than some of my colleagues on this point but I am very concerned indeed that we may see that Tory back-benchers will not stand up on behalf of their constituents. There will be one or two lonely souls who will be forever consigned to the oblivion of Tory purgatory as a result of having had the courage to stand up and be counted on behalf of their constituents. I predict, sadly, that when the crunch comes and this Bill is voted on, Tory Members will rise one after the other to vote, not as their constituents would want them to vote on this legislation but, rather, to vote against the interests of the disabled, the sick and senior citizens.

Perhaps I could conclude with one example of this. If in fact Tory Members of Parliament had had the courage to stand up and be counted on this issue, they could indeed have stopped this Bill from going ahead. My colleagues from Skeena and Beaches will remember that Tory back-benchers stood up to the Minister responsible for the Post Office by saying that they would not allow the postal increase to go through. They did that because of the heat they were getting from their constituents, but, to their credit, they did do it.

Why are those same Tory back-benchers not standing up for their constituents on this issue? If they do not have the courage to do so in the House, they should at least stand up for their constituents in caucus. They should tell the Minister of Consumer and Corporate Affairs (Mr. Andre) that they will not allow him to destroy the future of the Party, a progressive Party, the Progressive Conservative Party. They should tell him that they will not allow him to destroy the Party's tradition by bringing forward measures which will not only result in a significant increase in the price of drugs but which, during the next election, will result in the decimation of the Tory caucus in Canada.

Mr. Fulton: Mr. Speaker, I would like to compliment the Hon. Member for Burnaby (Mr. Robinson) on his excellent remarks. I have two questions on matters that have been raised in this debate. Americans representing large pharmaceutical companies were quoted on the CBC program *The Journal* as having said they had had knowledge of the contents of this Bill prior to its being tabled in the House. I wonder what kind of conclusions the Hon. Member for Burnaby would reach on where they would get this kind of information and why they would know it in advance. Perhaps they had been involved in some kind of a lobbying effort.

Second, it is well known in this House that the Conservative Party raises most of its funds for electoral purposes from large corporations. Could the Hon. Member draw any conclusions as to why the Conservative Government would bring forward legislation that is so visibly unpopular and yet stands to be of such great benefit to large multinational corporations principally from the United States?

Mr. Robinson: Mr. Speaker, my colleague, the Hon. Member for Skeena (Mr. Fulton), has raised a very important point. Before this legislation was introduced, the Government consulted. However, government Members left out a few people in their consultations. They consulted with representatives of the American multinationals and the Pharmaceutical Manufacturers Association of Canada. They consulted as well with some representatives of the generic drug industry, but the people they ignored in the consultation process were those most affected.

Did Conservative Members consult with groups representing senior citizens? Of course they did not. Did they consult with groups representing the disabled, groups like the Coalition of Provincial Organizations of the Handicapped? Of course they did not. The people with whom they consulted and who saw this draft legislation were not those who would be hardest hit by it but those who stood to gain along with American multinational drug companies.

My friend, the Hon. Member for Skeena, has suggested that this may have something to do with the fact that the Conservative Party receives very extensive funding from large corporations in Canada. I think it would be unparliamentary for me to attempt to impute motives to the Government for the introduction of any particular legislation, but I think Canadians themselves are quite entitled to draw the appropriate conclusions about the very intimate link between the corporate sector and the extent to which the Government is bending over backward to serve its interests and not the interests of the people of Canada.

Mr. Brisco: Mr. Speaker, I totally disagree with the Hon. Member for Skeena. I invite him to examine the record. It is a matter of record from where contributions to the Conservative Party come. I invite the Hon. Member to attend the next fund-raising event in my riding and I invite him to look at the list of those who attended the last one which was on Saturday night. It was very successful, I might add.

Mr. Robinson: What's happened to your riding, Bob?

Mr. Brisco: My riding is 100 per cent, Svend. I would suggest you look at your own. Mine has never been in better shape, both geographically and politically.

Mr. Robinson: What about redistribution, Bob?

Mr. Brisco: The Hon. Member wants to avoid the subject of the Bill before us. If he wants to know about redistribution, I can tell him that there were 43 submissions made before the Electoral Boundaries Readjustment Commission. Every municipality, chamber of commerce and labour union in the constituency came before that panel of judges and said that they should not destroy Kootenay West.

Mr. Deputy Speaker: I can see a point of order coming on relevance.

Mr. Fulton: Mr. Speaker, I rise on a point of order. I think it is pretty clear that the Hon. Member, as is often the case, is talking about things totally irrelevant to the Bill before us.

• (1540)

Mr. Brisco: Mr. Speaker, I am sure that you are aware, and the House is aware, that the question was posed by the Hon. Member for Skeena (Mr. Fulton), and by the Hon. Member for Burnaby (Mr. Robinson).

In the context of what the Member for Burnaby has said, Mr. Speaker, I would like to revert to the debate that dealt with the child tax credit. There is a similarity, and there is an analogy to the purpose and intent of members of the NDP. If you examine the record and listen to the speeches, you will note that what they are saying is that 25 years from now the child tax credit will be worth $2.25, or $3.50.

Mr. Fulton: Mr. Speaker, I rise on a point of order. We are dealing with the drug legislation, we are not dealing with the child tax credit. It seems that the Member's comments are still irrelevant.

Mr. Deputy Speaker: The Chair allows analogies from Members to prove their points. However, they may not last too long.

Mr. Brisco: Obviously, the Member for Skeena did not wish to hear the other side of the analogy. Perhaps he will permit me to continue.

The analogy is simply that they were making comparisons that will apply 25 or 30 years from now, and not taking into account changes in policy, changes in interest rates, changes in inflation, improvements to policy, and the absence of a horrendous deficit, as long as we retain power—

Mr. Robinson: That won't be long.

Mr. Brisco: —and the opportunity to put Canada on a firm financial footing. Given that, the same argument applies in terms of the generic drug argument. The simple fact is that I wish to see students in my riding, and in the riding of other Members of Parliament, involved in the scientific community and research, which is to the ultimate benefit of everyone.

Mr. Robinson: Mr. Speaker, I would certainly hope that the students in the Hon. Member's riding, who might become sick or disabled, would not have to pay exorbitant prices for drugs, as a result of his support for this particular legislation. I suggest that the chances of that happening are far greater than the somewhat nebulous chances that maybe one or two of the students from his riding would be able to get a job in that industry.

Finally, Mr. Speaker, I know that the Hon. Member has been around the House for some time. I think that he was probably confused in his analogy. The analogy that he should have drawn to the attention of this House was, rather, with the Tory Government's attempt to deindex old age pensions. That is the appropriate analogy. I know that the Member for Kootenay West (Mr. Brisco) wanted to tell the House that just as Tory Members finally came to their senses and spoke out against the deindexation of old age pensions, we hope that the Member for Kootenay West and other Tory Members of Parliament will stand up and be counted and speak out, too, against this increase in the price of generic drugs in Canada.

Some Hon. Members: Hear, hear!

Mr. Hnatyshyn: You are against research and development. Shame on you.

Mr. Deputy Speaker: Resuming debate with the Hon. Member for Edmonton East.

Mr. William G. Lesick (Edmonton East): Mr. Speaker, it is a pleasure for me to stand up in favour of what the Government is endeavouring to do in passing the new Patent Act, Bill C-22.

This represents the efforts of the Government to increase the level of pharmaceutical research and development in Canada, to ensure fair prices for consumers, and to create more jobs for Canadians. What seems to be wrong with this proposal? As a pharmacist for 35 years, I believe that it is time that we started to work to get more jobs in research, more jobs for graduate pharmacists, more jobs for researchers in our universities, and in the companies that will spend more money for research and development. Among the most important of the objectives is the protection of the consumer. We have stated this over and over again. It is strange that members of the Opposition have

their ears plugged and their mouths working diligently trying to disprove the truth.

The Bill ensures that prices will not get out of hand by guaranteeing continued generic competition, by providing for transitional payments to the provinces, and by creating a Drug Prices Review Board. These are sound principles that are contained in this Bill. So why not deal with these one at a time?

Furthermore, by providing a more appropriate length of market protection for innovative products, the patent system will become a more effective vehicle for promoting research and development, and the transfer of technology for the benefit of all Canadians. These amendments are designed as a balanced package of measures to provide improved patent protection of pharmaceuticals, a better investment climate, and continued access by Canadians to reasonably priced drugs. It is very important that we should emphasize "reasonably priced drugs".

With the extended market exclusivity there will be expanded incentive for the creation of new employment opportunities in Canada for scientists and researchers. As a result of Bill C-22, we predict that within the next five to six years there will be up to 3,000 new high-tech jobs. High paying jobs will be created.

As a result of this legislation, there will be a reduction of Canada's dependence on technical developments in foreign countries. Why shouldn't we do this in our own country? Why shouldn't we have the pride of having our own development? The costs are not great. The costs are absolutely minimal. The public will not be obliged to pay the exorbitant prices that have been alluded to by the members of the Opposition.

The Government has received commitments from the industry, and it will increase its ratio of research and development to sales to more than double the pre-policy level by 1995. This means that the innovative sector will spend up to $1.4 billion. This is $1.4 billion in research and development over and above the amount that would have been spent otherwise. This is a commitment. With this new investment, Canada will move into the same league as Japan, Italy, and the United States. We look at these countries and say, "Why can't we be like them? Why can't we be like the Japanese and so effective, or like the Americans?" We cannot do that by piracy. We cannot do that by hiding under the covers of our supernationalistic ways of doing things. We have to be wide open and get into research and development. It is this Government's aim to develop Canadian oriented brand name drugs, to increase innovative effort and put Canada among the leaders in pharmaceutical research. I believe that this Bill is meant to achieve this goal, and it will.

For generic companies this legislation provides continued opportunities to grow and prosper. Generic drugs now marketed in Canada are unaffected by this policy. Furthermore, all existing innovative drugs now on the market will immediately be available for generic competition, provided that the generic company manufactures the fine chemical ingredients instead of importing them. So we are looking after this area as well. To that end, all existing licences to import will be immediately extended to licences to manufacture. Licences to import and to manufacture will be available to generic drug companies wishing to export the drug.

The aim of these amendments, Mr. Speaker, is to allow pharmaceutical products to enjoy a legislative period of protection before they can be copied by the generic companies. It is important to remember that while Bill C-22 will affect the timing of the entry of new generic drugs into the market, generic companies will still have immediate access to all drugs at the end of the exclusivity period, and upon the expiry of the drug's patent.

Talking of patents, the chairman of the patents committee at the University of Alberta is the dean of pharmacy. The dean is absolutely ecstatic with our proposals. He believes that the Department of Pharmacy at the University of Alberta, as well as other departments, will benefit from this innovative Bill that we have before the House. The dean knows that he will have greater access to more researchers. He knows that the work that is being done at the university will be greatly enhanced. He knows that the University of Alberta will be contributing to the betterment of health care in Canada.

• (1550)

The Chairman of the patents committee has told me that there are patents waiting to be put on the market. However, no one will do that if the pirates are just around the corner ready to pounce on them. This is information from the University of Alberta. What about the other universities? New medications are not being put on the market because companies are not anxious to invest money.

Beyond the continuation of competition from the generic sector, an independent Drug Prices Review Board is to be established to ensure further fair pricing of pharmaceuticals. Under the current Patent Act, compulsory licensing has been used to generate competition to keep down prices and thus protect consumers. However, not all drugs have been copied. According to the Eastman Commission, for those which have been copied it has taken about 11.5 years after the brand name product was introduced for them to get to market. Therefore, consumers are not fully protected. With the proposed legislation the Board will widen consumer protection by looking at all prescription drug prices to determine best the fairness of the price charged to consumers.

Had the Drug Prices Review Board been in effect today, it might have looked at the prices of drugs as they have increased over the last five years. I will use the drug Beclovent as an example. In 1981, its cost was $6.60. Today, its cost is $10.90. Calculating the inflation rate at 34 per cent, it might have cost $8.84. In other words, there was a 31 per cent increase. The Drug Prices Review Board might have looked at it and asked drug companies why the price was so high. It might have asked why it had increased the price 31 per cent higher than the inflation rate over the last five years.

Another example would be the heart drug, Lanoxin. It is an inexpensive drug which is used by tens of thousands of Canadians. Its price has increased by $18 per thousand more than the inflation rate. Had the Drug Prices Review Board been in place today, it might have looked at this drug. Then there is the medicine called Dilantin which is also used by tens of thousands of Canadians. It is used for epilepsy. Its price is 185 per cent higher than the inflation rate. Surely this indicates a need to have the Drug Prices Review Board to which reference is made in Bill C-22.

According to the report of the commission of inquiry on the pharmaceutical industry, on the average, Canadian consumers pay about 80 per cent of what their American counterparts pay for the same single source drug or a drug not subject to generic competition. This is not simply the result of generic competition on a narrow range of drug products. It is evident that the bulk purchasing power of public hospitals and the power of provincial health care systems are major factors in the price differential between Canada and the United States. We can expect the trend to continue.

Dr. Harry Eastman will be heading the Drug Prices Review Board which will work in close co-operation with the provinces to ensure that drug prices continue at reasonable levels. Because of the particular interest in maintaining fair drug prices, provincial Governments will have the right to make representations in cases of alleged price abuse directly to the Board through their Ministers of health. The Board will have the power to remove patent protection from drugs priced at excessive levels.

Let us look at Nicorette. How many of us wish to quit smoking? Nicorette are for those people who have quit smoking and cannot stand the strain of not having any nicotine in their blood, so they chew it. It has risen in price by 103 per cent above the rate of inflation over the last five years. Surely it is another case for the Drug Prices Review Board. The provinces would have the right to have the Drug Prices Review Board look into drug prices.

Because the Bill changes the rules to determine exactly when a generic copy would appear on the market, it may have a short term impact upon provincial pharmacare plans which were devised without detailed knowledge of this piece of legislation. To counteract that, the Government is proposing a transitional payment of $25 million per year for the first four years of the policy. This is meant to cover any possible increases in prices which provincial Governments are not prepared to pay through their drug plans. It ultimately represents additional security for individual consumers covered by provincial plans.

Bill C-22 provides a balanced package of measures designed to fulfil a variety of objectives. It will ensure an expansion of investment in research and development. It will ensure fair prices for all drugs for Canadian consumers. It will develop new jobs and opportunities in both research and development and chemical manufacturing fields. Of course it will be to the benefit of all Canadians.

We protect many industries. We from the West have always felt that we have tended to protect manufacturing industries which are particularly based in southern Ontario and in Quebec. In terms of the automobile industry, all Canadians pay extra money to protect jobs in southern Ontario and in Quebec. It is an obligation; it is a right. As a matter of fact, we from the West sell most of our products, if not all our natural resources, at the world price. Sometimes, as was done by the previous Government, they are sold below the world price to the detriment of those of us from the West.

I believe this piece of legislation is good for all Canadians. It will be good for the manufacture of medicines and for research and development in all areas of Canada, although it may be based particularly in eastern Canada. The West and the Atlantic provinces will experience a certain amount or a greater amount of investment in their areas.

In addition to the amendments proposed by the Government in Bill C-22 relating to the pharmaceutical area, there is a series of general amendments in the legislation. In brief, the objectives of the amendments are, first, to modify the Patent Act in order to benefit small and medium sized businesses which are the heart of job creation in Canada at this time. Why do members of the Opposition, in particular those in the NDP, say that it will be harmful to all Canadians? It will be to the benefit of all Canadians. Many more jobs will be created. It is essential that Bill C-22 be passed.

Second, they will reduce the costs Canadian inventors must pay for obtaining patents around the world by ratifying the Patent Co-operation Treaty. That is important because we live not only in a country but in a world of many countries. We must get along with them and they with us. That will be to the benefit of inventors in Canada.

Third, they will introduce a prompt and low cost method so that any interested party can request the re-examination of a patent by the Patent Office at any time during the life of the patent, rather than being obliged to suffer high litigation costs. It will also harmonize Canada's patent system with those of most other countries, making it simpler for Canadians to obtain patents abroad. This is a form of reciprocity which I believe is essential for Canadians, Canadian drug companies, researchers, chemists and pharmacists. I believe it will be to the benefit of the sick and maimed, those who require these medicines.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Cape Breton—East Richmond (Mr. Dingwall)—

Regional Industrial Expansion—(a) Sydney Steel Corporation. (b) Initiation of marketing study; the Hon. Member for Fraser Valley East (Mr. Belsher)—Copyright—Use of videotaped material for educational purposes; the Hon. Member for Algoma (Mr. Foster)—Agriculture—(a) Government assistance for grain farmers. (b) Government's obligation under Western Grain Stabilization Act.

• (1600)

GOVERNMENT ORDERS

[*English*]

PATENT ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Andre that Bill C-22, an Act to amend the Patent Act and to provide for certain matters in relation thereto, be read the second time and referred to a legislative committee; and the amendment of Mrs. Killens (p. 1378).

Mr. Deputy Speaker: The question and comment period will begin with the Hon. Member for Sudbury (Mr. Frith).

Mr. Frith: Mr. Speaker, I have listened very carefully to the points the Hon. Member has made. Would he care to explain why he as a pharmacist, from a professional standpoint, believes his Government chose to ignore the major recommendations of the Eastman Report? Why has his Government chosen to go far beyond the needs of the industry to the detriment of the consumer?

Mr. Lesick: Mr. Speaker, I am afraid that the Government cannot accept the allegation that this Bill is to the detriment of all Canadians. The Bill is intended to be for the benefit of all Canadians. It will mean that we are more self-sufficient in this industry and that we increase research and development of our own medicines in Canada.

Mr. McCurdy: Mr. Speaker, I find it curious, as I am sure any rational person would, that in defending the legislation the Government repeatedly tells us that 93 per cent of the drugs currently in the market-place will be unaffected by this legislation. If one examines that statement carefully, one finds that the Government is saying that the old legislation, since it applies to 93 per cent of the drugs on the market, is good legislation. It therefore seems ridiculous to change it, and I would like to hear the Hon. Member address that question.

I am also interested in his purported interest in the stimulation of research in Canada. As I think everyone is aware, but perhaps many Members on the government side are not, there is nothing in this legislation which guarantees that research will be carried out. We have a hope, a prayer and a promise. The Eastman Report provided a mechanism through royalties which would ensure an effective inducement to have research undertaken in Canada. Our position is that that report should at least be subject to examination before legislation is introduced. How can the Member claim that letters, promises, hopes and prayers are better than a specific mechanism to ensure that research is done in Canada?

Mr. Lesick: Mr. Speaker, we have had consultations and made arrangements with all the companies. The companies and Governments concerned have to work together. If we pass laws to cover every single agreement made, we will have nothing but laws, laws, laws. In 1969, after the previous legislation was passed, we experienced, especially in Montreal and in southern Ontario, a great loss of employment among experienced researchers. We want those jobs back. We want Canadians in the forefront of research and development. We want Canadians to develop medicines for the benefit of our country. Why not do that? Why wait for someone else to develop it and then import the ingredients? Let us manufacture them here. We have to work with other countries so we can export our knowledge and our products around the world as well.

Mr. Gauthier: Mr. Speaker, I would like to ask the Hon. Member a question which has preoccupied some of my constituents. On November 20, as reported at page 1361 of *Hansard*, the Minister said:

> The price of drugs will not go up, but because of this group of 41 generics which are caught by the changes between the old and the new Acts there might be some delay, between two months and five years depending on the drug, which might have the effect of, at the maximum, increasing the cost to provincial pharamacare plans—

Does the Hon. Member know, being part of that Government which is trying to increase costs to consumers, why there is a delay in bringing on this group of 41 generics? Is the bureaucracy that heavy? Is it because the Government has put a moratorium on their development?

I would also like to know if he is willing to accept a complete freeze on prices for all drugs for the next year so that we can adapt more easily to this cost increase?

Mr. Lesick: Mr. Speaker, once a company is able to put a drug on the market there is a time lag because of government regulation and bureaucratic control. For want of a better word we can call it the pipeline. We had hoped this legislation would go through last June because these drugs would have gone through that pipeline and we would not have had any problem. But we have had this delay and so we have to face the fact there will be a delay before these drugs are available on the market.

The Hon. Member also asked a question about a freeze.

Mr. Frith: On drug prices.

Mr. Gauthier: Those in the pipeline.

Mr. Lesick: There will be a freeze on those in the pipeline but I thought the Hon. Member said a freeze on all drugs on the market today. There is of course no freeze on drug prices because, as I said earlier, there has been a general increase in

the price of medecine as well as many other things. I have quoted several. Ortho-novum has increased by 7 per cent more than the inflation rate. For tens of years women used Ortho-novum for birth control. There will be no problem with drug price increases as a result of Bill C-22. The Minister has made it clear that that will not happen. I just wish to reiterate what the Minister has said and what the Government knows to be true.

• (1610)

Mr. Deputy Speaker: I will recognize the Member for Winnipeg North (Mr. Orlikow) and the Member for Saskatoon East (Mr. Ravis) for questions and comments. We will then resume debate with the Member for Sudbury (Mr. Frith).

Mr. Orlikow: Mr. Speaker, it has been quite a number of years since I have worked as a pharmacist. I note that the Hon. Member who just spoke is a pharmacist and I presume he will know recent history. Under the present law, generic drugs can come on the market after the multinational corporations have had exclusive rights for four years. Under the proposed law which the Hon. Member is supporting that will take 10 years.

The price for 100 brand-name Valium tablets in Winnipeg is $15.10. The price for that amount of the generic drug is $5.64. Tagamet is used by people who have ulcers. The cost per 100 tablets of Tagamet is $39.38. The price for the generic equivalent is $15.34. One of the newest antibiotics, Amoxicillin, costs $18.25 for the brand name drug while the generic version costs $9.25.

The system which we have has brought the price of prescription drugs down to less than half of that for brand name drugs. Is that what the Hon. Member's constituents want him to vote against?

Mr. Lesick: Mr. Speaker, I hear these words—

Mr. Orlikow: These are facts, not words.

Mr. Lesick: People add two things together and get four. It just does not work that way. Of course I am in favour of lower drug prices.

Mr. Orlikow: You're not.

Mr. Lesick: I have dispensed whatever the doctors have prescribed. When the prescription is open, we dispense the medicine which we feel is the better of the two. If it is a generic, so much the better. That saves my clients money. This will not change. All the medicines which we have today will not change at all.

Mr. Orlikow: Six extra years. What about the future?

Mr. Lesick: We will not notice any changes. There will be only minimal changes over many, many years. However, we will provide up to 3,000 new jobs in high tech. The companies will spend $1.4 billion in investments. That will mean jobs in addition to those for chemists, professors and all others who will be involved in research and development. This Bill will have absolutely no effect whatsoever, as has been stated by the Minister and the Government.

Mr. Ravis: Mr. Speaker, I had the pleasure of attending a high tech conference in Saskatoon the other day. The issue of our science and technology deficit of $12.5 billion was raised there. If we were to reduce that deficit to zero, we would reduce our unemployment situation by 120,000 people, which amounts to 10 per cent of our unemployed. I am not suggesting that all of this will be done by this legislation. However, I think this legislation moves in the right direction.

There is a major university in my constituency. I was interested to read some comments in *The Globe and Mail* this morning by Philip Seeman, the chairman of the pharmacology department of the University of Toronto. I think this person knows what he is talking about. He says that drug designers have been packing their bags and leaving this country. He said that in recent years 19 drug companies have stopped conducting research and frozen their investments in Canada. The scare squad in the NDP is suggesting that the roofs of senior citizens will cave in on them as a result of this legislation. That is absolutely false. If there are any increases, there will be protection from them.

I know that there is a major university, the University of Alberta, in the Hon. Member's city. Does he expect that some of the spin-off contract research and development may take place at the University of Alberta as a result of this legislation? I certainly expect that that will be the case in my riding.

Mr. Lesick: Mr. Speaker, I thank the Member for Saskatoon East (Mr. Ravis) for that question which is very important to those of us from western Canada, particularly those of us from Saskatoon and Edmonton. My colleague is right. We cannot hide under the blanket of fear which has been thrown out by members of the Opposition, especially those in the NDP. We must move ahead and develop. This will mean great things for the University of Saskatchewan, the University of Alberta and the University of British Columbia, which has a faculty of pharmacy as well.

It is very important that we start expanding our research and development. Our scientists will be better off. We will not lose our high-tech people to other countries as we have in the past, especially after the 1969 Patent Act was passed. Over 300 such people left Montreal because there were no longer jobs for them. There will be more jobs in Saskatoon, at the University of Alberta, and in Edmonton in general. Bill C-22 is going to help provide them.

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, I will preface my remarks by saying that I view with some skepticism the words which have just been mouthed by my colleagues from Saskatoon and Edmonton. Government members purport to be committed to the concept of research and development, particularly in the scientific community. The

Members who have just indicated their so-called support for research and development ought to look to their Minister of Science and Technology (Mr. Oberle) for solace after the debates we have had in the House of Commmons this autumn with respect to the cut-backs at the National Research Council which will affect universities across the country. However, I stray from my thesis. I will turn to a discussion of Bill C-22 which is before Parliament today.

In the next 20 minutes I hope to be able to convince my colleagues in the Conservative Party that the proposed changes to the Patent Act go too far. I hope to be able to convince my colleagues in the New Democratic Party that they should change their position as they presently support no change. To support no change flies in the face of all the debate which has ever taken place in the House of Commons. It is clear that Governments introduce legislation as a result of a need for change. That need for change is brought about by various interest groups in our society. These interest groups are often competing.

I have heard my colleagues on all sides of the House argue for the need for jobs. Who among us will oppose the creation of jobs for the youth of the country? Who among us will oppose the need for increased funds for research and development? I suspect that no one will, Mr. Speaker. Once a Government has tabled a piece of legislation, it is up to the other political Parties to determine what position they will take with respect to it. During the course of the debate on this Bill, some Members of the Conservative Party have quoted statements I have made on behalf of the Liberal Party in my capacity as health and welfare critic. As well, they have quoted other statements the source of which I frankly do not know. I wish to respond to those charges that have been made during the debate.

• (1620)

I strongly believe that the Liberal Party's position on Bill C-22 can be logically and intellectually defended on the basis of the major recommendations in the report of the commission of inquiry on the pharmaceutical industry, commonly known in the political world as the Eastman Commission. Those recommendations fundamentally form the basis upon which the Liberal Party makes its position clear about the needed changes in the industry.

I want to explain why we require change to the 1969 Patent Act and I hope that the force of my logic will convince Members of the House that the Liberal Party's position is the correct one.

We accept the need for change. We accept one of the Eastman Commission's major findings that to some extent the 1969 legislation did go too far.

First, let us review the history of this subject so that all Members may have the same basis upon which to make a proper assessment of the law. The odyssey began with changes to the Patent Act in 1969. The Leader of the Opposition was Minister of Consumer and Corporate Affairs at that time. After three major studies in Canada, the Government of the day decided it was time to change the Patent Act to allow more competition into the market-place. The Government of the sixties had found that the pharmaceutical manufacturers of Canada had unwarranted profit levels and unwarranted periods of exclusivity with respect to their own patents. Therefore, changes were made to the 1969 Patent Act.

I note that one of my colleagues who is in the Chamber this afternoon, the Hon. Member for Papineau (Mr. Ouellet), was the Minister of Consumer and Corporate Affairs responsible for the launching of the review into revisions to the 1969 Patent Act. He established the Eastman Commission which, I submit, must be the foundation upon which any Government must base the change, the purpose and direction of the 1969 law. Surely no one can argue that the Eastman Commission represents the largest source of inquiry into the impact of the 1969 laws on the pharmaceutical industry, the research and development, and its impact on job opportunities for our university graduates.

In summary, the Eastman Commission Report represents the state of the art in information with respect to the pharmaceutical industry in Canada today.

I want to refer to some of the major findings of the Eastman Report. For example, he found that the 1969 Patent Act amendment has not, as expected, been detrimental to the profitability of large multinationals. In fact, he found that the profitability in the pharmaceutical industry exceeds every other industry within the major sectors of the Canadian economy. In terms of growth, he found that there has been no difference in growth in job opportunities between the pharmaceutical industry in Canada and that of the United States.

I think we do a disservice to the debate to use the rhetoric of anti-American sentiment. I do not think it does much to advance the quality or intellectual *raison d'être* of the Bill. Second, I will not resort to using examples of drugs that have become completely outpriced in Canada because it also clouds the decision-making that must occur with respect to Bill C-22.

The Government of the day introduces a Bill before the Parliament of Canada because it believes there is a need for change as a result of the competing interests that are subject to that legislation. The concern is, to what extent is change necessary in the industry?

I believe the only way we can properly assess the need for change is to base it on the recommendations of the Eastman Commission. Let us use research and development credits as an example. Conservative Members in particular argue that this Bill is necessary because it will allow a tremendous increase in the amount of money that the pharmaceutical industry will commit to research and development in this country. I would assume, therefore, that they anticipate that more jobs will be created for graduates from our universities, providing meaningful employment in their area of expertise in the scientific community. Eastman said that we should be

increasing the royalties that are paid to the pharmaceutical manufacturers in Canada from 4 per cent to 14 per cent, to create a very large pool of research and development funds that would be allocated back to the pharmaceutical manufacturers on the basis of their R and D commitment in this country. I will deal with research and development more specifically later.

I indicated that the Eastman Commission found that there was no effect on the profitability of that sector, and that the 1969 legislation had in fact saved consumers in this country $256 million per annum. One must respect the findings of the Eastman Commission after 18 to 24 months of intensive study of the industry. It is important to note what is said about the 1969 legislation. Let me quote the following from page 30 of the Eastman Report:

> Despite the considerable achievements of these policies, the Commission recommends some major modifications and extensions. The process leading to authorization for marketing should become more rapid and more consultative.

In other words, despite those major findings, he recommended modifications and change. That is why I am fundamentally opposed to the position taken by members of the New Democratic Party. They should realize that the recommendations of a commission of this importance which studied the results of the 1969 legislation should be seriously considered by every major political Party. Eastman goes on to state:

> This modified Canadian system for the pharmaceutical industry would make Canada a more attractive site for pharmaceutical production and research.

I have no qualms about that at all. He says:

> The relative attraction of Canada for the industry compared to other countries will increase further in the foreseeable future because of the growing trend for Governments of most industrially advanced countries to interfere directly and forcefully in the activities of the pharmaceutical industry.

He goes on to point out that in his opinion Canada is not well placed to become a major world centre for pharmaceutical research or for the production of active chemical ingredients. That is very important because the Liberal Party's position on the pharmaceutical legislation reflects the major findings of the Eastman Commission. That is why the Liberal Party takes the following position: It supports the introduction of a four-year period of exclusivity for patent holding firms during which time a generic company would be precluded from obtaining a licence to import, coupled with a hefty royalty increase, amounting to approximately 14 per cent of a licencee's sales which would be paid into a pharmaceutical royalty fund and returned to the pharmaceutical manufacturers of Canadian members, according to the amount of R and D undertaken in Canada.

I am suggesting that this Bill goes too far in looking after the interests of the pharmaceutical manufacturers of Canada, and does not go far enough in protecting the needs of the consumers in this country. Clearly, the Minister of Consumer and Corporate Affairs (Mr. Andre) either does not understand the Bill or is deliberately hiding from Canadians the effects of this Bill on manufacturing and pharmacy prescription prices in Canada.

• (1630)

If we were to take the Consumer and Corporate Affairs Minister at his own word when he says that the cost of drugs will not change by one penny, why is it that his own Bill has provision for $100 million in transitory payments, $25 million a year, which will be given to the provincial Ministries of Health to cushion the impact which this proposed legislation will have on provincial Governments which have the constitutional responsibility for the delivery of pharmacare? I submit that the Minister knows full well that he is simply playing with definitions, that in fact this Bill will increase the cost of drugs to consumers and will have an impact on provincial Treasuries as well through the Ministry of Health expenditures.

For the life of me, I do not understand why the Minister of Consumer and Corporate Affairs simply does not say it is going to have that effect. He defends it on the basis of the need for change so we can have greater opportunities for our young people coming out of universities and more commitment toward research and development. The point I am making is, how can a Government, after accepting the report of a commission, which is one of the most widely respected with respect to the pharmaceutical industry in Canada, totally ignore the major recommendations of its report and go far and beyond the recommendations?

The Eastman recommendations, in my opinion, represent a balanced view between the needs of the industry, which I believe are legitimate, and the consumer. I have listened to my colleagues from the Province of Quebec who have eloquently argued the need for a change to the pharmaceutical Act so that there can be some degree of job protection for the Provinces of Quebec and Ontario which, to some extent, is the heart of the pharmaceutical industry. I accept that argument from my colleagues from Quebec. In addition, I accept the argument from my colleagues from all three political Parties in the House about the need for more commitment to research and development. That can be attained just as easily by accepting the recommendations of the Eastman Commission as it can by implementing the law being proposed under Bill C-22.

Clearly our position, as a Liberal Party, is somewhat between the position taken by the New Democratic Party and that taken by the Conservatives. The question is, which one of us is correct? That will be at the heart of the debate. I submit to you, Mr. Speaker, that I have accepted the determination of the Eastman Commission that Canada is not well placed to become a major world centre for pharmaceutical research and for the production of active chemical ingredients. However, we could increase the royalty funds on generics from 4 per cent to 14 per cent and could in effect create a sizeable fund for research and devlopment, perhaps not as a world class centre, which is the point today's Government is making, but certainly it would aid in the creation of jobs for our young people in the pharmaceutical industry and in the scientific community.

Where I find it difficult to accept the argument is that the Government had to go beyond the recommendation of the

Eastman Commission to the point where it almost doubled the degree of exclusivity recommended by the Commission. In addition, I must confess I have some difficulty with the Eastman Commission accepting the position of the Chairman of the Drug Prices Review Board. It seems odd to me that the Conservative Party, which came to power with the philosophy of deregulation, is now bringing forward a piece of legislation which is going to complicate the pharmaceutical industry. It is going to put into effect another layer of bureaucracy and regulatory mechanisms in order to ensure that consumers are not going to be ripped off by this law. If the Government was concerned about the consumers, why did it not just simply implement the recommendations of the Eastman Commission?

The Eastman Commission's recommendations would have allowed better opportunities for the pharmaceutical industry, yet it would have gone a lot further in protection of consumer affairs without the need to resort to a regulatory mechanism than what is represented in this law.

I therefore appeal to my colleagues on all political fronts that when this Bill does finally manage to go to committee, we will be allowed the fullest opportunity to call witnesses. I want to find out from those witnesses whether or not they agree with the recommendations made in Bill C-22, as proposed by the Conservative Government, or if they are more in favour of a balanced view represented by the recommendations of the Eastman Commission. I believe very strongly that intellectually the arguments which have been marshalled by the Eastman Commission could be used to represent a balanced view for the needs of consumers and for the industry. As I said earlier, I respect the needs of the industry, but I happen to disagree that it requires 10 years of exclusivity to achieve its goals and aims.

Finally, I suspect that the reason the pharmaceutical manufacturers of Canada have hurried to such a great degree in pressuring the Government for the implementation of Bill C-22 is not only tied up, to some extent, in the free trade negotiations with the United States, a fact I view as deplorable, but that, in addition, the 1969 legislation, coupled with the changes recommended by the Eastman Commission, would have become a model piece of legislation in other jurisdictions throughout the western world. That, I believe, is at the heart of the matter. What the pharmaceutical manufacturers of Canada fear most is not the impact the Canadian legislation has on their percentage of world-wide sales but the impact the Canadian legislation would have if enacted by European countries or by consumer advocates in the United States. What they fear most is the impact of the 1969 Patent Act in other jurisdictions.

In conclusion, I believe we should look at how best the Canadian Parliament could serve the needs of consumers, the needs of the pharmaceutical industry, the needs of the young to have access to jobs in the scientific community, and the need for jobs. I submit that what we should be doing is bringing forward a piece of legislation which reflects the major recommendations of the Eastman Commission and not the legislation proposed by the Conservative Government.

Mr. Orlikow: Mr. Speaker, I want to ask the Hon. Member for Sudbury (Mr. Frith) several questions. He referred to the 1969 legislation passed by the Liberal Government when the present Leader of the Official Opposition (Mr. Turner) was the Minister of Consumer and Corporate Affairs. The Hon. Member said, and he knows, that it worked very well. It saved the people of Canada tens of millions of dollars. Why, then, was it necessary to open up the whole question? An article which appeared in the August-September issue of *This Magazine*, written by John Sawatsky, goes over the history of what happened. Mr. Sawatsky gives as the reason the fact that Liberal Members of Parliament were putting the pressure first on the then Minister of Consumer and Corporate Affairs, the Hon. Member for Papineau (Mr. Ouellet), and then on the following Minister of Consumer and Corporate Affairs, the former Hon. Member for Nickel Belt, and she appointed Professor Eastman mainly to neutralize the pressures she was getting from Liberal Members of Parliament. I am sure the Hon. Member for Sudbury has read this article, and I would like him to comment. Mr. Sawatsky is talking about discussions which went on last June about the former Bill. He wrote:

> Then, behind the speaker's chair on the floor of the Commons, Coté quietly met with Liberal MP Doug Frith, a Sudbury pharmacist who serves as his party's caucus chairman and critic on social policy. They cut a deal in which Frith agreed not to oppose Coté's interim legislation. The Conservative-Liberal agreement suddenly made temporary legislation politically viable. "Only the NDP will bitch," they agreed.

That is a very serious charge. Finally, I want to put to the Hon. Member that we are not debating Professor Eastman's recommendations.

Mr. Frith: You want no change?

Mr. Orlikow: On the contrary. If the Government had brought in a Bill based on Professor Eastman's recommendations—

Mr. Frith: Oh, good.

Mr. Orlikow: —we could have discussed those recommendations.

Mr. Frith: That's what I wanted to hear.

Mr. Orlikow: But we are not debating that. If and when the Government brings in that type of legislation, we will look at it clause by clause and probably support a good part of it. But that is not what we are debating. What we are debating is a Bill which gives the multinational corporations just about everything they want. That is why we are opposing it.

• (1640)

Mr. Frith: Mr. Speaker, I believe I should probably begin my response by asking a question. I find it passing strange that the New Democratic Party finally admits that it would be in favour of a Bill which would reflect the findings of the Eastman Commission. That does not differ at all from the position of the Liberal Party, a position I have taken consistently throughout the last two years. I have listened to my

colleagues from the Province of Quebec who have legitimate concerns about the impact of the 1969 legislation on the pharmaceutical industry in their province.

The so-called secret deal that was made behind the Speaker's chair is simply this. The Minister of the day was finding out whether or not we would be amenable to the recommendations made by the Eastman Commission. I say it publicly to Ministers opposite that if they wish to amend this legislation to reflect the major recommendations of the Eastman Commission then we would not be in full debate in this House on this particular legislation today.

I also wish to indicate to my colleague from Winnipeg why it was that the former Minister of Consumer and Corporate Affairs established the Eastman Commission in the first place. The establishment of the Commission came about as a result of a request made at a federal-provincial conference held in the early part of the 1980s signed by every one of the provincial Ministers which indicated that they wanted to have an inquiry into the pharmaceutical industry established because of their concern about the impact of the 1969 legislation on research and development levels in Canada. The then Minister of Consumer and Corporate Affairs, the Hon. Member for Papineau, acceded to the request.

As I have indicated before, I think the Eastman inquiry represents the highest state of information that we can possibly attain in Canada with respect to the state of the pharmaceutical industry. My Conservative colleagues opposite would do well to change their minds with respect to the proposed legislation.

[*Translation*]

Mr. Leblanc: Mr. Speaker, may I say that I fail to understand why today, after so many years, the Liberals still do not realize they made a mistake when they passed legislation which did not protect our drug research and researchers. At the time, we the people of Montreal could predict that tens of thousands of jobs would be lost, and today we can still see the empty buildings vacated by companies which did drug research. They are responsible for this and during those seven years they did not have the courage to backtrack and introduce the kind of legislation we are advocating today.

I can appreciate the position of the New Democratic Party, with their socialist approach and conviction that the Government should control everything. But I do not understand the Liberal Party, they are supposed to be in favour of liberalization. It is very difficult to understand. Why should this debate last so long? Why so much protest to make the debate last as long as possible and to mislead people?

Should we have more unemployed or people who can afford to pay for drugs? That is the main issue. What are we going to do with unemployed people if they cannot pay for drugs? The best thing is to have people with money to pay for them. That is the point.

My question is simple. Why didn't the Liberals, why didn't your party have the courage to table a Bill as sound and well drafted as the one we are tabling today? Why not say: Yes, we will let people invest in research and development and at the same time, we will control prices in the long term? Why don't you agree with this position?

Mr. Frith: Because, Mr. Speaker, we are not stupid.

Some Hon. Members: Hear, hear.

Mr. Frith: I think the Hon. Member is mistaken in his allegations about unemployment in this industry. After examining the issue for eighteen months, the Eastman Commission found that the 1969 legislation did not affect the employment situation in the industry, and Mr. Speaker, I think that if the Conservatives want a higher level of research and development in this country, it would be much easier to change the royalty system in the industry, as recommended by the Eastman Commission, by increasing royalties by 14 per cent. To me, Mr. Speaker, this would be much easier and more effective than the legislation we have now.

[*English*]

Mr. Robinson: Mr. Speaker, I wish to make a brief comment with respect to the speech of the Hon. Member for Sudbury (Mr. Frith) and, in particular, in response to a question raised by my colleague, the Hon. Member for Winnipeg North (Mr. Orlikow).

This Party has certainly long fought for an affordable health care system. It was never our position back in 1982 or in 1983 that the provisions that were brought in in 1969 to deal with what were some of the highest drug prices in the world should in fact be changed in the absence of compelling evidence that there could be significant improvements, both in the quality of drugs offered to Canadians as well as enhanced research, without jeopardizing the prices paid by consumers.

Certainly, if one is given a choice between the Draconian proposals put forward by the Government and the provisions of the Eastman Report, then clearly the Eastman Report is preferable. I wish to make it clear, speaking as one Member of Parliament, and I know I speak on behalf of my colleagues on this point, that I am not satisfied that the very high levels of profits of the multinational corporations in the drug field should be further enhanced by any changes to the 1969 compulsory licensing legislation.

Mr. Frith: In conclusion, I rest my case. I began my treatise this afternoon hoping that I could convince some of my colleagues that the Eastman Commission's recommendations were the route to follow. I have now found during the debate, and I appreciate it very much, that my colleagues from the New Democratic Party now admit, as the Liberal Party does, that the Eastman Commission represents the direction to follow in terms of the pharmaceutical industry in Canada.

[*Translation*]

Mr. Deputy Speaker: Resuming debate. The Hon. Member for Charlesbourg (Mrs. Tardif).

Mrs. Monique B. Tardif (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, first of all, I would like to express my personal satisfaction with the tabling of this Bill by the Minister of Consumer and Corporate Affairs (Mr. Andre) I also want to take this opportunity to mention the support received from the *Fédération de l'Age d'Or du Québec*. The president of the Association, Mrs. Rose-Aimée Leblanc, sent a letter to the Minister of Consumer and Corporate Affairs, and I would like to quote some passages from this letter:

On behalf of the *Fédération de l'Age d'Or du Québec*, I would like to reiterate our support as expressed on many occasions for the changes in the Patent Act announced by the Government. The *Fédération de l'Age d'Or du Québec* is agreeable to having an adequate period of exclusivity guaranteed for new drugs.

The present legislation is unfair and discriminates against researchers and scientific experts in the pharmaceutical industry, because it denies them the protection enjoyed by other industrial sectors and by researchers in other countries.

We are convinced that these changes in the Patent Act are necessary to stimulate research and find discover new drugs to treat diseases for which a cure has yet to be found such as cancer, Alzheimer's disease, AIDS and various cardio-vascular diseases.

Mr. Speaker, I would like to get back to the pride Canadians feel in what they do and their pride in the quality of their products, and to how important it is for Canadians to be involved in pharmaceutical R & D.

• (1650)

The purpose of the Bill before the House today is to ensure that consumers will pay reasonable prices for drugs and that the pharmaceutical industry will meet its commitments to engage in research and development, and we see these two objectives as the primary objectives of the new legislation. To ensure these objectives are achieved, the new policy provides for establishing an independent Board that will review drug prices and monitor investments by the drug companies. The Board will have a very important role. The Review Board will consist of five members, and will be chaired by Dr. Harry Eastman himself, who is a professor in the Department of Economic Science at the University of Toronto. Dr. Eastman was chairman of the Commission everyone is talking about today which submitted its report in May 1985. All members of the Board will be appointed by the Governor in Council for a period of five years and may be reappointed for one further year. Members must be persons without any interests in the pharmaceutical sector. I think this guarantees that hearings held by the Board will be used to hear the complaints or requests of consumers. The Minister may also, if he so wishes, establish an advisory panel to be composed of members of the various groups concerned, which will advise the Minister with respect to the appointments of members of the Board. I think that is also a useful addition.

To guarantee that drug prices will be fair, every patentee of a invention shall provide the Board with information on the prices of patented medicines manufactured or sold by the patentee. To determine whether drug prices are excessive, the Board must consider factors such as the consumer price index—if there are price increases in other sectors, there may also be increases in the pharmaceutical sector—the price of such products in other countries, which is also an important factor, the price of similar drugs in Canada and, if necessary, we could go even further, the cost of making and marketing drugs and such other factors that in the opinion of the Board are relevant. When the Board's experts indicate that a given price is excessive, the Board will establish a maximum. If a company persists in selling the product at a price above the established maximum, the Board may, after holding public hearings, rescind the period of protection against imports of generic equivalents or the manufacturing thereof. Furthermore, the Board may rescind the period of protection granted for other drugs produced by the company. I may recall that although public hearings will be held, the Government's purpose is to keep procedures simple and to hand down decisions as quickly as possible.

The Board will be working in close co-operation with the provinces. We are all aware of the interest the provinces have in drug prices. Provincial Health Ministers will have the right to appear before the Board and explain their position.

Public participation is also important since the public can advise the Board of any case of allegedly excessive prices. In certain cases, investigations will result directly from inquiries from the public, while at the present time, members of the public have no idea to whom they should complain. The hearings held by the Board will not constitute an exclusive forum for the pharmaceutical companies. The general public will be able to attend.

The Bill also grants real powers to the Review Board. This will enable the Board to offer greater price protection than is now possible. Many drugs have no competition from generic products. Consumers therefore have no idea if they are paying a reasonable price for these products. I think that we all know that, only 7 per cent of all prescription drugs now have a generic equivalent. This means that there is no generic equivalent for 93 per cent of all prescription drugs and that it is therefore impossible to verify the prices of these products. The Board will be responsible for reviewing the prices of all drugs now being sold to determine whether the consumer is paying a fair price or not.

The Board will also review the price of drugs well before generic equivalents are available. This is also an important factor. The Board will put pressure on companies to lower prices as soon as the drugs appear on the market. This is another major improvement over the situation which has existed since 1969. Today, prices go down only when a generic product comes on the market. From now on, the Board will be able to determine as soon as a product is put on the market whether its price is excessive and ask that it be lowered. Consumers will not have to wait for a generic product to come on the market to benefit from competitive prices.

It is very important to note also that during the average period of 11 years and a half between the time a patentee offers a new drug on the market and a competitor develops its

generics, there is absolutely no competition on the level of prices. The Board, therefore, will have to protect consumers both during this period and following the introduction of generics.

Another responsibility of the Board will be to see to it that patentees meet their R & D commitments. They have agreed to double their R & D investments within the next ten years. To ensure that these corporations fulfill their promises, the Board will be empowered also to collect and analyze information on their R & D activities. The Board will annually prepare and submit to the Minister a public report on the performance of the industry.

Let us mention also that the legislation provides for two formal review of the policy. The first one will take place four years from now, that is in 1990, and will be carried out by the Cabinet. The Government will be able to issue an order in council to reduce or revoke the protection period granted to the patentees who fail to keep their promises.

Mr. Speaker, I feel that the part we expect this independent board to play is an important one for consumers as far as the prices of medicine are concerned. It is important to note as well that the legislation provides also for a second thorough review of the policy ten years from now. I suggest that we set out the course and provide ourselves with some points of reference so that this policy will be reassessed in order to avoid the recurrence of situations such as we have known since the implementation of the 1969 legislation, because nothing was done to meet the expectations of both consumers and scientists.

As I recall my previous experience, I think that consumers did complain quite often about drug prices ever since the legislation of 1969 has been in force.

Mr. Speaker, it being close to 5 p.m., pursuant to Standing Order 9(4)(*a*), I move:

That the House continue to sit beyond the ordinary hour of daily adjournment for the purpose of continuing the debate on Bill C-22.

Mr. Deputy Speaker: Order, please. Mrs. Tardif (Charlesbourg), seconded by Mr. Tremblay (Quebec East), moves that the House continue to sit beyond the ordinary hour of daily adjournment for the purpose of continuing the debate on Bill C-22.

The motion as proposed is in order.

I will read the relevant Standing Order:

In putting the question on such motion, the Speaker shall ask those Members who object to rise in their places. If twenty-five or more Members then rise, the motion shall be deemed to have been withdrawn, otherwise, the motion shall have been adopted.

• (1700)

[*English*]

Will those Members who object to the motion please rise in their places.

And the count having been taken:

Mr. Deputy Speaker: In the opinion of the Speaker, twenty-five Members having risen, pursuant to Standing Order 9(4)(b), the motion is deemed to have been withdrawn.

[*Translation*]

Order, please. It being 5 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS--PUBLIC BILLS

[*English*]

MISSING CHILDREN SEARCH ACT

MEASURE TO ENACT

Mr. Howard Crosby (Halifax West) moved that Bill C-234, an Act to require assistance in the search for missing children, be read the second time and referred to a legislative committee.

He said: Mr. Speaker, as the motion indicates, I have presented to the House of Commons Bill C-234 respecting the search for missing children. This Bill was presented on a previous occasion to the House of Commons. It has been widely discussed among those interested in the subject of missing children.

I wish to advise you of the reason that I seek approval for this Bill on second reading. For many years in the municipalities and across each of the provinces, the problem of missing children has caused great consternation and difficulties, not only to the parents of missing children, but to the authorities that under our social system are responsible for young persons.

The provinces, through their legislative assemblies and their Governments, have been unable to provide a suitable solution to the problem of missing children. For this reason, I attempted to draft in a Bill suitable for passage through the Parliament of Canada, a solution to the problem of missing children. It is important that Parliament understand that it does have jurisdiction in this matter. Heretofore it has been considered that the problem of missing children was the concern of the provincial Governments and the legislative authorities of the separate provinces.

However, I wish to point out to the House of Commons that Parliament has already taken responsibility with respect to children under the age of 16 years. In Section 197 of the Criminal Code it is made very clear that every parent, foster parent, or guardian of a child under the age of 16 years is under a legal duty to provide the necessities of life to that child.

In order to perform and implement that obligation under the Criminal Code, it follows that as part of our criminal law jurisdiction we should provide a parent or guardian with the method to ensure that the child remains under their care and

control, in order that they can perform their legal duty. It is under that authority that I drafted and presented to this House as a Private Members' Bill, Bill C-234, which has the short title Missing Children Search Act. I will just state briefly, because I have indicated the contents of the Bill on other occasions, that the Bill is to authorize a parent to in turn give authority to a police officer to search for a missing child, that is, a child under the age of 16 years.

What is important is not that we regard the specific provisions and words of this Bill, but that we grasp the subject matter of it, and recognize that there is a huge problem. The Parliament of Canada, if it has any legislative authority, should exercise it in favour of a resolution of the problem. Even if the House does not see fit to give second reading to this Bill and reference to a legislative committee, I would be more than content if the House of Commons would see fit to refer the subject matter of this Bill to an appropriate committee. I think the appropriate committee would be the Standing Committee on Justice and Solicitor General. However, I will leave that to the determination of the House.

I wish to make a couple of remarks that very graphically bring to the attention of the House of Commons and the Canadian public the concerns that have resulted in the introduction of this Bill.

When I first introduced this legislation in the House of Commons, I made the statement that police forces across Canada could tell you whether your motor vehicle was stolen or missing, but they did not keep any record of missing children. I was challenged on that point. Unfortunately, it was true. Since then the Solicitor General has directed the Royal Canadian Mounted Police to add missing children to its CPIC register. To a certain extent, the problem has now been resolved.

I wish to present some other facts so that Members will know the extent of this problem. Of the 11 children whom Clifford Olson admitted killing, only one was a subject of a police search. That is the extent of the difficulties that arise from police involvement in searches for missing children. I am trying to bridge that gap and bring parents and the police together, so that missing children will be found and a search will be conducted immediately.

In the few moments I have at my disposal, I wish to say that there have been many people who have concerned themselves and made it almost a career to deal with the problem of missing children. I mentioned Judy Cullen, with whom I have had a number of discussions. I also wish to refer to Mr. and Mrs. Gary Rosenfeldt, who have been crusaders in this field. We all owe them a debt of gratitude.

I wish to present to the Parliament of Canada, and the people of Canada, one case which I think typifies the problem. It is the case of Jeffrey Murray, who went missing in January of 1986 from his home in the Halifax-Dartmouth area of Nova Scotia. Ten months later this 14-year-old boy was still missing. I wish to quote the following from a media account of Jeffrey Murray's situation:

> At first RCMP, treating Jeffrey's disappearance as a runaway case, did receive tips there were a few local sightings of Jeffrey, but they were unable to track him down.
>
> Finally, Mrs. Murray and her husband Robert,
>
> —made the difficult decision of signing Jeffrey's guardianship to the province, giving police power to arrest their son and bring him home.

That is a very poor solution, Mr. Speaker, to a very real human problem. In order to receive police assistance and empower the police to search for one's own child, a parent in the Province of Nova Scotia—and it is the same in most of the other provinces in Canada—has to in effect make a complaint that his or her child is a delinquent and that they require public assistance by way of guardianship. That is the solution that the provincial legislators have provided. It is not a good enough solution. If the Parliament of Canada in the exercising of its authority under the Constitution of Canada can provide a better solution, then I think that we should at least explore it.

I have suggested the device of a parent being able to authorize the police to make a search. That is one suggestion. There may be better suggestions. I would be the first to recognize a better form. What there has to be in any solution to the problem is the ability of parents to enlist very quickly the aid of the police forces in their community and across Canada in the search for a missing child. Why should they do that? It is because it has been established time and time again that runaways or children who leave their homes and go missing become almost inevitably the victims of crime. Anyone, including the Solicitor General (Mr. Kelleher) if that is his position, who tells me that there is not a connection between missing children and the criminal law of Canada simply does not know what he or she is talking about. Missing children become, almost in every case, victims of violence or victims of crime. In the best of cases they are simply inducted into a world of outlaws in society; they become outlaws. If we visit major urban areas across Canada, we see graphic evidence in this regard on every main street from Halifax to Vancouver including St. John's, Newfoundland.

• (1710)

We are trying to respond to a real problem. The solutions may not be perfect, but at least it is a start. I enlist the assistance of all Hon. Members of the House in attempting to determine a course of action which can be taken under the laws of Canada to resolve this very serious social problem.

Mr. John Nunziata (York South—Weston): Mr. Speaker, I appreciate the opportunity to make some very brief remarks with regard to Bill C-234. At the outset I should like to congratulate the Hon. Member for Halifax West (Mr. Crosby) for taking the initiative and for being concerned about a particular problem which is national in scope. I had the pleasure of speaking to the predecessor of this particular Bill, Bill C-230, when it was given first reading in the House on March 20, 1985. I said then—and I say it again today—that

the Official Opposition, the Liberal Party, is supportive of the general thrust of the legislation. We believe that the subject matter of the legislation ought to be considered by the Standing Committee on Justice and Solicitor General.

All too often in the House, given the nature of our parliamentary system, there is considerable partisan debate. I believe very strongly that the problem of missing children in Canada is the type of issue where we can all set aside any partisan concerns we may have and work together to develop some effective legislation or an effective solution to the problem.

Again I congratulate the Hon. Member. Indeed, I commend the Government for some of its actions on this important subject over the course of its mandate.

As we know, the former Solicitor General announced in December, 1985 several initiatives to address the particular problem of missing children. For example, it was announced that there would be a central registry on missing children. The press release indicated that the RCMP would be creating a central registry in Ottawa to assist police forces and concerned agencies across Canada in locating and identifying missing children. Also it indicated that the registry would be linked with the Canadian Police Information Centre which had on-line terminals in almost all police departments in Canada. It would also be linked with similar information systems in the United States and through Interpol to the rest of the world. The plans were to have the registry operational by July, 1986.

As I speak this afternoon, I am not clear on whether or not the central registry is fully operational. However, I believe it is a step in the right direction. I think the Government is truly concerned about the particular issue.

As the Hon. Member for Halifax West pointed out, there is no national legislation in Canada to deal with the problem of missing children. There is such legislation in the United States. Mr. Speaker, as I am sure you are aware, over 2,000 children are reported missing every year in Canada. It is a large number of children. The Canadian police information computer usually has an accurate record of the number of missing children. Of course the 2,000 figure is an estimate. At any given moment in time there are approximately 2,000 missing children. While the CPIC usually has an accurate record of the number of missing children, as I understand it the circumstances of their disappearance are not included in that computer. At times we are told that police departments may enter incomplete descriptions or conflicting information.

Missing children fall into three categories—runaways, stranger abductions, and parental abductions. Contrary to popular belief, most police departments do not wait a prescribed period of time, for example 24 hours, before recording a child is missing. My information is that generally police departments treat each case individually, taking into consideration factors such as whether the child is known to be a runaway or whether there are feuding parents and parental abduction is likely. At times precious little can be done with regard to a missing child when there is parental abduction. Of course there are stranger abductions. They are of paramount concern. It is an offence under the Criminal Code of Canada.

As well, when we are dealing with runaways, while some children may rebel and decide to run away from home, we know that at times they all too often fall into the hands of certain degenerate elements in society and begin a life of crime, whether it be prostitution or drug peddling. There are those individuals in society who decide to use runaways. Of course runaways are very vulnerable to exploitation by different people in society.

We all know that Canadian corporations are eager to become involved in the search for missing children. Many corporations in Canada are prepared to offer financial assistance. However, I believe the bottom line is that the Government of Canada and we as parliamentarians have a responsibility to ensure that as a Parliament we do whatever we can to ensure that the problem is dealt with. While the Government of Canada has taken certain initiatives for which I commend it, I do not believe we have gone far enough.

There is now a central registry on missing children. The Government has declared a National Missing Children Day on May 25 of each year. Pilot studies are being initiated in different Canadian cities. I believe, as does the Hon. Member for Halifax West, that there is a need for national legislation. At the very least, there is a need for the subject to be debated and discussed at the national level here in the Parliament of Canada through the Standing Committee on Justice and Solicitor General. Once the matter is referred to that particular committee, the committee will have the opportunity to invite various groups and individuals in society to come forward, such as the Canadian Centre for Missing Children. That is a voluntary organization in Edmonton. I would like to commend it publicly for the work it has done concerning missing children. In particular I would like to congratulate it for the literature it has produced on the subject. I believe it is doing some very fine work and I would like to hear from its representatives. I would like them to come to the committee to discuss their concerns so we as parliamentarians can decide how to deal with this national problem.

• (1720)

As the Hon. Member pointed out, the issue should be addressed by the Parliament of Canada. While different provincial Governments are discussing and dealing with it, we have to recognize that the problem is national in scope. When children go missing they often cross provincial borders. Therefore, we have a need for national legislation.

I have some technical concerns regarding this Bill. I have asked the Library of Parliament to review the legislation and provide me with a report on its potential legal problems. However, nothing should stop us from dealing with the subject matter in committee. Therefore, I would like to move that the subject matter of Bill C-34 be referred to the Standing

Committee on Justice and Legal Affairs for further consideration.

Mr. Deputy Speaker: It has been moved by Mr. Nunziata, seconded by Mr. Gauthier:

That Bill C-234 be not now read the second time but that the subject matter thereof be referred to the Standing Committee on Justice and Solicitor General.

The debate will continue on the amendment with the Hon. Member for Burnaby (Mr. Robinson).

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I am pleased to rise on behalf of my colleagues in the New Democratic Party to support the amendment before the House and the motion that this very important subject matter be referred to the Standing Committee on Justice and Solicitor General. I will be brief because I do not want in any way to deny other Members of this House an opportunity of voicing their concerns.

I hope the motion will be adopted because as one Member on the Committee on Justice and Solicitor General, I can think of few subjects which are more appropriate for consideration by that committee than the one brought forward today by the Hon. Member for Halifax West (Mr. Crosby). I want to take this opportunity to commend the Hon. Member for his tenacity in moving forward on this subject. I have looked back over the records of this Parliament and I know he has raised the issue not just in Private Members' Hour but also during the Adjournment Debate. On one occasion he said, and I quote:

I want to present to this House as many times as I have the opportunity the subject of missing children.

It is to his credit that he has persevered.

We can all relate to the sense of anguish and despair faced by the parent of a child who has disappeared. We can relate to the frustration and anger they feel when they believe that perhaps the police have not responded as quickly as they should have. We can understand and empathize with those who are angry with the fact that in many cases when a child is abducted and taken out of the country, the parent in question is in effect told there is no possible way of dealing with that abduction.

There are three different forms of child abduction that we deal with under the general scope of this Bill. The first is the child who chooses to run away. The second is the child abducted by a parent. The third is a child abducted by strangers. It is very difficult indeed to know what sort of numbers we are dealing with. We are certainly talking about hundreds and hundreds of children. For example, as of January, 1984, over 1,200 children between the ages of 10 and 16 went missing. An additional 160 under the age of 10 were also missing. I suspect those figures under-represent the extent of the problem. However, what is clearly beyond the shadow of a doubt is that this Parliament must recognize there is a problem and that the subject matter should be studied by the committee.

I want to join with my colleagues in commending the initiatives taken by the former Solicitor General, the Hon. Member for Wellington—Dufferin—Simcoe (Mr. Beatty), in this area. Approximately one year ago he announced the creation of a central registry on missing children, a Canadian information centre on missing children, and the establishment of a National Missing Children's Day, as well as consultation through a national conference on this whole question. Those are all important initiatives. It is also important not to lose sight of the fact that while legislative structures are important, we have to examine why children are running away. Too often these children are fleeing from absolutely intolerable conditions at home. They run away as a last resort. Certainly we as a society have to recognize the problem and examine responses. Too many children are fleeing from abuse, whether it be sexual, physical or phsychological. I suggest that it is essential to put in place the resources necessary to deal with the problem. Legislation on the subject of sexual abuse of young children is now before Parliament. As a member of the legislative committee studying that problem, I know we look forward to improvements being made to the legislation, both in its definition of offences and in improving the ability of young children to communicate their story in court.

I also believe that while it is important to look at the legal structure, the committee dealing with this subject must also call witnesses to give evidence about why children in larger and larger numbers are leaving their homes. We have to examine, for example, the question of violence in the family. We have to ask ourselves, as I said during the debate on Bill C-15, whether we are prepared to continue to tolerate a provision of the Criminal Code which allows children to be beaten by their parents or guardians. We have to ask ourselves if perhaps the time has not come to move beyond that, as has been done already in Sweden.

I want to commend the groups which have been active in this area. They have been vocal and they have put incredible energy into dealing with this problem, often at great personal expense. I think of, for example, the group known as Mothers Against Abduction and Murder. This is a group of mothers who in many cases have experienced personally the tragedy of the loss of a child. Sharon Rosenfeldt, the mother of one of the victims of Clifford Olson, is active in this group as well as in Victims of Violence and with the Canadian Centre for Missing Children. I believe we owe a debt to the organizations, and the individuals who work so hard within them, which have helped push this matter. Today it will be referred to the Standing Committee on Justice and Solicitor General.

• (1730)

In conclusion I would like to indicate on behalf of my Party that we urge government Members to allow the Standing Committee on Justice and Solicitor General to consider this important subject matter. It is long overdue for consideration. The Member for Halifax West has been a vigorous advocate in this area. In addition to the subject matter of this Bill, I hope the committee will consider very seriously the preventive

measures which society must take to ensure that our most precious resource, our children, are not in a situation of having to flee or being subject to abduction.

Mr. Don Ravis (Saskatoon East): Mr. Speaker, I am very pleased to join with my colleagues today during Private Members' Hour to discuss the Bill and the amendment to it. There are four things which I think are very serious in Canadian society. They are drug and alcohol abuse, child abuse, pornography, and missing children. I believe that these four things are attacking the social fabric of our society. I commend the Member for Halifax West (Mr. Crosby) for the efforts he has made to ensure that this Private Member's Bill will be referred to the appropriate committee.

In the past, the tragedy of missing children only came to our attention through the media. Today there is a greater awareness of missing children through pictures in bus shelters, post offices and newspapers. I have even included them in my quarterly householder to my constituents.

Today, in addition to the Bill, I want to dwell on the vital part which the community can play in the tragic saga of missing children. Community volunteers aid in the search for children and in educating parents and children to try to prevent child abduction and runaways. I would like to speak about a program in my constituency which I think presents a partial solution to this problem. Governments at all levels must work with our volunteer agencies. The program All About Me ID was commenced in Saskatoon a couple of years ago. It was shown on national television about a year ago. The objectives of the program are to provide an accurate and complete description and identification of children and, perhaps more important, to educate parents and children about preventing abduction.

The All About Me ID program started in March, 1985, in Saskatoon with a massive volunteer effort co-ordinated by Saskatoon media and Child Find Saskatchewan. With the help of hundreds of volunteers and retired RCMP officers, and with donations from many corporations and volunteer organizations, this program was put into place. Approximately 45,000 passports were issued to Saskatoon school children in a major campaign. That includes a large majority of the school-aged children in our city. The program also registered 17,000 children in the rural areas surrounding Saskatoon. I am pleased that there has already been a decrease in the number of cases reported to the police.

As you are probably aware, Mr. Speaker, each year in the neighbourhood of 1,000 to 1,200 children go missing. While many of those children have only forgotten to call home while they are out after school with playmates, last year five children were never found. As far as I am concerned, that is five too many.

The All About Me ID program is also under way in Prince Albert where over 7,000 children have already been registered. Plans are under way to implement the program in Calgary. I learned today that a radio station there has undertaken to give the program a boost, much as it received in Saskatoon. The campaign is also under way in the Province of Quebec. In Saskatoon all costs associated with the production of the passports were borne by volunteer and service groups in the city. At present the passports cost approximately $1.50 each.

I do not have a copy of a passport with me, but it is basically a piece of paper about eight inches by 11 inches folded three ways. Inside it has a picture, fingerprints, and all vital statistics pertinent to the particular child. The passport is the property of parents who make it available to police in the event the child goes missing. Of course, the fingerprints and picture become the key elements of the passport.

With the enactment of the Bill currently before the House, police agencies across the country would be brought in to assist in the search for missing children. The All About Me ID passport will be of great assistance in the search. By providing police with ready-made identification and vital fingerprints the All About Me ID program eliminates a burden for them and puts the search in motion much sooner. Time is always of the essence in abduction cases where the trail grows cold very quickly.

The All About Me ID program has a preventive component as well. There is a list of 12 precautions contained in the passport. They may appear to be pretty basic, but I believe they cause many children to go missing. For example, never leave a child unattended. Remind children never to talk to strangers or accept candy from them. Make sure children know the telephone numbers for their home and for the police station. Encourage children to tell parents of encounters which are threatening to them. Tell children to go to Child Find if the worst happens. Help can be found there. I think the Child Find organization is one of the better known national organizations with agencies in every city.

The Bill before the House today is of vital importance to the well-being of all Canadian children. When my hon. colleague introduced the Bill for first reading in March, 1985, he stressed that this Bill "would ensure the assistance of police officers and searchers and encourage the participation of other agencies and the public". It is high time this action was taken. My own City of Saskatoon has proven that a co-ordinated effort of volunteer agencies can provide an invaluable service to the police. This type of action would occur on a nation-wide basis with the enactment of this Bill. Both the City of Saskatoon police and Child Find Saskatchewan feel that they have an excellent working relationship which is of great benefit in the searches for missing children.

By enacting this Bill we must not assume that the entire burden of finding children who tragically go missing will fall on police agencies. They already have limited resources and manpower. We would be defeating the noble and vital purpose of this Bill if we strained those resources by placing the full responsibility of search and find on the law enforcement agencies. Through this Bill my colleague intended to encourage joint participation by families, communities, volunteer organizations and law enforcement agencies across the

country. The RCMP registry is now in place. I am pleased that that has happened. From Ottawa we are now co-ordinating with police forces in every province of Canada.

My own community has proven that this entire co-ordination effort is possible. I applaud such successful action. I urge the House to support this Bill and refer it to the appropriate committee so that the Government can encourage community actions like those taken in Saskatoon to become national in scope. By working together, police, individuals and communities can fulfil the intent of the Bill currently before the House and end the anxiety of so many Canadians.

• (1740)

Mr. Patrick Crofton (Esquimalt—Saanich): Mr. Speaker, I am pleased to have this opportunity to say a few words on this very important matter in Bill C-234. As Members know, the Government is very cognizant of its responsibilities in this very important social issue and has already taken concrete steps to put in place legislation and procedures to deal with this matter. Certainly more remains to be done, and, as in other areas of government responsibility, this important social issue requires regular review to ensure that the legislation and procedures of the day remain effective and appropriate.

It would be very gratifying if some single Act of Parliament, some specific piece of legislation which we could all support, would deal with the problem in a comprehensive and effective way. Unhappily, this is not the case. The matter is complex, touches on many social issues, and invokes a host of legal views and constitutional principles that are very often conflicting in nature.

We are all aware of the pain and the grief to the parent or guardian and other family members, the injury or hurt to the missing child himself or herself, when these unfortunate events occur.

Children absent themselves from their homes or residences for a variety of reasons. Sometimes it is forcibly, sometimes voluntarily. All tools at hand must be employed to determine the whereabouts of a missing child, and, where appropriate, return that child to its home. Obviously, our various police forces can and must play a significant role in the location process. Effective federal legislation is an important part of the formula. Heavy handed legislation, on the other hand, can only give birth to endless litigation and is counterproductive.

Bill C-234 contains several clauses which give me considerable difficulty. I very much hope that the appropriate committee will consider some of these clauses closely when it has the opportunity to do so. In particular, I single out Clause 7(3) which states:

> When a warrant is reported in respect of a missing child, the parent of the child or any police officer or member of a police department may enter and search any place or premises as though the warrant was a warrant to search for the child issued under the Criminal Code of Canada.

I am confident that every member of the House, as would any normal thinking member of Canadian society, would have every sympathy for a parent or guardian searching frantically for a missing child and would, in most conceivable circumstances, co-operate willingly in the search. However, to enact legislation which gives the right of search of private property by a parent or guardian without any reasonable control or limitation seems to me to fly in the face of many of the protections accorded private citizens under the Charter of Rights and Freedoms. A distraught adult, at whatever the hour, day or night, brandishing a piece of paper and demanding his or her right to search my home or business, would give me pause for thought. Who is this person, how credible is his or her story, what abuses to my security or privacy are put at risk by giving free entry? How am I to know, how is some elderly widow or anyone else to know, whether the warrant, assuming the claimant has produced such a piece of paper, is valid or legal, or indeed an invention?

Clause 5(4) of the Bill mandates that every police officer who receives or acquires knowledge of the warrant shall assist in the search for the missing child. Again, I suggest that the proposed legislation is very heavy-handed. Police forces have many responsibilities, both demanding and conflicting. Those responsible for the day-to-day, indeed minute-to-minute, allocation of police time frequently have to make unhappy choices. Is this legislation intended to place in the hands of a distraught parent the incentive to bring criminal action against each and every policeman or policewoman not perceived to be searching diligently?

Surely those in charge of any local police force must have the authority to allocate resources as circumstances dictate. However well intentioned this subclause may be, in my view the wording would create many more problems than it solves.

A third area of concern is one that is not addressed in the Bill. What happens when the child voluntarily absents himself or herself because of child neglect or abuse? Under what circumstances is a missing child returned to his or her parent or guardian? Is it on all occasions, some occasions and, if so, which ones? If a neighbour's child comes to me with some reasonable story of abuse, am I required by law to return that child to the parent or guardian, or do I have the option of consulting appropriate authorities? According to Clause 7(3) which I described earlier, I am obliged to allow free access to the parent or guardian to my private property. Do I now have a fight with the parent over the child? Indeed, do I not have a responsbility to that child?

I have every sympathy with the Hon. Member for Halifax West (Mr. Crosby) in his desire, indeed the desire of all Canadians, to see appropriate mechanisms put in place for the speedy and safe return of children who are legitimately identified as missing. No doubt, others will speak about the need for well thought out co-ordination of the various police forces and agencies who need to be involved. Co-operation is most certainly required in areas where legislation is inappropriate or ineffective. While Bill C-234 addresses some of the important issues, in my view it is defective, particularly in the areas I have illustrated. Time constraints do not allow me to explore some of the other areas.

I congratulate the Hon. Member for Halifax West in bringing this forward. I hope the committee will look at this proposal carefully and make the appropriate changes, because I have concerns about the wording of some parts of the Bill.

[*Translation*]

Mr. Maurice Tremblay (Lotbinière): Mr. Speaker, first of all, I want to congratulate the Hon. Member on his very serious concern for the plight of missing children as expressed in Bill C-234. Missing children are a major concern in our society. As politicians, we cannot ignore the anxiety being experienced daily by so many Canadian families.

By introducing this Bill in the House, the Hon. Member has demonstrated his desire to help missing children and their families. His is a noble gesture. However, I believe that in its present form, the Bill does not answer its avowed purpose. One example, Mr. Speaker, is that it fails to consider the fact that many children run away from home because they have been victims of physical violence, mental crualty or sexual abuse. By doing everything we can to return these children to their parents we are not necessarily acting in their best interests.

Since under the Constitution, responsibility is shared in this area, the police come under both federal and provincial jurisdiction. Should a federal Minister give instructions to a police officer or a police force, he would clearly be *ultra vires*. Even if that were not the case, any legislation in this respect would require extensive consultation between the federal Government and the provinces. Indeed, some clauses such as Clause 7(3), could probably be challenged successfully under the Canadian Charter of Rights and Freedoms. Under the provisions of the clause, a warrant signed by a parent or parents would apparently be the equivalent of a search warrant issued by an officer of the court upon receiving a sworn statement. Once issued, the warrant would allow proceeding with search and seizure while ignoring the requirement for reasonable cause.

Furthermore, the Bill does not take into consideration recent measures to improve police procedures for intervening in this area, such as the creation of the RCMP's Central Registry on Missing Children and instructions from the RCMP to all detachments advising them to act immediately on all reported cases of missing children.

Currently, there is no evidence, Mr. Speaker, to support allegations that the police are not acting as they should in reported cases of missing children. In fact, police forces across Canada are providing the best of co-operation where the central registry is concerned. Research projects being conducted by the Department in four Canadian cities will also enable us to assess police action on reported cases of missing children. That study, once completed in March 1988, and the experience gained with the RCMP's central registry should provide the information needed to determine whether any additional legislative action is needed in that area.

This of course does not mean, Mr. Speaker, that I do not think something should be done for missing children. In that area, this Conservative Government which I am proud to be part of has been and is still doing pioneering work. The Government already has acted on its commitment. In August 1986, for instance, the Solicitor General officially opened the central registry for missing children. By linking all police forces across Canada, that registry significantly contributes to effective steps being taken nationally to address the problem of missing children.

This however is merely a first step, and the Solicitor General has promised to co-operate with all the agencies involved in order to find the most effective, long-term solutions to the problem of missing children. Moreoever, thanks to the efforts made by a number of agencies and levels of Government, progress to some extent has been achieved. National and provincial groups such as Child Find Ontario and *Enfants-Retour*, to name but those two, have made us more aware of the problem and have provided valuable services to the victims and their families. The circumstances surrounding the disappearance of children vary. However, all those children have one thing in common—they are all in danger.

Children who have been abducted by strangers are most obviously in danger, and such incidents make front-page headlines. Fortunately, Mr. Speaker, they are rare. Still a child abducted by his mother or father after a divorce is also in danger, especially so if the parent involved decides to go in hiding to avoid being found.

As to run-away children, they have to survive in a cold and harsh world. They may have run away because they were sexually abused, illtreated or neglected, but once they hit the streets they may very well face worse conditions, easy prey as they are for pimps and drug pushers. They might even engage in criminal activities—breaking and entering or shoplifting, for instance—just to feed themselves, Mr. Speaker.

As a rule, police will be the first to be told a child is missing and it is their responsibility to decide whether a search ought to be organized and to find ways to warn other local, regional, national and even international police forces so they too will be on the lookout.

But, Mr. Speaker, what coordinated measures can we take? How do we go about coordinating searches to find thousands of missing kids? The establishment of the registry is a first constructive step, but obviously we still have a lot to learn. We are still not fully aware of the extent and nature of the problem, let alone the best ways to solve it. Greater police efficiency is only one part of the solution, Mr. Speaker. We need more communication and co-operation at all levels. The search for a missing child has to involve social agencies, a large number of departments at all government levels, volunteer organizations, professional associations and the private sector.

In April last, for the first time in Canada, representatives of all the groups concerned with the problem of missing children met in Toronto at a national seminar on missing children organized by the Department of the Solicitor General. The

object was to better identify the problem and to open discussions on how to co-operate in finding solutions.

The Solicitor General agreed to provide further opportunities for pooling information, discussing experiences and establishing national strategies for all parties involved in child welfare and concerned with crimes committed against children.

It is also important, Mr. Speaker, to foster parent awareness of the need to caution children against the dangers of the streets. To that end, parents of course must themselves be better aware of the dangers involved.

Mr. Speaker, in the few seconds I have remaining, I believe that by unanimous consent we should refer the matter to the Standing Committee on Justice and the Solicitor General.

• (1750)

[*English*]

Mr. Deputy Speaker: The House has heard the terms of the amendment of the Hon. Member for York South—Weston (Mr. Nunziata). Is it the pleasure of the House to adopt the amendment?

Some Hon. Members: Agreed.

Amendment (Mr. Nunziata) agreed to.

Mr. Deputy Speaker: Shall the motion as amended carry?

Some Hon. Members: Agreed.

Motion, as amended, agreed to.

Mr. Deputy Speaker: Accordingly, the order is discharged, the Bill withdrawn and the subject matter thereof referred to the Standing Committee on Justice and Solicitor General.

Order discharged and Bill withdrawn.

Mr. Deputy Speaker: Shall I call it six o'clock?

Some Hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

REGIONAL INDUSTRIAL EXPANSION—SYDNEY STEEL CORPORATION. B) INITIATION OF MARKETING STUDY

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, I rise today with regard to a question I put to the Minister of Regional Industrial Expansion (Mr. Côté) concerning the Government's commitment to the Sydney Steel Corporation. On November 4, 1986, I asked the Minister whether that commitment was a firm commitment. Unfortunately, the answer which was forthcoming was not very satisfactory at all, not only to myself but to the people of Cape Breton.

It should be noted that in August of 1984, the Prime Minister (Mr. Mulroney), the self-proclaimed head waiter for the United States, made a commitment to the people of Cape Breton Island that he would fund and provide modernization moneys for the Sydney Steel Corporation. That was in August of 1984. On December 28, 1985, an announcement was made in Cape Breton whereby the Government of Canada and the provincial Government announced that the modernization program would be taking place. Between August 1984 and December 28, 1985, 480 days elapsed before the federal Government, a Tory Government, made an announcement confirming its commitment with regard to modernization. It took 480 days and it took members of the Opposition, municipal leaders, a provincial Premier, and the provincial Leader of the Opposition to convince the Government to move in a positive way. That great former Minister of Regional Industrial Expansion said on December 28, 1985: "I am here to tell you that it is going. The agreement is there and there should be no doubt now concerning the future of Sysco".

If the people of Cape Breton have ever been misled, it has been by the Tory Government which took 480 days to make an announcement. On November 25, 1986, 330 days later, we have the spectacle of a Government which is waffling on its commitment with regard to a modernization program for Sydney Steel. That amounts to a total of 810 days in which the Tory Government misled, intentionally or otherwise, the people of Cape Breton with regard to the modernization program of Sydney Steel.

• (1800)

What do we hear from the government benches? We hear the Minister of National Revenue (Mr. MacKay) say that CN should be buying its rails from Sysco. Why does he not do something about it instead of being a mouthpiece—

Mr. Forrestall: Why didn't you?

Mr. Dingwall: I want to tell the mouthpiece, the Hon. Member for Dartmouth—Halifax East (Mr. Forrestall), that the Liberal Government in 1984-85 ordered CN to purchase $125,000 worth of rails. In 1983-84 we ordered it to purchase $108,000 worth of rails. Perhaps the Hon. Member would like to know something about 1972-73?

Mr. Forrestall: Sure, go ahead.

Mr. Dingwall: Perhaps the Hon. Member would like to know something about 1973-74? Would the Hon. Member like those figures?

Mr. Forrestall: Sure.

Mr. Dingwall: In 1972-73 the figure was $89,000. In 1973-74 it was $110,000. In 1974-75 it was $112,000. In 1975-76 it was $124,000. The figures go on and on and on.

The Tory Government led by the self-proclaimed head waiter for the United States has not committed itself to regional economic development or to the Sydney Steel Corporation. The Hon. Member for Dartmouth—Halifax East knows full well that the Premier of the province knows that the Prime Minister and the Government of Canada are not committed to modernization. If they were, they would approve and honour their commitment of $157 million, and they would do something with CN.

Under the provisions of Section 99 of the Financial Administration Act, the Prime Minister and the Minister of Transport (Mr. Crosbie) ought to order CN to purchase its rails from Sysco. But, no, 810 days have elapsed. That shows ample proof, unqualified proof, that the Tories talk out of both sides of their mouths. They are not committed to regional economic development. They do not believe in equality of opportunity for all regions of Canada. No, the Government will allow CN, a Crown corporation, to go abroad to Europe and Japan to purchase its rails while people in my constituency, one of the poorest regions in the country, have to put up with misleading statements, not only those of the Prime Minister of 1984 but those of the former Minister, the present Minister of National Revenue (Mr. MacKay), and, indeed, the Parliamentary Secretary to the Minister of Regional Industrial Expansion (Mr. Forrestall). Shame on this Government.

Mr. J. M. Forrestall (Parliamentary Secretary to Minister of Regional Industrial Expansion): Mr. Speaker, the outraged Member should perhaps be reminded that for 6,205 days the Liberal Government of the country did absolutely nothing about the modernization of Sysco. In spite of the Hon. Member's rhetoric in front of the television cameras for the benefit of the people of Cape Breton who are in trouble, the fact of the matter is that the modernization program at Sydney Steel is not a broken promise. Quite the opposite is true.

A subsidiary agreement for Sysco modernization was signed on February 28, 1986. The Hon. Member knows that. A business plan prepared by Sysco was used as support information for a Treasury Board submission regarding ratification of the subsidiary agreement. Prior to the preparation of the Treasury Board document, both the federal and the provincial Governments, through the Canada-Nova Scotia planning subsidiary agreement, had commissioned A. D. Little of Canada Limited to prepare rail market projections. This study was used by Sysco in the preparation of the business plan. The plan was submitted and accepted by both levels of government. Treasury Board approval was received on June 4, 1986.

The Hon. Members knows that and his rhetoric is exactly that. It is fog, mirrors, smoke and brimstone which does nothing to further the useful objectives of Sysco.

• (1805)

We did receive 1985 market information. It is being asked now that the same firm update that market information.

On September 19, 1986, the Premier of Nova Scotia and my colleague, the Minister of Regional Industrial Expansion (Mr. Côté) who is responsible for Sysco and others, announced that SNC/DRAVO had been awarded a contract to undertake basic engineering work with respect to this modernization program.

On October 1, 1986, representatives of the engineering firm began work in co-operation with officials of the Sydney Steel Corporation. Let me tell my hon. friend that that work is in fact proceeding on schedule.

Sysco is currently in the process of updating its comprehensive business plan and this will incorporate and use the updated market study previously undertaken by A. D. Little in 1985. The updating of a market study is normal business practice and this is essential to the development of Sysco as a viable operation. The market study will be just one important element of the business plan.

Since there has been confusion about this study, I would like again to emphasize to the Hon. Member that this is not a new study. Rather, it is an update of the 1985 study done by the same company. Market conditions do in fact change and it is essential to keep up with changing market demands.

COPYRIGHT—USE OF VIDEOTAPED MATERIAL FOR EDUCATIONAL PURPOSES

Mr. Ross Belsher (Fraser Valley East): Mr. Speaker, instructors at Fraser Valley Community College in Abbotsford and Chilliwack, British Columbia, have advised me that copyright and its application has posed various problems for educators and they have asked that the new copyright Bill address the issue of ensuring that classroom use of videotapes and movies be considered private performances rather than public ones. In response to the question I put to the Minister on November 5, the Minister stated that classroom use of copyright material should be exempted from the copyright legislation and so stated in the copyright legislation.

It is hoped that this recommendation will be implemented and perhaps dealt with in an even greater depth so that colleges such as Fraser Valley College will be able to rent videos or movies at the prices charged for private showings. After all, education is one of our society's most valued commodities. By giving educators better and cheaper access to materials, we will inevitably help students receive the best education possible.Realizing that the entire concept of performance in public has been traditionally dealt with in the courts and is a question of fact, I still think that the term "in public" should be more clearly defined in the new Act.

Before discussing the actual problems colleges such as Fraser Valley experience in the regular process of educating young Canadians, we should first take a quick look at the history of copyright in Canada. As we know, Canada's

Copyright Act has not been revised in over 62 years. Back in the 1920s, of course, the most advanced technology would have been the gramophone. As the old saying goes, we've come a long way. Today, houses across the country contain video machines, stereos, compact disc players and the like. Businesses, Governments and schools use photocopiers daily. It is obvious then that the time has come to update the law regarding copyright.

In the Government's Economic Statement of November 1984, copyright revision was recognized as an urgent priority matter. In January of 1985, the White Paper on copyright entitled *From Gutenberg to Telidon* was referred for study and report to the Standing Committee on Communications and Culture. The subcommittee on the revision of copyright was immediately formed and in October of 1985, tabled its report entitled *A Charter of Rights for Creators*.

The report of October of 1985 stated that new copyright legislation must recognize the balance between the legitimate needs of creators to be paid for the use of their works and the needs of users to have access to those works. The creator of any work, be it written, drawn, photographed, sculpted or whatever, must be recognized as the legal owner of that work. We must not ignore the needs of the user of the goods either.

Permit me now the opportunity to outline to the House the problems experienced by the staff of Fraser Valley Community College and other community colleges as a result of current copyright legislation. One teacher wanted to get the video of the movie *Pride and Prejudice* which had been shown on television. This teacher found out that he would have to pay $450 for each part of the five-part series, in other words, a total of $2,250. In fact, that community college would have to buy the movie. The staff were not asking to tape it off the air while it was being shown on TV. They are aware of the laws relating to this. They only wanted to show it to a class as part of their curriculum, as another method of studying that great piece of fiction.

• (1810)

Let me give you another example of a problem that educational institutions face because of the classification of public performance. In order to rent a movie for one showing at the college they had to pay $150. If one of the students had rented that same video from a video shop, and the whole class had gone to that student's home to watch the movie, rental fees would have cost them a total of $7. That seems pretty preposterous to me.

Community colleges would like the new Act to state that the use of videos in classrooms be classified as private performances. They do not stand to make any money, as they are not charging the students in the regular classroom situation for admission, and are therefore not depriving the creator of the work from receiving any accrued revenue or recognition.

The subcommittee on the revision of copyright recognized that it is possible that under jurisprudence, groups of unrelated individuals would not constitute a "public" solely because they happen to share living quarters as a result of their work, education, vacation, or detention, and that this should be clarified in the new Act. I would like to take this one step further and recommend that a classroom not constitute a "public" place, because it is a confined environment with people sharing common goals and purposes. The students have to watch the video. It is part of the teacher's strategic plan for the purpose of study or research.

The White Paper on Copyright stated that a limited specific exemption from the exclusive right of public performance will be granted for certain performances for educational purposes. Further to this, in the subcommittee's report, Recommendation 90 states:

> The revised law should provide an exception to permit teachers and students, in the normal course of teaching activities to:
>
> a) perform a work in public;
>
> b) transmit and retransmit a work within the confines of a single educational institution.

In closing, Mr. Speaker, may I commend this Government for its prompt action in reviewing and recommending revisions to the antiquated Copyright Act. With all the advances in technology over the last several decades, it is imperative that revision of copyright remain at the top of our agenda.

[*Translation*]

Mrs. Claudy Mailly (Parliamentary Secretary to Minister of Communication): First of all, Mr. Speaker, I wish to reassure my friend the Hon. Member for Fraser—Valley East (Mr. Belsher) that the Minister of Communication (Miss MacDonald) is fully aware of the problem educators who want to use and copy videotaped material for their classes are faced with.

[*English*]

The issue of exemptions for educational purposes was a addressed by the October, 1985 report of the parliamentary subcommitee on the revision of copyright of the Standing Committee on Communications and Culture, as my hon. colleague just mentioned. In preparing its report, that subcommittee held nation-wide consultations during the summer of 1985 with a wide range of copyright interests. As a result of such consultations, Recommendation 90 of the subcommittee's report, which my colleague has just mentioned, suggested that the new copyright law permits classroom use of copyright materials. It was accepted by the Government.

On February 7, 1986, the Government issued its public response to the subcommittee's report. It stated that it accepted Recommendation 90. My colleague just read the particular part of that recommendation. For the record, I would like to repeat it. It states:

> The revised law should provide an exception to permit teachers and students, in the normal course of teaching activities to:
>
> a) perform a work in public;
>
> b) transmit and retransmit a work within the confines of a single educational institution.

In other words, the very clause read by my colleague is the one the Government approved of on February 7, 1986.

[*Translation*]

On February 7, therefore, the Government indicated in its public response to the Subcommittee report that it would accept Recommendation 90. School teachers use a great many copyright material in a great many ways. During an academic year, for instance, educational institutions use most categories of copyright material. By doing so, they may infringe on a good many copyrights, such as reproduction, public performance, radio broadcasting, adaptation, translation, etc.

However, educators need to have quick access to copyright material, including videotapes and movies. Moreover, because of their very limited budgets, they must be able to have access to them at reasonable prices. On the other hand, and I think my hon. friend will agree with me, creators must be equitably compensated for any use of their material. To reconcile these contradictory interests, the Government feels that the collective administration of copyright and the issue of compulsory licenses should meet the needs of instructors on the one hand and respect the rights of creators on the other.

• (1815)

The answer is not to grant access without payment, but to recommend the only practical method to issuing licenses and payments, that is the creation of collective management corporations and the obtention of general licenses. Evidence of the practical nature and good operation of such a system was provided in Quebec where two corporations have been established to manage the copyrights of literary works and audio-visual material. These two types of works are abundantly reproduced in Quebec educational institutions.

In the light of all this, Mr. Speaker, I can assure you that the new Copyright Act will take into account the very important concerns expressed by the Hon. Member for Fraser Valley—East (Mr. Belsher), as well as the need to protect the creators.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 3(1).

The House adjourned at 6.17 p.m.

HOUSE OF COMMONS

Wednesday, November 26, 1986

The House met at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

FISHERIES

OVERFISHING BY FOREIGN VESSELS—CALL FOR INCREASED AIR SURVEILLANCE

Mr. George Henderson (Egmont): Mr. Speaker, the fishermen in our country depend on the fishery resources to survive. These resources have been threatened by the dramatic increase of infractions and overfishing by foreign offshore vessels. The number of violators caught and punished are just a drop in the bucket compared to the global problem. But what has the Government done to stop this illegal activity?

In a document released at the recent First Ministers' Conference, it was clearly pointed out that air surveillance and observer coverage were well below the effective levels established in the late 1970s. Air surveillance has been greatly reduced, by 550 air hours since 1970. Observer coverage on foreign vessels has been reduced by 50 per cent to 80 per cent.

Does the Government expect these violators to turn themselves in because they are overcome by remorse? If they are not caught, they cannot be prosecuted. The price of fish is high today. With a low likelihood of being apprehended, the risks are worth it. But these risks are taken at the price of Canadian fishermen. I demand that the Government increase its air surveillance and observer coverage on foreign vessels immediately, before there are no fish left for anyone to catch.

* * *

[*Translation*]

INDUSTRY

MATANE PAPER MILL PROJECT—GOVERNMENT POSITION

Mr. Jean-Luc Joncas (Matapédia—Matane): Mr. Speaker, very soon it will be a year since a now well-known project has been unveiled—the Matane paper mill. First I might indicate that, for some people, this project may have been oversimplified, even though Lower St. Lawrence and Gaspé residents view it as a rather challenging and extremely important venture.

Be that as it may, Mr. Speaker, given such protracted negotiations between the various interested parties, people generally and my constituents in particular are now becoming increasingly concerned and wondering whether they are being taken for a ride.

Indeed no one would tax me with being excessive if I were to suggest that, in some respects, this project which has been bandied for over 20 years smacks of some kind of mental cruelty.

Mr. Speaker, I am sure you understand why my constituents now want the powers that be to honour their commitment and come up with an early decision on this matter which has a serious impact on a region of our country where unemployment is rampant.

* * *

• (1405)

[*English*]

FISHERIES

GRANTING OF FISH FARM LICENCES

Mr. Jim Fulton (Skeena): Mr. Speaker, a moratorium on the granting of fish farm licences is in effect in British Columbia while a Commission of Inquiry led by David Gillespie takes place. However, a real comprehensive study of the aquaculture industry is long overdue. The concerns of both aquaculturalists and traditional fishermen must be addressed. The fact that this Socred Commission has a mere two weeks to report, however, proves the present process a farce.

The federal Government has its own role to play in the granting of fish farm licences. It must ensure the environmental quality of salmon habitat and guard against the deposition of substances like tributyl tin and other chemicals that prove toxic to fish. British Columbians look to Ottawa for leadership but all they find is a Conservative administration which has not done one comprehensive public review of the budding aquaculture industry. Because of continued inaction, events have been allowed to proceed to the present state of chaos.

It seems those involved in the fishing industry can expect little else from the Mulroney Government. It promises $200 million for salmon enhancement and then delivers cut-back after cut-back. It promises a $100 million for fleet stabilization and now, over two years later, still nothing. It allows weather forecasting to deteriorate and is now abandoning lighthouses. The Minister's Advisory Committee has been abandoned—

Mr. Speaker: I regret the Hon. Member's time has expired.

S.O. 21

LABOUR CONDITIONS

UNEMPLOYMENT RATE REDUCED

Mr. Jim Jepson (London East): Mr. Speaker, Canada's unemployment rate has gone down again. More Canadians are finding gainful employment across this vast nation of ours. Last month Canada's seasonally adjusted unemployment rate stood at 9.4 per cent, down from its previous September rate of 9.5 per cent. Moreover, the unemployment rate for my Province of Ontario is now 6.9 per cent and 17,000 new jobs were created last month.

In the city of London, where my constituency is located, 12,000 new jobs have been created since the last election, and the unemployment rate has fallen from 9.9 per cent in September, 1984, to a level of 6.1 per cent today. I know there are regional disparities in the country but our Government's Speech from the Throne on October 1 specifically referred to new efforts and initiatives which will redress these imbalances. Our Government is determined to see that improvements in employment situations will be brought forward to benefit all Canadians from coast to coast. Truly, Canadians do have hope for tomorrow.

* * *

[*Translation*]

REGIONAL ECONOMIC DEVELOPMENT

EMPLOYMENT—MONTREAL EAST—GOVERNMENT POSITION

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Last Monday, Mr. Speaker, regional development advisory committee president Picard released his one-year study report. Everyone recalls that last July 4 the Montreal East survival committee members met with Mr. Picard's team to make sure that the advisory committee report would contain constructive suggestions to help Montreal East residents develop new employment opportunities.

Mr. Speaker, allow me to voice my disappointment because the reports submitted by the committee members are little more than pious wishes. Unfortunately they failed to make sound recommendations to restore the confidence of people who work for Vickers, Canadian Steel Wheel, La Forge and Bombardier. It is a shame, Mr. Speaker, and I hope the Conservative Government and Conservative Members will wake up and find ways to create jobs for Vickers and Bombardier workers in Montreal East.

[*English*]

SMALL BUSINESS

GOVERNMENT ENCOURAGEMENT OF ENTREPRENEURIAL SPIRIT

Mr. Don Ravis (Saskatoon East): Mr. Speaker, Canada has more than 700,000 small businesses which are the backbone of our economy. They are our greatest resource of new ideas, new opportunities, new wealth, and new unemployment. Our Government encourages entrepreneurial spirit, the same spirit Kristan Shannon, head of the Canadian Trend Report, referred to at Forum 2000, a national New Democratic Party Satellite Conference on the Future.

Ms. Shannon stated: "Canadian workers will have to look more to their entrepreneurial spirit and self-help potential". The Conservatives recognize the every-day risks involved in independent business and the fact that jobs cannot be guaranteed. The New Democratic Party and some unions must face the economic realities in Canada that we cannot guarantee all jobs. Small-businessmen and women across the country can continue to count on the support of our Government which is committed to entrepreneurial drive.

* * *

POLITICAL PARTIES

CONSERVATIVE PARTY ORGANIZER'S DEFENCE OF GOVERNMENT DECISIONS

Mr. Rod Murphy (Churchill): Mr. Speaker, at a recent meeting of the Conservative Party in my riding, Frank Clark, a paid federal organizer for the Conservative Party, was reported in the *Thompson Citizen* as stating that he defended the move of a penitentiary to the Prime Minister's Manicouagan riding, a move which will cost the taxpayers $40 million extra, because its former location was in a Liberal stronghold.

• (1410)

He also defended the recent CF-18 decision, saying that it was "morally unjust" but "politically correct".

Mr. Clark's clumsy defence of the Government brings to mind the story of a man who was accused of visiting a prostitute. He excused his action by saying that it was morally wrong but biologically necessary. The judge replied that the man must learn to follow the dictates of society rather than the dictates of his own needs.

The Government must learn to respond to the needs of the Canadian people whom it was elected to represent, not the needs of the Conservative Party.

VOLUNTARY ORGANIZATIONS

CHILDREN'S PROJECT TO HELP THIRD WORLD UNFORTUNATES

Mr. Albert Cooper (Peace River): Mr. Speaker, I wish to draw to the attention of the House a great example of Canadian volunteerism, a book entitled *Dear World/ Cher Monde*. This book is part of a Canadian children's project to help children less fortunate in the Third World. The question was asked of our youth: "What would you do to put the world right?" Their drawings and messages are both a celebration of hope and a cry from their souls puzzled by the cruelty and disparity of the world.

These young people remind us that this is indeed a dear world. By their talent, honesty, and desire to contribute their thoughts and ideas they give us confidence to continue an ongoing search for a resolution to the disparity and turmoil around us.

Most of the money earned from the sale of this book will go to Global Ed-Med Supplies, a Canadian charity which provides medical training, supplies and other support material to developing countries. Specifically, funds will be used to establish health care clinics in Jamaica and Haiti.

If youth are the barometer of tomorrow, I can tell you, Mr. Speaker—

Mr. Speaker: Order, please. The Hon. Member's time has expired.

* * *

LABOUR CONDITIONS

YOUTH UNEMPLOYMENT—CRITICISM OF GOVERNMENT POLICY

Mr. John Nunziata (York South—Weston): Mr. Speaker, as you know, youth unemployment in Canada is a national tragedy. The Conservative Government is doing absolutely nothing about it. There are some 600,000 young people in Canada who are without jobs. That is an unemployment rate of 16 per cent to 18 per cent, double the adult unemployment rate. Yet the Government has not seen the wisdom to address itself to this very serious problem.

Instead of combating youth unemployment the Government and the Prime Minister (Mr. Mulroney) are content to build prisons in his riding.

If the Government is able to find $1 billion for farmers, $1 billion for banks, and billions of dollars for the oil industry, then surely the Government can find sufficient resources to give our young people hope for the future instead of wasting millions of dollars to accommodate the Prime Minister's constituents in his own riding. I call upon the Government of Canada to be—

Mr. Speaker: Order, please. The Hon. Member's time has expired.

S.O. 21

ABORTION

CALL FOR MORE FREQUENT PUBLICATION OF STATISTICS

Mr. Alan Redway (York East): Mr. Speaker, it was announced recently that Statistics Canada will only compile and publish complete socio-economic and medical data on abortions in Canada once every three years. In England and Wales information on legal abortion is not only published in regular annual reports, the agency concerned also publishes quarterly reports on abortions, including specific demographic and medical data.

Under the former Therapeutic Abortion Program of Statistics Canada, the interval between the date of data collection and the date of publication was about two years. We have no reason to believe this system will in any way be improved. Therefore, with complete data collected every three years, we can expect the next complete statistics to be compiled in 1988 and published in the year 1990.

The abortion issue is a vital one for all Canadians. We should be publishing this data more frequently, as is being done in Britain, not less frequently as Statistics Canada has recently announced.

* * *

CANADA POST CORPORATION

RURAL SERVICE—PRIVATIZATION OF LOCAL POST OFFICES

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, as a representative of a rural riding I am alarmed by what I see the federal Government doing to rural postal service in Canada in the name of cutting costs. Currently, Canada Post has 5,221 rural post offices. From the President's statement on November 20 it appears that there are 5,221 too many, not to mention rural route service. The plan is to turn 3,500 of these offices over to the private sector. One does not have to be a prophet to see the resulting variation of services in different areas with no national standards. The remaining 1,700 offices are to be amalgamated or replaced with multiple-site mailboxes.

• (1415)

When Canada Post was created it was established to extend its products and services and provide a standard of service that would meet the needs of the people of Canada. Neither these goals nor the rural way of life are obsolete but they could become so if the Government does not change its current tack.

[*Translation*]

Mr. Speaker, in most villages and smaller cities the post office is the only sign of a federal presence, the only place where residents can see the Canadian flag. The closure of rural post offices undermines Canadian unity.

Mr. Speaker: I regret to interrupt the Hon. Member, but his allotted time has expired.

[*English*]

UNITED NATIONS

TRIBUTE TO CANADIAN AMBASSADOR'S SPEECH ON SOVIET OPPRESSION IN AFGHANISTAN

Mr. John Reimer (Kitchener): Mr. Speaker, on May 7 I spoke critically in the House of Canada's Ambassador to the United Nations, Mr. Stephen Lewis. Today I rise in praise of the Ambassador for his November 5 address to the United Nations in which he justifiably condemned U.S.S.R. Foreign Secretary Eduard Shevardnadze for his gross misrepresentation of events in Afghanistan as a "national democratic revolution". Mr. Lewis properly characterized this incredible description of Soviet intervention as a "linguistic mask designed to hide the brute face of oppression".

When Mr. Shevardnadze later complained that the UN debate on Afghanistan was destroying "the fruits" of the revolution, the Ambassador quickly cited the one million Afghan dead and asked "what revolutionary fruitfulness transforms an entire country into a killing field?" Canadians will not be appeased by pathetic rhetoric and Ambassador Lewis is to be commended for reminding the U.S.S.R. of that fact.

ORAL QUESTION PERIOD

[*English*]

TRADE

CREDIBILITY OF CANADA IN FUTURE TRADE NEGOTIATIONS—GOVERNMENT'S PERFORMANCE

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker—

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): It will be even more enthusiastic on this side of the House and less enthusiastic on that side of the House on Monday.

[*Translation*]

My question is directed to the Prime Minister. These days, developments regarding the final agreement on softwood lumber are showing once again the incompetence of the Prime Minister and his Government. Doesn't he realize that his Government's performance will destroy Canada's credibility in any future trade talks, not only with the United States but with other countries?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I think the position taken by the Government of Canada is a position that shows reasonable and thoughtful leadership, in that we are trying to find a formula that will resolve a complex and serious problem in the interests of Canadians. I admit quite frankly this is not an easy matter. It is a very complex situation, but nevertheless, we are trying to solve these problems on an entirely reasonable basis. Up to now, the approach submitted by the Minister for International Trade and supported by the provincial premiers seems to be working in favour of Canadian interests.

[*English*]

POSSIBLE EXPORT TAX INQUIRY

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, today there is complete confusion in provincial capitals about the position of the federal Government in these negotiations, and indeed, no agreement as to any rate of stumpage fees individual provinces might impose will leave the federal Government in a position of having to impose an export tax if it will fulfil its understanding with the United States, whatever that understanding is. Will this export tax be on lumber directed solely to the United States market, something which would be contrary to international trade law, or will it be an export tax on lumber generally, something which would absolutely destroy our Pacific Rim markets and opportunities?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the Right Hon. Leader of the Opposition has been a long time in Parliament and knows the rules about hypothetical questions. I am not in a position nor is anyone in the Government to describe the nature of action Canada might take in the event of an agreement with the United States except to say that the action proposed now would keep in Canada money that would otherwise go to the United States and would end a countervail petition that could be harmful to this country.

• (1420)

GOVERNMENT POSITION IN NEGOTIATIONS

Right Hon. John N. Turner (Leader of the Opposition): The Secretary of State may call the question hypothetical. He has two days left to make it concrete, because time is running out for him.

My final question is for the Prime Minister. When are he and the Government going to stop acting like branch plant managers allowing the United States customer to set our prices for international commodities?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I would think that the Leader of the Opposition would want to refrain from using phrases like "time is running out".

An Hon. Member: Be careful, Joe, it is a very delicate situation.

Mr. Axworthy: Mr. Speaker, that is obviously the voice of experience talking.

WASHINGTON MEETING—CANADIAN APPROACH

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): My question is directed to the Prime Minister. The Secretary of

State said that the proposed deal is hypothetical yet we know that a meeting was held in Washington today between Canadian officials, lumber industry officials, and members of the U.S. Government. Does the Prime Minister not think that now that the U.S. lumber industry knows what the deal is, the U.S. Government knows what the deal is, it is time that Canadians knew what the deal is and what it will cost? When is the Government going to come clean as to what it is going to cost Canadians in this type of deal that it is offering the Americans?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, yesterday in the House of Commons I read into the record the statement that had been made by my colleague, the Minister of International Trade, as to the nature of the approach that is being discussed with the United States. It is known here in the same terms that it is known elsewhere.

As to the consequences, if there is an agreement by the United States, among the consequences will be that hundreds of millions of dollars would stay in Canada that would otherwise flow from Canadian hands to the United States. We think that that is a goal to be pursued.

IMPACT ON LUMBER INDUSTRY

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, my supplementary question is directed to the Secretary of State. When the Minister says hundreds of millions of dollars will stay in Canadian hands, is it not true that those hundreds of millions of dollars will either be drawn from the Canadian consumer because of exorbitantly higher prices for Canadian housing, if the stumpage fee is raised, or those hundreds of millions of dollars will be added to our exports to other countries? What we are trying to find out in the House is what is the Canadian Government putting on the table. What is going to be the impact of cost to the Canadian lumber industry of that deal? Why will the Government not tell the truth in the House as to what it is offering the Americans?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I make it a practice of telling the truth. We are doing that here. We have indicated to the House of Commons the nature of what is being discussed with the United States. There is no question at all, the simplest mind can comprehend it—

Mr. Axworthy: We want you to do it. That's why we asked you.

Mr. Clark (Yellowhead): —that if we are able to have an arrangement that keeps in Canada money that would otherwise go to the United States, that is in the interest of Canada.

STUMPAGE FEES—EFFECT ON EXPORTS

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is a very serious question for the Minister. The Minister knows that the Government has publicly said that one of the proposals is to have stumpage fees increased by the provincial Governments. Considering that only one-fifth of the $18 billion in forest product exports is made up of softwoods going to the U.S., will the Minister now acknowledge that the Government's proposed solution is going to drive up the cost of 100 per cent of Canadian exports in this sector?

Some Hon. Members: Hear, hear!

Right Hon. Joe Clark (Secretary of State for External Affairs): No, Mr. Speaker, I will not acknowledge that.

Mr. Broadbent: Why not?

Mr. Clark (Yellowhead): What I will do is remind the House of Commons that not very long ago when my colleague, the Minister of Finance, brought down a Budget, the response of the Leader of the New Democratic Party was to predict that there would be massive job losses across the country. His prediction was wrong then. His record of prediction is well known. He will be proven wrong again.

Mr. Broadbent: Mr. Speaker, you can always tell when a Minister does not wish to answer the question. He knows that the truth will be painful for his Government.

Some Hon. Members: Hear, hear!

MINISTER'S POSITION

Hon. Edward Broadbent (Oshawa): I wish to ask the Minister this. Doesn't he realize that by yielding to this U.S. blackmail in this way he is going to drive up the cost of all our exports in this sector, which will likely cost jobs in almost every province in Canada. How stupid can you get?

Some Hon. Members: Hear, hear!

• (1425)

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I do not like to sink to this level, but not as stupid as the Hon. Member.

Some Hon. Members: Hear, hear!

Mr. Speaker: Perhaps the Hon. Member could use some appropriate restraint in his final question.

[*Translation*]

GOVERNMENT POSITION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I hope the Minister will answer questions about the facts. If the Minister is willing to discuss the facts, we can have a discussion without the rhetoric. However, it is up to him and to the responsible Minister to answer. My question is simply this: Does he agree that by taking this approach, the Government will increase the price of all exports in this industry? Is that true, yes or no?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, as is always the case under a truly

bilingual system, the answer is the same, in French and in English.

[*English*]

ANNOUNCED CLOSURE OF LUMBER MILL AT NAIRN, ONT.

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is for the Prime Minister. Last night he received a telegram from the Vice-President of Eddy Forest Products indicating that the company is shutting down its softwood lumber mill at Nairn, Ontario, which employs some 300 workers, because the Government has undercut the efforts of the Canadian Forest Industries Council in its fight against the United States countervail, and thus abandoned the industry and workers involved. Why is it abandoning the industry and the workers involved and causing these lay-offs?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the Government of Canada is taking action which will precisely protect Canadian workers and the Canadian softwood industry. We are now faced with a situation which not only involves the exodus from Canada of hundreds of millions of dollars but could perpetuate a system of uncertainty in that industry. That is not in the interest of the country, of the industry, or of the people who derive their employment from it.

Mr. Foster: It is too bad the Prime Minister would not respond to the question, since 300 workers are involved and it is the third sawmill to shut down in northern Ontario in the last week.

RESTORATION OF JOBS—GOVERNMENT POSITION

Mr. Maurice Foster (Algoma): Mr. Speaker, my supplementary question is directed to the Prime Minister. How will the Government restore these 300 jobs lost at Nairn and the others in northern Ontario? When will the Government stand up to the countervail, fight for Canada and fight for Canadian jobs?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, there is absolutely no contesting the fact that, as a result of protectionism in the United States and elsewhere, jobs across the country are threatened. The position the Government has been putting forward for some time is that we should not simply back away from that reality and accept continuing unemployment and continuing deterioration as a part of Canadian reality, as did the old Liberal Government. Instead, what we must do is try to put in place a better system. That is why we are undertaking trade negotiations with the United States and with the world to try to restore Canada's reputation as a competitive and effective international trader.

POSSIBLE EXPORT TAX—ALLOCATION OF REVENUES

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is for the Minister of Finance. It has been confirmed that the Department of Finance has now drafted legislation for an export tax. Will the Minister of Finance assure us that moneys raised from such an export tax from each province will be returned in full to the provinces so that revenues raised in the Province of British Columbia and others will in fact be returned to them to reinvest in the forest industry?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, as the Secretary of State for External Affairs has said, these discussions are proceeding with the Governments of the provinces. When there is an announcement to make to that effect, to answer the question put by the Hon. Member, the announcement will be made.

REQUEST THAT REVENUES BE PAID TO PROVINCES

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my supplementary question is for the Minister of Finance. Since legislation has been drafted and the imposition of such a tax is now inevitable, does the Minister of Finance not think it would be appropriate, to alleviate any fears and concerns in the producing provinces, for him to stand in his place to guarantee to Canadians, particularly to Canadian forest producers, that any revenues raised from such an export tax will in fact be returned to the province from which the money is derived?

• (1430)

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Hon. Member knows well that there is very, very close discussion and consultation going on between the federal Government and the provincial Governments. That is the intent of the proposed legislation and the precise means by which that will be done will be discussed and announced in due course.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF VICE-PRESIDENT OF ECUADOR

Mr. Speaker: I wish to draw to the attention of Members the presence in the gallery of His Excellency Blasco Penaherrera Padilla, Vice-President of Ecuador.

Some Hon. Members: Hear, hear!

* * *

CANADA POST CORPORATION

USE OF MAIL SUPERBOXES—SECURITY OF PARCELS

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, my question is for the Minister responsible for Canada Post. We understand that the so-called superboxes do not provide security for parcels as they are placed together in one parcel

compartment. They can be seen or taken away by anyone accessing the parcel compartment. How does the Government intend to provide security for these parcels? Would it not be a better solution to deliver parcels to Canadians at home, which is what they want?

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, it is the responsibility of Canada Post to ensure a safe system of delivery. The Government will ensure that Canada Post lives up to its obligations.

We have witnessed in recent days something happening with the supermailboxes. We are informed by Canada Post that measures have been taken to correct the situation. We are also informed that the system is safe.

Mr. Gauthier: The open-door policy.

Mr. Guilbault (Saint-Jacques): Mr. Speaker, it is certainly the open-door policy. How can parcels be secure? They are all bunched together in the same compartment.

[*Translation*]

COST OF RATIONALIZATION PROGRAM

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, the Government is about to close down 1,700 rural post offices, which means that Canada Post customers will have to go out and get their mail elsewhere.

I want to ask the Minister why the Government is cutting a service that is so essential, especially for rural areas. Why ask people in remote areas to pay the cost of the Government's rationalization program? The Conservative Government is the worst thing that could have happened to our postal services.

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, I would be tempted to answer that the worst thing that ever happened to Canadians was the previous Government.

Mr. Speaker, the issue raised by the Hon. Member is before a committee of the House, and that is where these issues can be discussed.

Contrary to recent reports, however, I have been informed by Canada Post that it will not be closing down 1,700 post offices across the country. In fact, together with the private sector, Canada Post will be opening more facilities over the next ten years. This does not mean less service, it means more service. Furthermore, business hours will be extended beyond what they are now, for the benefit of Canadians.

[*English*]

TRADE

UNITED STATES DUTY ON SOFTWOOD LUMBER—LAY-OFFS IN NORTHWESTERN ONTARIO

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, my question is for the Prime Minister. In northwestern Ontario we have hundreds of workers being laid off. We have plants closing in the softwood lumber industry. What hope can the Prime Minister offer to those workers that action taken by the Government will put them back to work in the same jobs they had when the lay-offs started? What action will the Government take to do that?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the action that this Government is taking on the trade front is to try to pursue an approach that has been discussed with United States Government authorities that might end the situation, first, where uncertainty prevails in the softwood lumber industry and, second, where there is a haemorrhage of money out of Canada that would otherwise stay in Canada.

The action we have taken on the economic front through a series of very courageous and effective measures introduced by my colleague, the Minister of Finance, has been to lead to the creation of in excess of 600,000 jobs in Canada since the Progressive Conservative Government was elected. We intend to continue with those policies which will bring benefit to all regions of the country.

Mr. Angus: Mr. Speaker, I can certainly tell the Minister that the people in northwestern Ontario do not want part-time jobs and part-time wages.

GOVERNMENT POSITION

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, the Minister has spoken a number of times about keeping money in Canada and stopping the haemorrhage. When did the Minister decide that we could not win this case?

An Hon. Member: When did he sell out?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, what we know about the case and what was agreed among all the Governments gathered at Vancouver, with the exception of the Liberal Government of Ontario—

An Hon. Member: And New Brunswick.

Mr. Clark (Yellowhead): —was that it would take a long, long time for us to go through all of the procedures that are available under the system now in place in the United States. During all that time Canadians are paying, paying, and paying. What we are looking for is a situation where we may be able to stop the haemorrhage out of this country of

hundreds of millions of dollars and provide security for an industry.

* * *

[*Translation*]

REGIONAL ECONOMIC DEVELOPMENT

MONTREAL EAST—LOSS OF JOBS AT CANADIAN VICKERS

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, my question is directed to the President of the Treasury Board. Monday, the Chairman of the Consultative Committee on the Development of the Montreal Area published his report. The Minister is aware that the Montreal East Survival Committee met with the Picard Committee on July 4 to ensure that the report would contain specific and concrete recommendations for saving jobs in Montreal East.

My question is this: Now that the report is published, can the President of the Treasury Board give the 450 employees of Versatile Vickers who were laid off six months ago the assurance that they will be able to get their jobs back in time for Christmas?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, first of all, I think it is clear the Hon. Member did not read the report. And he never understood exactly what the report was for. And this is also an insult to all the volunteers in the Montreal area who helped to prepare this report, which deals with the region's economic problems as a whole.

It is also obvious, by the very fact that we had a consultative committee and that there is a Cabinet committee, that we intend to take quick and effective action to restore the vitality of Montreal's economy. As we have said many times before, the Government intends to keep its promises.

REQUEST FOR PARTICULARS

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, the Minister's answer is an insult to the 4,000 workers in Montreal East who need the Government's help to get jobs.

Mr. Speaker, this report is nothing but 351 pages of mutual admiration and pious wishes. What I want to know is where the people who worked for Bombardier, Canadian Steel Wheel, Vickers and La Forge are going to find jobs in this report for Christmas and the new year? Where are they going to find recommendations to help them?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, the Hon. Member for Montreal—Sainte-Marie has a very short memory. Monday afternoon, I was with the Hon. Member at the official opening of Kemtec, which has created 200 new jobs directly and 75 jobs indirectly in Montreal East. Where were you? Don't you remember?

[*English*]

AGRICULTURE

ASSISTANCE FOR GRAIN PRODUCERS

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, my question is for the Minister of Finance. It has been eight weeks since the Prime Minister announced a billion dollar assistance program for grain producers. Farmers now believe that delay has nothing to do with the method of payment but everything to do with the fact that the Finance Department has not been able to come up with the money. Would the Minister of Finance assure us today that he has the billion dollars in this year's fiscal accounts and that the pay-out will be made to the farmers as a price support program and not as a loan program?

• (1440)

Hon. John Wise (Minister of Agriculture): Mr. Speaker, I appreciate the Hon. Member's continuing interest in the plight of the agricultural industry. If he were truly in touch with the farm community he would recognize that at the conclusion of our last meeting a number of challenges were issued to us. We are exploring those and doing the final calculations on the two or three requests made of us by the farm community.

PROVISION OF FUNDS

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, the grain producers would like to believe the Minister of Agriculture. They would also like to know that the money is available in this year's budget and will be paid out as a support program, not as a loan program. I direct that question to the Minister of Finance.

Hon. John Wise (Minister of Agriculture): Mr. Speaker, if the Hon. Member is following the exchanges in the House on the aid package he would recognize, as clearly stated in *Hansard*, that we ruled out two options, one being a LIFT program and the other being a loan program.

* * *

REFUGEES

DEPORTATION OF IRANIAN STUDENT FROM UNITED STATES

Mr. Sergio Marchi (York West): Mr. Speaker, my question is directed to the Minister of State for Immigration. It concerns the request made by Canadians from Yarmouth, Nova Scotia, regarding the refugee application by a 25-year old Iranian student who will soon be deported by the U.S. back to Iran. This man has already tried to commit suicide rather than return to Iran where ten of his family members have been executed. He will surely face the very same fate. Therefore, why has the Minister consistently and coldly refused to allow this gentleman status in Canada? It is an issue of life or death

and Canadians are prepared to sponsor this man. Why the obstacles?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, Akbar Moatamedi is an American issue. He has lived in the U.S. for eight years. The Hon. Member and others should be making representations to the highest authorities in the U.S.

REQUEST FOR CANADIAN ACTION

Mr. Sergio Marchi (York West): Mr. Speaker, it is ironic that the Minister gives a special immigration permit to a Hungarian spy and an individual with 20 criminal convictions, yet turns down an application by an individual who will lose his life if he returns to Iran. Why can the Minister and his Government not extend the hand of humanitarianism and compassion in order to spare this man's life? Why is it that meritorious and life or death cases cannot capture the attention and goodwill of the Minister?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, the Americans have taken a new interest in the case. I can assure the Hon. Member that they are reviewing the case. Akbar Moatamedi is being given every opportunity to bring new information forward.

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INDUSTRY

GOODYEAR LAY-OFFS IN TORONTO

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, yesterday in Toronto the Prime Minister boasted of the economic prosperity his Government has created.

Some Hon. Members: Hear, hear!

Mr. Crosbie: Give us the figures again.

Mr. Langdon: In view of that, what does he intend to do about the almost 3,000 Goodyear and General Motors jobs lost in Toronto in the last month which make a mockery of his words?

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, we indicated yesterday the reason why Goodyear made this decision. We indicated that this Government was willing to sit down with the company and look at its long-term plans for new investment in Canada. At this time officials of the Department are in contact with the company to see how we can minimize the impact of that decision.

REQUEST FOR GOVERNMENT INTERVENTION

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, is the Minister aware that action by the Ohio Legislature saved Goodyear jobs in that state? Will his Government effectively intervene in the same way in order to save those 1,600 jobs for the workers who will be so badly affected?

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, I will repeat that the Department is ready at any time to sit down with company officials and be as helpful as we can given the circumstances of the case.

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CANADA EMPLOYMENT CENTRES

SAINT-DENIS OFFICE—NON-REFERRAL OF BLACKS FOR WATERFRONT JOBS

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, my question is directed to the Minister of Employment. As he knows, racial discrimination is illegal in this country by virtue of the Charter of Rights, the Canadian Human Rights Act, and the employment equity legislation passed last spring. Therefore, will he appoint an independent investigator to examine the charges that his employees in the Saint-Denis Employment Centre in Montreal have been given instructions not to refer blacks for jobs on the Montreal waterfront? Would he also tell us how many blacks are now working on the Montreal waterfront?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Yes, Mr. Speaker, the matter raised by the Hon. Member was brought to my attention quite recently. We took immediate action to look into it and, as a result of our preliminary investigation, the supervisor involved has been suspended for the time being.

However, I think we would show fairness if we were to continue the investigation and, as soon as more definite conclusions are available and if they confirm the situation, we will certainly take the appropriate steps because, under the Employment and Immigration Act, the attendant regulations and the Canadian Charter of Rights and Freedoms, we simply cannot tolerate any kind of discrimination against anybody in this country.

REQUEST THAT MINISTER TABLE GUIDELINES GIVEN TO EMPLOYMENT CENTRES

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Will there be an independent inquiry? After the employment equity legislation was passed last April, what specific implementation guidelines were given to Canada Employment Centres? Is the Minister now prepared to table these guidelines in the House?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, employment equity provisions come under the jurisdiction of the Department of Employment and Immigration. All manpower centres and agencies covered

under this legislation have been advised and provided with the necessary background information concerning the extent and meaning of the law. I should think that none of the Canada Employment Centres can pretend to be unaware of the law, because we have taken every appropriate measure with this in mind. I repeat, we simply will not condone any kind of discrimination in this country.

[*English*]

ANTI-DISCRIMINATION MECHANISMS

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, I want to follow up on the last two questions. Information brought forward indicates that this practice is widespread in the Department across the country. Can the Minister tell the House what mechanisms he would put in place to ensure that kind of discrimination is not perpetuated?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): First, Mr. Speaker, I am pleased to answer for the first time a question from my New Democratic Party critic. On the basis of one case singled out by the Hon. Member for Notre-Dame-de-Grâce—Lachine East, I think it would be premature to conclude that such incidents are a common occurrence in this country.

I repeat that an investigation is under way. Temporary measures have been taken and, should we have any indication that a similar situation might prevail elsewhere, of course the same measures would apply in every instance.

[*English*]

PROTECTION OF EMPLOYEE DENOUNCING DISCRIMINATION

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, in light of what the Minister has said and the investigation we hope will follow—

[*Translation*]

—my supplementary is for the same Minister. Can he guarantee that the employees who denounced this racial discrimination will be protected?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, there is only one answer: absolutely!

* * *

• (1450)

[*English*]

ABORIGINAL RIGHTS

GOVERNMENT LAND CLAIMS POLICY

Mr. Thomas Suluk (Nunatsiaq): Mr. Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. Many northern native groups, such as the Tungavik Federation of Nunavut, are anxiously awaiting a decision on a new land claims policy. Will there in fact be a new policy and, if so, when can we expect the decision?

Hon. Bill McKnight (Minister of Indian Affairs and Northern Development): Mr. Speaker, the Hon. Member is certainly aware of the need for a new claims policy. It has been discussed on the initiative of my predecessor, the present Secretary of State. We will continue to reflect the contents of that task force report. In the very near future we hope to be able to present a new claims policy that will remove the log jam to development in a large part of our country and to give a final settlement to aboriginal people that will make Canadians proud of the Government.

SETTLEMENT OF LAND CLAIMS

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I have a supplementary question for the Prime Minister. He will know that in the meeting last week with the provinces and territories, the Governments of the Yukon and Northwest Territories put the settlement of the land claims at the top of their agenda. Will the Prime Minister assure the House and, more relevantly, the native people that the Government of Canada will press forward as fast as possible to achieve a land settlement that is based very solidly on the Coolican Report?

Hon. Bill McKnight (Minister of Indian Affairs and Northern Development): Mr. Speaker, the answer to the question put by the Leader of the New Democratic Party is that which I just provided to another Member of the House. However, I can assure the Hon. Member that the efforts of the Government to remove the blockage not just of economic development but of justice that all Canadians want to see for aboriginal people are a priority of the Government. This will be put forward in the very near future.

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PHARMACEUTICAL PRODUCTS

EFFECT OF AMENDING LEGISLATION ON PRICE OF DRUGS

Mrs. Thérèse Killens (Saint-Michel—Ahuntsic): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. The CDMA has said that the average multinational drug cost is 200 per cent to 400 per cent more than the no name equivalent. How can the Minister still deny that under his Bill dramatic price increases of 200 per cent to 400 per cent will not be commonplace?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, since 1979—seven years ago—there have been 145 new brand name drugs introduced in Canada and only one generic copy of those drugs. According to our Bill, after seven years those drugs, if manufactured in Canada by a generic, can be marketed in Canada. That is why I make the claim I do.

PRICE OF VALIUM PILLS

Mrs. Thérèse Killens (Saint-Michel—Ahuntsic): Mr. Speaker, the Minister knows that the prices of most drugs will at least double. Valium brand name pills are 3,000 per cent more expensive than a no name drug—$80 compared to $2.31. Why is he taking away the competition? Why is he selling out the sick and the old of this country?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, valium is off patent here and in the United States. The generic copies will continue on valium. Generic competition will continue to be there. It will serve the purpose that the Hon. Member is talking about. The price increases that the Hon. Member talks about are fictitious, but most important there will be 3,000 research jobs in Canada for the young scientists who are working in Canada and searching for cures to the diseases that afflict Canadians. I think the Hon. Member would be in favour of that.

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APARTHEID

SOUTH AFRICA—ECONOMIC SANCTIONS—POSITION OF BRITISH COLUMBIA GOVERNMENT

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. This morning he met with the only Canadian Premier to have ignored the Canadian sanctions against South Africa and who indeed has become a collaborator with the apartheid regime. What was the outcome of that meeting in terms of attempting to change that stance of the British Columbia Government that is so offensive to so many Canadians?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, first let me dissociate myself from the language that was used by the Hon. Member. I do not think language of that kind is helpful or constructive. Second, this morning I had a conversation with Premier Vander Zalm which I think was quite helpful. I set forth to him our view of the situation in South Africa, the very great danger of explosive violence if there is not a change in policy on the part of the South African Government, as well as an indication of our encouragement at finding the private sector taking actions to an increasing degree which will increase the pressure on South African authorities. I indicated our view that it would be helpful for all aspects of government and indeed the private sector in Canada to contribute to, rather than detract from, that pressure.

REQUEST SANCTIONS BE MANDATORY

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, is it not just about time that the promise of the Prime Minister was kept, and that the present voluntary sanctions be made mandatory so that the people who listened to the Prime Minister at the United Nations will have confidence that his promises will be kept?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, we have recently heard from the President of Cameroon and the President of the Central African Republic in this country. We have heard from a variety of other people directly involved with trying to bring some resolution, hopefully peaceful resolution, to the situation in South Africa in a way that will respect human rights. All of them have been unstinting in their commendation of the policy that has been followed by this Government with respect to the situation in South Africa. We are trying to build up steadily, step by step, pressure by Governments and by the private sector to cause the South African Government to bring an end to apartheid. We think that that practical progress is more important than an excess of rhetoric.

* * *

TRADE

POSSIBLE EXPORT TAX ON LUMBER

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, my question is directed to the Minister of Finance. It appears that this afternoon he admitted that he was planning an export tax on lumber. I want to hear from him because, if that is so, will he draft that tax in accordance with international GATT rules? In that case it will have to apply to Canadian exports of all lumber to all countries, not limited particularly to the United States.

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I can understand the Right Hon. Leader of the Opposition's interest in hypothetical matters.

Mr. Axworthy: He said it.

Mr. Turner (Vancouver Quadra): He said it to the Member for Kamloops—Shuswap.

Mr. Axworthy: There is nothing hypothetical. He admitted to it.

Mr. Clark (Yellowhead): It is difficult for me to get the attention—

Mr. Axworthy: He said it.

Mr. Clark (Yellowhead): If the Hon. Member for Winnipeg-Fort Garry will permit me, I will try to respond to the question.

Mr. Speaker: Order. I think Hon. Members would want to hear the Minister.

Mr. Clark (Yellowhead): Thank you, Mr. Speaker. Any announcements that the Government of Canada has to make as a result of the approach that is being discussed with the United States will be made in the appropriate course. There is no point in making announcements or exciting speculation about those announcements until those events have occurred.

Mr. Turner (Vancouver Quadra): We will check the "blues" on that.

EFFECT OF POSSIBLE EXPORT TAX

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I have another question for the Secretary of State for External Affairs, if he insists on answering this way. Has he not recognized that instead of merely furnishing provincial coffers by way of stumpage in the short term, if an export tax is phased in, this tax, applied to Canadian lumber world-wide, will absolutely cripple the Canadian lumber industry, particularly in the Pacific Rim?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I do not know what tax the Right Hon. Leader of the Opposition is talking about, and neither does he.

MINISTER'S STATEMENT

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Minister of Finance who referred to it earlier in the Question Period when he said to the House Leader of the New Democratic Party that the purpose of the tax that his Department was considering was to ensure an equitable distribution of the benefits to the provinces. Will he tell us what tax he was talking about?

• (1500)

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, just to clarify for both the Leader of the Opposition and the Leader of the New Democratic Party, what I meant when I said "That is the intent", was the recycling. That is what I was referring to. It has been made very clear by statements by the Secretary of State for External Affairs and the Minister for International Trade that the final decision on the mechanism has not been taken.

RECYCLING OF PROCEEDS

Hon. Edward Broadbent (Oshawa): The Minister has put his foot into it even further. He just talked about recycling. The recycling of what? Can he explain that to the House?

An Hon. Member: Come on, Mike.

Mr. Axworthy: Where is the money coming from?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I forget which of the Hon. Member's colleagues asked the question, but the point—

Mr. Turner (Vancouver Quadra): The Hon. Member for Kamloops—Shuswap, that's the guy.

Mr. Wilson (Etobicoke Centre): The Hon. Member's seatmate asked the question in the sense that were the proceeds going to be shared with the provinces. That is what I acknowledged in my answer.

Mr. Broadbent: Thank you, Michael.

* * *

INDUSTRY

FOOTWEAR IMPORT QUOTAS—REQUEST FOR REVERSAL OF POLICY

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is directed to the Prime Minister. It concerns the Conservative Government's job elimination program in the footwear industry. A year after the quotas were imposed, quotas that the Prime Minister himself and his colleagues said were going to lower footwear prices and that we were not going to lose Canadian jobs, can he tell us why the factories in my riding have had two-thirds of their employees laid off? One thousand people in this industry have lost their jobs and footwear prices have increased by 12 per cent over one year. Is it not time to admit that this policy was a failure and revert back to the old Liberal policy which was far better than the policy of this Government?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I take it that the Hon. Member is putting a question with regard to the specific application of a policy with respect to particular industries in his constituency. In the absence of the Minister for International Trade I will take that question as notice and we will try to get back to the Hon. Member with specific information on that very specific question.

[*Translation*]

REQUEST THAT MINISTER MEET CANADIAN SHOE INDUSTRY REPRESENTATIVES

Mr. Don Boudria (Glengarry—Prescott—Russell): I wish to direct a supplementary question to the Prime Minister, Mr. Speaker. Four times since the beginning of July, Canadian shoe industry representatives have sought to meet with Department officials and the Minister for International Trade, but to no avail. Will the Prime Minister tell his Cabinet colleague to meet immediately with these representatives, or is he waiting for that industry to collapse before he steps in?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, on behalf of the Minister for International Trade I can assure the Hon. Member that the Minister and the Department officials are ever prepared to meet with representatives of the industries involved. Should he have

specific requests he might convey them to me and I will see if I can arrange these meetings.

* * *

[*English*]

POINT OF ORDER

MINISTER'S ANSWER DURING QUESTION PERIOD

Mr. Jim Fulton (Skeena): Mr. Speaker, I have a point of order arising out of answers made in this House by the Minister of Finance (Mr. Wilson). On October 8, in *Hansard* at page 192, I asked the Prime Minister (Mr. Mulroney):

> Will the Prime Minister explain why the Minister of Finance drafted a softwood lumber export tax and what its terms of application are going to be?

The Secretary of State for External Affairs (Mr. Clark) answered:

> Mr. Speaker, I can only assume that the Hon. Member is dreaming.

I then asked at page 193:

> —will the Prime Minister assure this House that, should the export tax be put in place, those dollars will be returned to the forest sector for job retraining, market diversification, and reforestation?

The Secretary of State for External Affairs then said, and this is my point of order:

> Mr. Speaker, the Hon. Member is speaking of a tax which he has invented, and he is now asking us to comment on its implementation. We do not propose to implement his inventions.

I think it is clear now that the Minister of Finance—

Mr. Speaker: Order. I have listened to the Hon. Member for Skeena (Mr. Fulton) on his point of order. I think it is quite clear that that is not a point of order, it is a matter for debate.

Mr. Murphy: Mr. Speaker, yesterday as reported at page 1501 of *Hansard* the Hon. Member for Beaches (Mr. Young) quoted from a letter—

Mr. Speaker: Order, please. Could I ask the Hon. Member if he is rising on a point of order or question of privilege?

Mr. Murphy: Point of order.

Mr. Speaker: I should advise the House that the Chair has notice of a question of privilege. If it pleases the House I think we should proceed to it. I recognize the Hon. Member for Etobicoke North (Mr. Pennock). I will hear other Hon. Members after that.

PRIVILEGE

INVESTIGATIVE INDEPENDENCE OF STANDING COMMITTEES

Mr. Bob Pennock (Etobicoke North): Mr. Speaker, today I raise a question of privilege which affects every Hon. Member because it directly impacts on the conduct of our committee system and in particular on the spirit and intent of parliamentary reform. Although I will deal briefly with specifics, I use them only as an example because I am more concerned about the global implications for all committees.

On November 12, 1986 the Chairman, on behalf of all Members of the Standing Committee on Communications and Culture, wrote to the Auditor General seeking answers to nine questions regarding the Auditor General's most recent audit of the CBC, which was referred to the committee by the Minister. Rather than have the Auditor General appear before the committee, it was felt that writing a letter would save valuable time and money.

In responding to this direct request, the Auditor General sent the information to the Minister of Communications (Miss MacDonald) and the President of the CBC to obtain, by his own admission, their concurrence before releasing the information to the Standing Committee. This information was intended to be used in developing a specific line of questioning for witnesses. Any direction the committee might have taken with respect to this information has now been altered by the actions of the Auditor General. Would a lawyer supply a witness with a list of questions before he or she takes the stand?

This action goes against the spirit and intent of parliamentary reform because it limits the effectiveness of the investigative capacity of the Standing Committee. This is a dangerous precedent. I believe that as a servant of Parliament the Auditor General should respect the independence of the Standing Committees. I feel he had no right to vet this information through the office of the Minister of Communications and the president of a Crown corporation before the members of the Standing Committee had a chance to view the information. These are questions he would no doubt have answered if we had called him to appear as a witness. I feel he infringed on my privilege as an Hon. Member to have the capacity to privately seek information from a servant of Parliament.

In closing, my concern is that this action could establish a precedent which would ultimately reduce the independence of Standing Committees. Your decision in this matter, Mr. Speaker, is of critical importance. Parliamentary reform is still in its infancy. It is up to this House to ensure that the new authority and independence of the Standing Committees is respected.

Mr. Speaker: The Hon. Member for Etobicoke North (Mr. Pennock) has raised a matter of obvious concern. Other Hon. Members in recent weeks have risen on matters arising out of committee and I believe the Chair has had an opportunity to

comment on the fact that the committees working under the reform procedures are breaking new ground. The Chair takes quite seriously the representations which have been submitted to the Chair and the representations made by the Hon. Member for Etobicoke North. I can advise the Hon. Member that I will carefully consider his representations and report back to the House.

I said I would hear the Hon. Member for Churchill (Mr. Murphy) on a point of order.

* * *

POINT OF ORDER

REQUEST FOR TABLING OF LETTER

Mr. Rod Murphy (Churchill): Mr. Speaker, yesterday in the House the Hon. Member for Beaches (Mr. Young) quoted a letter from the Hon. Member for Kent (Mr. Hardey). By the rules of the House I believe it is necessary for that Hon. Member to table the document with the House. I think it is very important.

Mr. Speaker: I do not believe the Hon. Member about whom the Hon. Member for Churchill (Mr. Murphy) refers is in the House at the moment. The Chair will take notice of the request and perhaps return to the Chamber on the matter.

Mr. Young: I have no difficulty at all in tabling the letter, Mr. Speaker, if that is what you desire.

Mr. Speaker: The Hon. Member has made his point and, as I said, the Chair will consider it and come back to the House at an appropriate time.

• (1510)

ROUTINE PROCEEDINGS

[*English*]

BANKS

PROPOSED SALE OF BANK OF BRITISH COLUMBIA

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, we will be seeking leave to introduce a special Bill this afternoon, something which I gather has been provided for by special agreement among all three Parties for consideration this afternoon.

Hon. Members have no doubt been aware for some time about media reports concerning the difficulties being faced by the Bank of British Columbia. Attention recently has been focused on the efforts of the bank to find a buyer to assume its assets and liabilities and to put the operation back on a strong financial footing. I am grateful to you, Mr. Speaker, and to Members on all sides of the House for being able to bring this motion forward.

Recently, the search for a buyer intensified as the financial condition of the bank continued to weaken as a result of the erosion of its capital base. This erosion was caused by non-performing loans. For the past several weeks, at the request of the bank, the federal and British Columbia Governments have been assisting in the effort to find a buyer to carry on the business of the bank. This effort has been successful. I am speaking today because the bank has requested the assistance of the House now in facilitating the sale of its operations. Our role is to facilitate this sale.

In responding to this request the Government has been guided by four basic considerations. First, such a transaction should ensure the long-term financial viability of the ongoing institution.

[*Translation*]

Second, such a transaction should provide to the fullest extent possible for the needs of the depositors, other creditors, borrowers and shareholders.

[*English*]

Further, and this is most important, it should result in a strong regionally-based institution to serve the needs of the western-most part of our country. Finally, this should be done without the expenditure of federal public funds as part of the purchase agreement. In short, the buyer of the bank should be able to inject new capital, maintain the confidence of depositors, assume its assets and liabilities and keep the bank operating as a going concern.

During the search for a buyer a few institutions indicated some degree of interest in the Bank of British Columbia. However, in the opinion of the management and the board of the bank, only one proposal adequately meets the needs of depositors, other creditors, borrowers and shareholders. It has been put forward by the Hongkong Bank of Canada, a subsidiary of the Hongkong and Shanghai Banking Corporation. The board of directors of the Bank of British Columbia met in special session to give its formal approval to the offer and to request that the Government propose legislation to Parliament to facilitate the sale.

The Government has determined that this purchase fully meets the basic considerations that I have outlined, the four objectives to which I have spoken. The purchaser is a subsidiary of one of the world's largest banks. It has the resources to maintain and strengthen the business of the Bank of British Columbia, and it has pledged to do so. In fact, it will be obligated to do so if we agree to this transaction. Moreover, the Hongkong and Shanghai Banking Corporation is firmly based in the Pacific Rim, as is the Bank of British Columbia. As many Hon. Members are aware, Premier Vander Zalm has publicly indicated his preference for a Pacific Rim bank. Furthermore, he has endorsed this transaction with enthusiasm, as has the Government.

The management of the Bank of British Columbia has advised the Government that this transaction is necessary for its survival, and the Government agrees with that assessment. The rapidly worsening condition of the bank has been closely monitored by the Office of the Inspector General of Banks.

I would like to quote from the press release issued by the Bank of British Columbia just a few moments ago which contains the details of the transaction. It states:

> The board of directors of the Bank of British Columbia believes that it is essential for BBC to enter into a transaction if liquidation is to be avoided and further believes that no other transaction can be identified that would be as beneficial as the proposed transaction with Hongkong Bank of Canada.

[*Translation*]

Liquidation would not be in the interests of the Bank's 1900 employees, its depositors, other creditors, borrowers and shareholders. It would not be in the interests of the Province of British Columbia and it would not be in the interests of the Canadian banking system.

[*English*]

As part of the initiative to ensure that the business of the bank continues, the Canada Deposit Insurance Corporation has agreed to extend the sum of $200 million to help recapitalize the bank. I remind Hon. Members that the Canada Deposit Insurance Corporation is funded entirely from premiums paid by deposit-taking institutions. There will be no impact on the Government's deficit.

The only realistic alternative, as the bank's board has indicated, would be for the bank to shut its doors. The cost of paying the insured depositors in this situation would be considerably greater than $200 million. Consistent with its statutory authority, the board of directors of CDIC has determined that this payment will minimize future losses for the corporation. The board of the CDIC must determine in matters of this sort whether it will pay less than it ordinarily would through liquidation unless it is determined very clearly.

I would like to explain briefly the role the House is being asked to play in facilitating this transaction. Ordinarily we would say that this is a transaction which has been done, why are we taking the time of the House in this matter? Sections 273 to 275 of the Bank Act provide that the sale of bank assets and liabilities be approved at a shareholders' meeting 28 days after formal notice is given of the terms of sale. What has happened is that the Government has been requested by the board of directors of the Bank of British Columbia to avoid the uncertainty that would be created by such a delay and thereby to minimize disruption for depositors and borrowers. Accordingly, Parliament is being asked to enact the necessary legislation to enable the transaction to be completed on a timely basis.

The legislation recognizes the interests of shareholders. It provides for a shareholders' meeting with 14 days' notice to approve the consideration received for the sale of the bank's assets. Or, if shareholders so choose, when they have their meeting they can choose to have an independent assessor appointed to evaluate the value of their shares immediately prior to the time of sale. This evaluation by the assessor would be binding.

• (1520)

This Bill facilitates a solution that is in the interests of depositors and other creditors, borrowers and shareholders of the Bank of British Columbia. It is in the interests of the Province of British Columbia and very much in the interests of the Canadian banking system.

[*Translation*]

I ask Hon. Members to adopt this Bill immediately.

[*English*]

I urge immediate and unanimous approval. This piece of legislation will ensure the safety we need for the depositors, other creditors, borrowers, employees and branches of that bank in the province. It will also ensure a window to the Pacific Rim, to the connections and network of the Pacific Rim that the financial system of British Columbia has long wanted. I am very pleased to bring this Bill before the House and I thank Hon. Members on all sides for making this possible.

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, once again, in a hasty, spontaneous, disorganized way, the Government has raised an issue of major importance to the Canadian banking system. It is quite clear from the way Ministerial benches have proceeded that the Government is in disarray once again on the crucial and vital issue of Canadian banking.

The Minister of Finance (Mr. Wilson) was courteous enough to call me this morning and advise me of what he had in mind. Before that, those of us representing constituencies in British Columbia had some understanding of the difficulty in which the Bank found itself. This action shows how badly the Government has managed the rebuilding of confidence in our financial institutions. We have been waiting for two years for the proposed reform package for financial institutions. We still do not have it. The Canadian public is still waiting. Of course, another stop-gap, *ad hoc* measure is being taken to rescue a bank at the last moment.

Taking you back a bit in history, Mr. Speaker, the Bank of British Columbia was at the leading edge of the aspirations of the people of the province and western Canada to have their own financial institutions. They wanted to do things their own way at their own speed and to have credit authorizations given by British Columbians who lived in the province close to where the people seeking credit lived. It was created in part at the behest of the late W. A. C. Bennett, then Premier of the Province of British Columbia. Despite political differences, he was certainly one of the great institution builders of British Columbia.

I recall that Premier Bennett came personally to Ottawa in 1967 to ask the Government to incorporate the Bank of British

Columbia. He sat in the Prime Minister's gallery while the Bill was being debated. He personally attended the opening of the first branch of the Bank and he summoned all British Columbians to give it their full support.

The Bank of British Columbia has played an important role in bringing about the creation of small and medium-sized businesses in British Columbia and, indeed, throughout western Canada. It proved that in British Columbia the best decisions for small and medium-sized businesses were made closer to the businesses and operations concerned. That is why the regional banking system was so welcomed in western Canada.

At the beginning of 1985 the Bank of British Columbia was the most conservatively financed financial institution of its size in the country. It had a leverage ratio about comparable to the average ratio of the leading banks in Canada. It had very little foreign exposure and, of course, it had a substantial market share in British Columbia. Many of the problems it is having today originated with the collapse of the Canadian Commercial Bank and the Northland Bank.

You know our views on the collapse of those two banks, Mr. Speaker. The banks were very badly mismanaged to begin with but the way the Government handled that crisis led to the current instability in the banking system and later effected the forced merger of the Continental Bank with Lloyd's of London and now the proposed arrangement between the Hongkong Bank and the Bank of British Columbia.

The Government made two grave errors. When the Minister of Finance and the predecessor of the Minister of State for Finance brought the bail-out package to Parliament, we asked the Ministers and indeed the Prime Minister (Mr. Mulroney) whether or not the bail-out package was sufficient. We were assured that it was, but it turned out that the Ministers and officials had not bothered to look at the books of the Canadian Commercial Bank. The arrangement was insufficient. On the basis of what the Minister of Finance, the Governor of the Bank and the Minister of State for Finance's predecessor said, people continued to deposit money in those banks as well as in the Continental Bank and the Bank of British Columbia.

A year ago September, it was found that the package was indeed inadequate and the Government had misrepresented the viability and solvency of those two banks to Parliament and the Canadian people. As a result of that lack of confidence, both the Continental Bank and the Bank of British Columbia have had repeated difficulties in persuading other banks, large corporations and credit unions to maintain deposits. I can understand that. The teasurer of a major organization, a town council or a municipality has a fiduciary role to play. He must protect the money of his shareholders or taxpayers. Therefore, both banks, the Continental Bank and the Bank of British Columbia, had a difficult time persuading other banks and depositors to stay with them.

We blamed the Government on these two issues. First it did not know what it was doing when it brought in the original bail-out package for the Canadian Commercial Bank. Second, it misrepresented the facts to the Canadian people and Parliament between March and September. Mr. Justice Estey confirmed that the bail-out was an amateur night effort and that it was insufficient. He confirmed as well that the two banks had not been solvent.

We are now being asked to provide a hurried solution in the form of a sale of assets of the Bank of British Columbia to the Hongkong Bank of Canada, a Schedule B bank. The parent bank is one of the world's largest and best managed banks. The headquarters of the subsidiary of the Bank is in Vancouver and thus we understand that the executive direction of the Bank of B.C. division of the new bank will be maintained in Vancouver. This provides at least some solace for the regional aspirations of British Columbians. There will at least be one institution of its size with a head office in British Columbia.

The employees of the Bank of British Columbia, some 1,400 in number, will, I am advised, have continuing employment assured, and I hope the Minister will assure us of this during the course of the debate. I am also told that the 39 branches of the Bank will continue to be open for the time being. The Bill will obviously be of some assistance to the employees and will assure some 200,000 depositors of the safety of their funds.

I am not unmindful of the fact that the CDIC, an agent of the Government of Canada, is declaring a loss of some $200 million in connection with the Bank of B.C. It is our understanding from what the Minister of State for Finance has told us that if this Bill is not passed today or tomorrow the shareholders themselves stand to lose whatever net worth is today available to them. Frankly, although we want to hear more about it during the course of debate, this is probably the only reason that I personally would agree to a Bill of this kind.

The Bill limits drastically and in a Draconian fashion the rights of shareholders under the Bank Act. The Hon. Minister is frowning, but he knows about the delays that are necessarily incurred in sending out notices telling shareholders that they have the right to approve of or disagree with any merger or deal like this. From what I understand the Minister to say, under this Bill the shareholders will be limited to either approving or disapproving of the amount of the deal, not the deal itself. That is a very drastic limitation of the rights of shareholders, and we will require proof here in the House that that is necessary.

[*Translation*]

Before the Bill is adopted by the House, Mr. Speaker, I think we should insist that the Standing Committee on Finance and Economic Affairs be allowed to proceed with a full review, as it did in the case of the Continental Bank and Lloyds, review, with witnesses and officers of the two banks appearing before the Committee, so that we as Members of this House will have the assurance that there was indeed an emergency and a pressing need to have this Bill adopted.

• (1530)

[*English*]

It is deplorable that the Government should only this morning spring a request for parliamentary action in these circumstances. It is not a compliment to Parliament.

[*Translation*]

It is without a doubt an admission of incompetence on the part of the Government and it is one more example of the state of complete disarray of the Government's policies, especially where the banks are concerned, and as I said at the beginning of my speech, it reflects the utter chaos caused by the Government originally in the case of the Canadian Commercial Bank and the Northlands Bank several months ago in this House.

[*English*]

However, I believe in the interests of British Columbians as depositors, employees, and shareholders, that we are compelled to accept the Government's representation. As to the need for haste, we are going to hold the Government responsible in demonstrating to us and to the country the need for that urgency, the need for a restricted debate, the need for the restriction on the right of the shareholders of the bank. We will want that confirmed in a hearing of the Standing Committee on Finance and Economic Affairs after this debate is concluded.

Finally, Mr. Speaker, we come to this issue understanding the urgency—if the representations of the Government can be accepted at face value—but still stung by the experience that we had in this House in March, 1985 when the Minister of Finance and the then Minister of State for Finance brought us a bail-out package for the Canadian Commercial Bank. We were misled. The Government did not know what it was doing. It had not searched the books. Parliament was taken for a ride. We do not underestimate the gravity of the situation. We do not underestimate what the Minister of Finance told me personally, and what the Minister of State for Finance (Mr. Hockin) told Parliament this afternoon. The burden of proof is clearly on the Government. We are relying on the Government.

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, this particular project is brought forward because of the situation of the Bank of British Columbia. It is a regional bank. Members of my Party, and particularly my colleagues who come from western Canada, are very much concerned about the continuing need for regional banking in western Canada. Whether that will be achieved with this particular proposed takeover by the Hongkong Bank is another matter. Within the time that is available, which is not long, and for reasons that I will come to shortly, essentially on this side of the House we are not in a position to judge whether or not the Government has taken the correct course of action.

I have some substantial misgivings over what the Government is prepared to do. However, having only been brought into the Government's confidence on this issue at 9.15 this morning, our role is simply to decide whether to adopt this measure in the course of the next day or two, or to string it out and let it take a week or two weeks, whichever it might take, if the parliamentary devices available to us were used, or if the matter was to be referred to the Commons finance committee for a hearing prior to passage some time early next week.

It has been represented to me and to my Party that delay at this time would or could lead to difficulties for the Bank of British Columbia in terms of its deposit base, and that that in turn would affect the viability of the bank in terms of its ability to do business in British Columbia and Alberta under the new ownership. I accept that that argument has some validity. Therefore, since the only solution that the Government has been prepared to put forward has been this particular takeover, we are in the position of either saying that we are going to resist it, although we are not in a position to put forward an alternative because we do not have the facts or the number of seats in the House to make that work, or alternatively to simply accept the Government's decision.

Let us be very clear that this is a Government decision. The only role that Parliament can play is to decide whether we wish to make this decision and allow this decision to become law by tomorrow evening, or to string this out for another few days. I have had occasion to speak to people in financial circles in Vancouver, including people from the Vancouver City Savings Credit Union, which was in very serious discussions with the Bank of British Columbia a few days ago. It is disappointed at being excluded from doing a deal with the Bank of British Columbia, largely because of a policy decision by this Government. It, too, indicates that if it is going to be done at all, it is better to do it in a couple of days than to allow the agony to continue.

Let us be very clear that the Government says in the statement of the Minister of State for Finance (Mr. Hockin) that it is important to retain a strong and regionally based institution to serve the needs of the most western part of Canada. It is questionable whether that will be what is achieved by this particular measure.

I do know that the Canada Deposit Insurance Corporation, using what are essentially public funds, will advance $200 million to the Hongkong and Shanghai Bank, the parent company of the Hongkong Bank of Canada. The parent Hongkong Bank will then turn around and give $60 million to the subsidiary, and that in turn will be passed on to the Bank of British Columbia in return for transferring substantially all of its assets and liabilities.

In other words, we Canadians, if I can be simple about it, are paying $200 million to a foreign institution so that they can take over the control of a $3 billion Canadian bank. That is essentially what the Government is telling us is the best solution that was available for this important regional institution in British Columbia, an institution which was founded with high hopes some 10 years ago, and which has

extended service to many people in western Canada over the course of the last couple of years.

The Government is also telling us that the asset base of the Bank of British Columbia was sound, according to the Inspector General of Banks and a special team review, in October, 1985. At that time the bank portfolio was studied in detail. The Inspector General told us that it was okay, in fact that loan loss experience was going down. The Government is now telling us that there is an over-all erosion of those assets which, by my calculation, is somewhere in the nature of $300 million to $350 million. This is enough to wipe out the equity of both the preferred and the ordinary shareholders of the bank, and then to contribute to a loss of some $150 million, or thereabouts.

Nonetheless, the Government is stating that in its wisdom and opinion the shareholders and the preferred shareholders of the Bank of British Columbia should be repaid to the extent—not a lot, I agree—of $60 million or $75 million. That money essentially is going to come from the taxpayers, at least for the next six or seven years.

The Minister's statement is that this payment to the Hongkong Bank, so it can take over our Canadian bank, is being made without the expenditure of federal public funds as part of the purchase arrangements. I have had occasion to look at the annual report of the Canada Deposit Insurance Corporation. At the end of 1985 this institution was in the hole to the extent of $1.25 billion. It was paying that off at the rate of about $200 million a year through an increase in premiums, which went through the House a few months ago. The $200 million which is now being advanced from the Consolidated Revenue Fund, that is, from the taxpayers to CDIC to go to the Hongkong Bank, will not, therefore, be repaid until 1993, assuming that the Canada Deposit Insurance Corporation has no further losses to contend with—no other institutions go bust or require its assistance over the course of the next six or seven years.

I recognize that the situation is difficult. Financial markets are changing very rapidly. But I wish to point out that the Government could have had a regional solution with control in the head office fully under the control of British Columbians by means of assistance to the Vancouver City Savings Credit Union proposal. Apparently the Government of British Columbia was not prepared to go along with that particular measure, and neither was the federal Government. The Government could have kept control of the Bank of British Columbia's business in Canada, because there are at least a couple of Schedule A banks, the Bank of Nova Scotia and the Toronto-Dominion Bank, which are not heavily represented in their branch network in western Canada, and from which there would have been a good fit if discussions on a merger or takeover of assets had been encouraged by the Government, rather than discouraged or ignored. Instead, the Government has chosen a foreign solution which will cost everyone who gets bank interest over the course of the next year or so $1 for every $1,000 of investment. If I may put it in very practical terms, that will be the cost.

• (1540)

I hope we will receive a commitment from the Government that the matter will go before the Standing Committee on Finance and Economic Affairs after the Bill has receivd passage tomorrow. For the reasons I have given, we have agreed, although we have questions about the Bill, that it should at least come to a conclusion tomorrow. However, I believe that the issue should not be forgotten because the Bill itself goes to third reading and is then given approval by the Senate and Royal Assent.

This is *ad hoc* banking policy. The Government has had two years to implement a policy on financial institutions. It has not done so. Canadians are now paying the price. They are paying the price in terms of the $1 billion or so we advanced in respect of the failure of two western banks the Canadian Commercial Bank and the Northland Bank. Now they are paying an additional price. One way or another, as taxpayers, depositors, or customers of Canadian banks, every Canadian will participate in the cost of $200 million which is now being advanced to take control of the Bank of British Columbia. It will take control out of British Columbia hands, out of regional hands, out of Canadian hands, and put it into the hands of the Hongkong Bank.

* * *

BUSINESS OF THE HOUSE

Mr. Mazankowski: Mr. Speaker, there have been discussions with the House Leaders of the opposition Parties with respect to the business for the rest of today and tomorrow.

I have a series of four motions which I should like to put. Perhaps I could seek leave of the House to introduce them one at a time.

The first one concerns the Standing Committee on External Affairs and International Trade, and I seek unanimous consent to put the motion.

Mr. Deputy Speaker: Does the Deputy Prime Minister and President of the Privy Council have unanimous consent of the House to introduce the motion?

Some Hon. Members: Agreed.

* * *

EXTERNAL AFFAIRS AND INTERNATIONAL TRADE

AUTHORIZATION OF STANDING COMMITTEE TO TRAVEL

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I move:

That the Standing Committee on External Affairs and International Trade be authorized to travel to Africa to visit Tanzania, Ethiopia, and Senegal before December 15, 1986, to study specific projects which are recipients of Canadian aid.

[*Translation*]

Mr. Deputy Speaker: Does the Deputy Prime Minister and President of the Privy Council (Mr. Mazankowski) have the unanimous consent of the House to introduce his motion?

Some Hon. Members: Agreed.

Mr. Deputy Speaker: The House has heard the motion. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to.

* * *

[*English*]

CHILD CARE

PROPOSED MOTION FOR CONCURRENCE IN REPORT OF SPECIAL COMMITTEE

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the second motion concerns the proceedings of the Special Committee on Child Care. I would seek leave of the House to present a motion based upon the discussions which have already been held.

Mr. Deputy Speaker: Does the Deputy Prime Minister have unanimous consent to move the motion?

Some Hon. Members: Agreed.

Mr. Mazankowski: Mr. Speaker, I move:

That, notwithstanding any standing or special order of the House, the House now proceed to motions, Mr. Speaker call the motion of Mrs. Martin, Chairman of the Special Committee on Child Care, and Mr. Speaker then recognize, for comments of 10 minutes each, on the motion to concur in the first report of the Special Committee on Child Care, presented to the House on Wednesday, November 19, 1986, the following Members: Mrs. Martin, Madame Pépin, Ms. Mitchell; and that Mr. Speaker then forthwith put the question for the concurrence.

Mr. Deputy Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to.

* * *

CHILD CARE

CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE

Mrs. Shirley Martin (Lincoln) moved:

Motions

That the first report of the Special Committee on Child Care, presented to the House on Wednesday, November 19, be concurred in.

She said: Mr. Speaker, in requesting concurrence in the report of the Special Committee on Child Care, I am asking the House for the opportunity to table a quality document reflecting the evidenced needs of Canadian children and parents, while making responsible suggestions for government action through the range of components which comprise the child care delivery system in Canada.

Our committee travelled to every province and territory in Canada to listen to the needs and recommendations of Canadians. The response was impressive. Over 2,000 people were heard and almost 900 written submissions were received. In addition, existing research in the field required investigation, and new research was required. As we reviewed our initial report, we determined that to rush the preparation of this document would be a great disservice to the people of Canada.

I know that Hon. Members of both opposition Parties join with me in their concerns that the report provide the best available research and recommendations. Therefore, in the interest of all Canadians, especially the children of Canada, I respectfully ask that this extension be granted with the approval of all Hon. Members of the House.

[*Translation*]

Mrs. Lucie Pépin (Outremont): Mr. Speaker, unfortunately, I cannot accept a proposal by the Chairman of the Special Committee on Child Care for an extension for the Committee's report. In fact I find it very distressing. When we consider the urgent need for daycare centres, asking for an extension of several months does seem rather strange. I might have been agreeable to an extension of several weeks, but I think that in the circumstances, several months is out of the question.

All we have to do is go back to the reports of the various commissions of inquiry, including the Bird Commission and the Report on Equality in Employment, where the situation is described and identified as a priority, because something must be done for children, not just for children from zero to five but also for children from six to fourteen, especially when we consider that 54 per cent of our children are alone after school.

We have had a parliamentary committee that travelled across the country and heard a number of briefs, many from parents who were unanimous in urging the Government to take action and do so very soon.

I read news reports on the First Ministers' Conference last week, when the Prime Minister (Mr. Mulroney) said quite clearly that it was very important for women to have employment equity and that he felt employment equity started with

daycare. I would like to remind him—of course daycare centres are important for women—but he said that daycare was a women's problem, and I would like to say here to the Prime Minister that daycare is a problem for society and for our families, not just for women.

He also said that he intended to start consultations with the provincial governments. I am all in favour of consultations with the provincial governments, but since 1984 when the Conservative Government and this Prime Minister came to power, all we have seen has been consultations and discussions. I think that it is important for the Government to act and to stop consulting because this is a priority issue. Each child is entitled to daycare services.

It is rather shocking to see that the only result we have had is still more consultation. It is difficult to believe that the Prime Minister really wants to take action.

Our Committee voted to request an emergency fund of $150 million in the next Budget in January 1987, because the Prime Minister has said several times since his Government has been in power that the 1987 Budget would provide the allocations needed for child care programs. The report would by then have been tabled in the House. The Prime Minister also said in Vancouver that the funds would be allocated. If the Conservative Government is really serious about child care, it will allocate at least $150 million as an emergency fund to be used from February 1987 until the report of the Parliamentary Commission is implemented, perhaps one year from now.

In addition, the Minister of National Health and Welfare (Mr. Epp) has asked for a Social Affairs Ministers' Conference in January 1987. If the Government wants to show its commitment to child care, one of the priorities at this conference should be to examine this issue because the only way we can know whether the Government wants to give priority to child care services will be to see it do it with our own eyes.

We have been hearing about daycare centres for two years, but this should not remain at the level of lip service or be simply an exercise in public relations. If the Government is truly serious, the first thing to do is to prepare the report quickly and the second is to make sure that the amounts allocated in the next budget are large enough to provide an emergency fund as well as daycare services for our children. Moreover, the Minister of National Health and Welfare should make this a priority issue at this meeting next January.

• (1550)

[*English*]

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, there is no question at all that adequate funding of quality child care services is one of the most important issues facing the Government, and especially the Minister of Finance (Mr. Wilson).

I am very concerned that the report of the Special Committee on Child Care will be delayed to March 21, long after the 1987 budget has been prepared and presented. We would have preferred to have extended the reporting date to January 21 so as to include recommendations for funding in the upcoming budget. This delay leaves one to suspect that despite the Prime Minister's (Mr. Mulroney) lip service again last week in Vancouver, the federal Government does not intend to introduce federal initiatives to deal with the well-documented child care emergency in the coming year. Obviously the Government prefers to delay such action until just before the next election when the Government can say: "Look what we are doing for children and families". The Government wants to leave it to provincial Governments to initiate action in the child care field knowing that this will be delayed for several years.

We opposed this motion in committee, Mr. Speaker. We do not approve of a delay unless Government Members are prepared to support a motion which I presented to the committee for emergency federal funding for child care services. The motion I presented last week reads:

> That the committee request the Minister of Finance to include in the upcoming budget a child care fund of up to $150 million to be used as an emergency fund for stabilizing and upgrading child care services until the committee report is tabled and implemented.

This is a very reasonable request. I hate to use the word, but it is a very conservative request. As a matter of fact, the New Democratic Party for several years has advocated federal expenditures in direct grants of up to $320 million. We estimate that this amount is needed to upgrade the quality of existing day care services to help reduce fees so that that care is affordable, and to create an additional 25,000 new child care spaces. This money would also cover a development fund to assist poorer regions and native communities which have a deplorable lack of child care services.

I expect a positive answer to the motion I presented, which I am glad to say was seconded by my colleague, the Hon. Member for Outremont (Mrs. Pepin) of the Official Opposition. As a result of the presentation, several questions have been raised in relation to the request. First, is there a child care emergency? Second, funding should be based on sound research and planning.

Speaking quickly to the emergency, there is no question that there is a national case of child neglect in Canada. This was documented extensively in the Chile Care Committee report and has been repeated over and over again in public hearings held across Canada. The lives and well being of children are at risk in an informal babysitting arrangement because working parents simply have no other alternative. There is no licenced monitored child care in many communities, and if there is, most parents cannot afford it.

One working mother told us she had to use nine different babysitters in the first year of her child's life. She had to work because her family was living on poverty income. Many children have no care at all or are left in the care of older siblings.

We were told repeatedly of concerns about latch-key children who go home to an empty house and who have

unsupervised situations during the summer months because there is no affordable child care.

Many day care centres have questionable standards. Children are being placed in situations where care is not up to the standard it should be. Centres are forced to charge fees that are too high. They pay very low wages to care givers because child care centres are grossly underfunded.

The only way centres can improve their standard of care is with direct government grants to help defray overhead costs, to reduce fees and to pay adequate wages. Dedicated care givers will continue to subsidize child care across the country. Many of these people are burning out and leaving the field because the federal Government refuses to act in this year's budget. Many long hours at minimum wages are expected of care givers. This refutes the statements made by the Prime Minister in Vancouver about equality. The Government is condoning the exploitation of women workers by refusing adequate funding for child care services in the upcoming year.

Many communities have no licensed child care services at all. Children of farm families are left alone in unsafe conditions. There are no services for children in northern and isolated communities and native communities. Shift workers and seasonal workers need flexible hour care. They have none. Children are often removed from their homes in native communities because there is no emergency care and no support of family services. This is a tragedy.

Funding should be based on a sound plan, of course. I agree, Mr. Speaker. A team of researchers and experts spent several years documenting the needs resulting in the Cooke report. They came up with an adequate plan advocating good faith grants from the federal Government that would stabilize existing services and establish a floor of good quality services until provinces can develop a comprehensive, affordable system of quality child care right across Canada. The Cooke report also proposed that federal grants be available as conditional grants to every province and territory on condition that funds be forwarded to licensed non-profit centres to provide operating and capital funds until cost sharing arrangements can be worked out with the provinces.

The Cooke report also proposed a formula. The plans are there. The research is there, Mr. Speaker. All we need is the Government will to start in 1987 with some up-front funding to show its intentions are right. We are tired of platitudes and words from the Prime Minister and others which really mean nothing unless there are some funds available to do something about this drastic emergency.

I am surprised that the Minister responsible for the Status of women yesterday in committee would say to me: "If it was just a matter of direct grants, Margaret, your committee would come out with a one-line report." That shows how little that Minister knows about the situation. There have been 15 years of reports that documented the needs. Obviously the Minister has not studied the Cooke report which provides an adequate funding mechanism and formula that could be adopted in the upcoming budget.

I repeat to this House and the Government that the need for adequate funding of child care services is urgent. Children are being damaged, dedicated care givers are being exploited and working parents are being subjected to unnecessary stress and worry while the Government apparently is refusing to take action in providing any funds in this year's budget.

The Prime Minister's promises last week are a laugh. He talked about equality. Obviously he wants the women's vote. I can assure you, Mr. Speaker, he is not going to get it unless he puts some money where his mouth is. We are appalled at his lack of understanding. The main need in the whole field of child care is for some out front federal funding and it must be in this year's budget. That is why we do not want to delay any longer. We want to go forward with a proposal for emergency funding in this year's budget and we want to get our committee report out just as quickly as possible.

Motion agreed to.

Mr. Deputy Speaker: I wish to inform the House that because of the ministerial statement this day's sitting will be extended by 30 minutes.

* * *

BANK OF BRITISH COLUMBIA

CONSIDERATION OF BILL C-27

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Further to previous motions, I seek leave to deal with another motion, which is a motion dealing with the introduction of a Bill to facilitate the continuation of the business of the Bank of British Columbia. If I could have leave to do that, I would so move.

• (1600)

Mr. Deputy Speaker: Is there unanimous consent?

Some Hon. Members: Agreed.

Mr. Mazankowski: The motion reads as follows:

That, notwithstanding any standing or special order of this House;

that, when the House reaches Government Orders this day, the House shall proceed directly to second reading and reference to a Committee of the Whole of a Bill entitled "an Act to facilitate the continuation of the business of the Bank of British Columbia";

that, on Thursday, November 27, 1986, the first order of business under Government Orders shall be the continuation of debate on the above-mentioned Bill;

that, not later than 4:45 o'clock p.m. on that day, Mr. Speaker shall interrupt any proceedings then before the House and shall put forthwith and successively, without any further debate or amendment, all questions necessary to dispose of the remaining stages of the said Bill;

that, at the ordinary daily hour of adjournment on Thursday, November 27, 1986, if necessary, Mr. Speaker shall suspend the sitting to the call of the Chair for the purpose of giving Royal Assent to the said Bill.

Mr. Deputy Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to.

Mr. Mazankowski: Mr. Speaker, I seek leave of the House to introduce a motion concerning the business of the House, that we proceed directly to Orders of the Day to consider this Bill.

Mr. Gray (Windsor West): Mr. Speaker, I seek a bit of clarification with respect to the business tomorrow. Does the Deputy Prime Minister (Mr. Mazankowski) or any of his colleagues contemplate taking any action under the heading of Motions tomorrow before we reach Government Orders?

Mr. Mazankowski: Mr. Speaker, pursuant to our discussions earlier this day, I would indicate that the purpose of this order is to move on the Bill concerning continuation of the business of the Bank of British Columbia in all stages. There will be no motions and hopefully no petitions or any stalling tactics so we can get through the Bill in all stages and give all Hon. Members an opportunity to debate it in full.

Mr. Riis: Mr. Speaker, I just wanted to indicate our intention to co-operate fully in this very serious matter. I just want it to be perfectly clear, and I seek some assurance from the Government House Leader, that anything dealing directly or indirectly with Bill C-22, either today or tomorrow, will not be considered by the Government.

Mr. Mazankowski: I will repeat again that both Hon. Members know there are discussions going on in an attempt to seek an all-party agreement as to time. As long as those discussions are going on, then in the spirit of goodwill we will certainly co-operate in that regard.

Mr. Deputy Speaker: Does the Deputy Prime Minister (Mr. Mazankowski) have unanimous consent of the House to move the motion?

Some Hon. Members: Agreed.

Mr. Mazankowski: Mr. Speaker, I move:

That, the House now proceed to Introduction of Bills, for introduction and first reading of a Bill by the Minister of State (Finance), following which the House proceed directly to Orders of the Day.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to.

BANK OF BRITISH COLUMBIA BUSINESS CONTINUATION ACT

MEASURE TO ENACT

Hon. Tom Hockin (Minister of State (Finance)) moved that Bill C-27, an Act to facilitate the continuation of the business of the Bank of British Columbia, be now read the first time and be printed.

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

Mr. Deputy Speaker: When shall the Bill be read a second time?

Some Hon. Members: Now.

Mr. Gray (Windsor West): Point of order, Mr. Speaker. I wonder if the Government has printed copies of the Bill, even if it does not know the Bill number. Perhaps they could be distributed?

Mr. Mazankowski: Mr. Speaker, I thought the respective critics had copies of the Bill. There are others available and they are being distributed now.

GOVERNMENT ORDERS

[*English*]

BANK OF BRITISH COLUMBIA BUSINESS CONTINUATION ACT

MEASURE TO ENACT

Hon. Tom Hockin (Minister of State (Finance)) moved that Bill C-27, an Act to facilitate the continuation of the business of the Bank of British Columbia, be read the second time and referred to Committee of the Whole.

He said: Mr. Speaker, I will be brief. I just want to make a few comments in reply to some of the questions posed a few minutes ago.

First, the urgency of this legislation has been explained. I agree with the Right Hon. Leader of the Opposition (Mr. Turner) who identified precisely what this Bill will do. It does not prevent shareholders from meeting to determine compensation. It will allow that to happen. He understood that clearly. The Bill also deals with winding up and so on which I can explain when it goes to committee.

The issue of financial institution reform has been a major priority of this Government. It has been decades since we have had financial institution reform. We propose to bring forward a comprehensive set of reforms very shortly. The Right Hon. Leader of the Opposition expressed his concern that we would be making *ad hoc* decisions forever unless this reform takes place. The new framework will be put in place very shortly, but

until then, of course, we operate within the existing framework. It is my hope we can bring it in very shortly and that it will cover essentially both parts of the financial institution regime, that being inspection and supervision. It will address all of the problems that Mr. Justice Estey referred to which concern Canadians regarding the liability of inspection and supervision of deposit-taking institutions, insurance and trust companies. Nothing has been done in this regard for literally decades and I am very proud to have the opportunity to bring in major changes which will further strengthen the Canadian financial system. I will not speak further about that because the time will come for that.

The second part of our task over the next few months is to come to terms with the rules of the game, so to speak, as they affect ownership and the function of financial institutions. As we all know, financial institutions would like to broaden their base of activity. What should be the parameters? Who should be able to own a financial institution? How big should they be? Those questions have been examined in very great detail through a host of studies, foremost of which would be in the standing committee of this House. That committee had important things to say on these subjects. As well, the Senate dealt with it, and there have been important studies at the provincial level. Then we have the Estey report. I would say that never has a subject been better researched or prepared for than financial institution reform. Therefore we are ready for reform and ready to bring in the package. I will be consulting with provincial Ministers on this issue on Sunday and Monday. That is one of the very last steps we must take in order to bring the package forward. I hope all Members will agree that this package will greatly strengthen the system and lay down rules so that business plans can be made and the activities of our financial sector can grow and prosper. I believe depositors will feel more secure and borrowers will find a more competitive environment. We will be internationally competitive, rather than a financial non-competitive island unto ourselves. This massive new structure will be in place shortly.

• (1610)

In my view, the Bill before us is a symbol of the confidence that foreign banking institutions show toward this country. Our banking system must be extremely strong to attract this kind of interest. While I share with my colleagues a concern about too much foreign ownership, the transaction we are being asked to facilitate today constitutes only approximately 1 per cent of the Canadian banking system. I believe that Schedule B banks will move from 10.7 per cent to 11.8 per cent of the total assets of the Canadian banking system, so that this is not a massive foreign invasion of the Canadian banking system.

When the Bank Act was changed in 1980, we explicitly wanted to have foreign institutions admitted to Canada. This would allow reciprocal rights for our financial institutions abroad because they cannot operate effectively unless there is an opportunity for foreign institutions here. Second, we wanted the competition and the skills that foreign entry can sometimes bring. What better example of that than this legislation?

In my opinion, this legislation is the quintessential example of the importance of having Schedule B banks at certain times because it allows the skills, contacts and the network that exists in the Pacific Rim with one of the largest banks in the world to be linked with the Bank of British Columbia.

Let me make it clear that banks that are constituted as Schedule B banks are not branches. They are separate corporations with their own directors and a Canadian head office. It is important to note that it is a Canadian operation. The Bank of British Columbia will have its head office here and the majority of directors will be Canadian. Its branches and employees will remain in place. By giving it this transfusion, I believe we have found a way not only to save an institution that was wounded, perhaps fatally, it will be stronger and more robust than ever. That is the purpose of the Bill.

Furthermore, this legislation will add a presence in the Pacific Rim that British Columbia has never had. I know that Hon. Members will want to deal with the importance of this to Canada and the western part of our country. This Bill represents an act of confidence and makes proper use of the provisions of the Bank Act.

Let me deal with how the operations of the Canada Deposit Insurance Corporation are affected by this transaction. The CDIC is an institution with its own board, and operates on premiums it receives from member institutions. Its decision on whether to make a transfusion of $200 million is based on the consideration of whether it will ultimately pay less through this transfusion than if the Bank of British Columbia were liquidated. That is the decision that the CDIC is making, and it has been constituted to make those kinds of judgments.

There is concern that we are asked to make last minute decisions. Decisions on any transactions such as this often must be made quickly. Quite frankly, this is an opportunity for the CDIC to minimize its obligations while allowing the bank to grow and prosper.

Mr. Cassidy: You protest too much. It is hardly an independent institution.

Mr. Hockin: I will explain. If the Bank of British Columbia were to be wound down the CDIC would have to make approximately $1.3 billion in pay-outs to insured depositors. Furthermore, upon liquidation, lower recovery values to the CDIC would have to be anticipated. Therefore, this solution is most appropriate from the perspective of the CDIC.

It is quite true that the Governor of the Bank of Canada and the Deputy Minister of Finance are on the board of the CDIC. We are in constant contact with the CDIC when it makes decisions. However, it is an independent board—

Mr. Cassidy: It is not.

Mr. Hockin: It has to make judgments about what is best for those who pay the premiums.

Mr. Cassidy: The Deputy Minister of Finance is independent?

Mr. Hockin: The contributors of premiums are the ones paying for the CDIC.

Mr. Cassidy: They have no say.

Mr. Hockin: Yes, they do. Let me make it clear that the CDIC is constituted to make these judgments not when banks collapse but to prevent them from collapsing. In this situation, this transfusion will allow this institution to become healthy and more robust than ever.

I believe it has been alleged that the Government is paying $200 million. While the CDIC receives advances from the Government, they are paid back with interest. It is important to understand that the financial operations of the CDIC are not a burden to the cash requirements of the Government of Canada in the long run.

Mr. Gauthier: If we wait long enough.

Mr. Hockin: This is one example of the many cash inputs from the Government of Canada that must be paid back.

I am grateful to all Members that we could introduce this legislation today. It makes it possible for the Province of British Columbia to have a linkage with the Pacific Rim that did not exist before. It will allow this important institution to continue and even grow stronger, given the additional skills and contacts it will have through this international linkage. I commend this Bill and I thank Hon. Members for letting us bring it forward.

Miss Aideen Nicholson (Trinity): Mr. Speaker, we in the Official Opposition have agreed with some reluctance to the Government's request to consider and pass this legislation immediately. Our reluctance was overcome by our wish to safeguard the jobs involved and to avoid disrupting the regional economy. However, we take strong exception to the habit the Government has developed of *ad hoc* regulation and legislation in the financial services industry. It is *ad hoc* because, despite the promises in two Throne Speeches, we have had no reform legislation on financial institutions. The Government continues to operate in a policy vacuum.

All of us remember only too well when, on March 25, 1985, the former Minister of State for Finance announced the Government's decision to bail out the Canadian Commercial Bank and asked for the co-operation of the House in passing the enabling legislation immediately. We agreed and found out later that the information we were given was totally inaccurate. The Government gave guarantees that with the bail-out package the Canadian Commercial Bank could be viable. We found later that those guarantees were worthless. The Government did not know and did not use information which was available.

• (1620)

When the committee on finance examined the situation, after the passage of the legislation, it became clear that the loan assets of the Canadian Commercial Bank had not been accurately valued and that there were many problems with its administration. These were problems of which the Government should have been aware but was not. There was a Memorandum of Understanding signed but there was a 30-day period before that memorandum was confirmed. In that 30-day period, the Government made no serious examination of the loan assets, even though the other banks participating in the bail-out had requested this be done.

Therefore, we in the official Opposition agreed to give passage to a Bill in the spring of 1985 because we believed the Government. We accepted the undertakings we were given, but later we found these undertakings were worth nothing.

Even up to mid-August of 1985, the Government was still saying that with the bail-out package it had arranged, the Canadian Commercial Bank was viable. Yet, as we know, by September 1 it was in liquidation.

Perhaps we should be appreciative of the fact that the Government is not seeking that sort of arrangement this time. However, we would not be responsible members of the Opposition if we did not insist on better information from the Government than we were given a year and a half ago. We intend to hold the Government responsible for the accuracy of information it brings forward in this debate. Our passing of this Bill is conditional on our receiving an assurance that the matter will receive a very thorough examination afterward by the Standing Committee on Finance and Economic Affairs.

After the bail-out of the Canadian Commercial Bank and the Northland Bank depositors last year, there was the takeover of Canada Trust, a financial institution, the fourth largest holder of personal savings accounts in Canada, by the industrial giant, Imasco Limited. This was a clear situation of a financial institution coming under the control of a non-financial group, which is something the Standing Committee on Finance and Economic Affairs had recommended against in its report on the Government's Green Paper on the Regulation of Financial Institutions. However, the Government has not responded to that report, nor indeed has it responded to any of the stack of reports on financial deregulation. Therefore, when the Canada Trust-Imasco deal came up, the Government had no legislation in place to deal with it, with the less than satisfactory result that the deal was approved but the new owner was asked to give certain undertakings. Again, we have an *ad hoc* solution.

On October 2 this year, there was the announcement that the Government had approved a sale of assets enabling the British owned Lloyd's Bank to take over the Continental Bank which is, or was, a Canadian bank. Again, we in the official Opposition directed our criticism not at the particular transaction but at the Government, because yet again it had put itself in the position of having to make important and

precedent setting decisions involving financial institutions without the benefit of a policy framework. That is no way to govern.

As I have said before on a number of occasions in this House, the process of reform of financial institutions' legislation began with the previous Government and bogged down with the present Government at a time when the need for it is becoming clearer and clearer. The pace of change in the financial services industry is not slackening, it is accelerating. The Government must get a handle on this to ensure that these changes work in the best interests of Canadians.

Almost a year and a half ago the Government made a hasty and ill-considered decision to bail out a bank. Less than six months later that bank and another small regional bank had failed amid well founded charges of Government mismanagement and misinformation. Since then it has become more and more obvious that the Government has failed in its responsibility to restore stability and confidence to the banking industry, and that small Canadian regional banks have been the major casualties.

Look at the evidence, Mr. Speaker. First, the Canadian Commercial Bank and the Northland Bank failed and are now in liquidation. Then the dominos began to topple. Morguard Bank was taken over by Security Pacific Bank of Canada, a subsidiary of a U.S. based parent. The Mercantile Bank was taken over by the Canadian owned National Bank, or Banque national. Last month the Continental Bank was taken over by British-owned Lloyds Bank. Now we have the Bank of British Columbia going in with the Hongkong Bank. What is happening to the regional banks under this Government? It seems that they are disappearing one by one in the fall-out from that ill-fated attempt to save the Canadian Commercial Bank, a bank which, as Mr. Justice Estey has confirmed, was already dead on its feet.

The Bank of British Columbia, on the other hand, was by all accounts a healthy institution before the CCB bail-out raised fears and anxieties which spread to all small regional banks and financial institutions. As my leader said earlier, in January 1985 the leverage ratio of the Bank of British Columbia stood at 13 as compared to an industry average of over 20. It was in sound condition but, faced with the Government's poor handling of affairs at the Canadian Commercial Bank, it just could not recover the investor and depositor confidence on which financial institutions depend for their life and health.

The press release issued today by the Bank of British Columbia does indeed point the finger fairly clearly at the relationship between that bank's difficulties and the Government's actions in relation to the Canadian Commercial Bank. There is a reference in the news release to the fact that the Bank of British Columbia has been canvassing for possible partners or successors with the ability to carry on the business of the Bank of British Columbia. It states:

> The canvass was initiated as a matter of prudent foresight in late 1985 when the board of directors of the BBC concluded that BBC, like a number of other smaller Canadian banks, would have difficulty recovering from the loss of confidence that followed the events then taking place in the banking system and that the time for recovery might be unacceptably long.

Therefore, we have a bank, which by all accounts was sound, well managed, put into a difficult situation where it cannot survive by the actions of the Government.

• (1630)

A much smaller institution in British Columbia also collapsed as a result of the Government's ill-advised and uncoordinated attempts to deal with the Canadian Commercial Bank and the Northland Bank. I refer to the British Columbia Teachers' Investment and Housing Cooperative. This was an organization apparently in good shape up until the collapse of the Canadian Commercial Bank when some members of the organization became anxious. There was a run on deposits which caused the organization to fold. This was a particularly difficult situation because so many of the deposits were not covered by deposit insurance. Those of us who have received very poignant letters from retired teachers who have seen their whole retirement security disappear certainly feel that the Government has a lot to answer for.

I would now like to return to the terms of the takeover of the Bank of British Columbia. This bank will be taken over by the Hongkong Bank, which is one of the world's largest. I believe it is the fifteenth largest bank in the world. It is well managed with its Canadian operations headquartered in British Columbia. Since the Bank of British Columbia has to have a merger it has undoubtedly found an acceptable partner. My criticisms are not in any way directed at the Hongkong Bank but at the Government which has again put Parliament in a situation of having to make a last minute decision in a policy vacuum.

For two years the Ministers have been dreaming and studying but not bringing forward clear decisions. The Government has not been willing to deal with the question of ownership. The Minister of State for Finance (Mr. Hockin) tells us that legislation will be forthcoming within a few months. We might feel more assured by that statement if we had not heard it so often. If the recommendations of the finance committee with respect to ownership had been adopted then the Bank of British Columbia in its canvas would have had a much broader base. There would have been many other choices. Similarly, the Continental Bank would have had many other choices. However, in a policy vacuum the Government makes some type of *ad hoc* decision.

We will not be opposing the legislation, as I said earlier, because on the face of it this is a fair solution. Some 1,400 staff members of the Bank of British Columbia are guaranteed that their employment will continue. I believe there are about 39 branches of the bank which are expected to continue in operation. The depositors will be protected. However, the shareholders will certainly be losing something. It seems as though this solution is the lesser of the two evils for them.

There is a proposed $200 million infusion from the Canada Deposit Insurance Corporation, which infusion will be

financed by a levy on the financial institutions concerned. This, of course, means that somewhere along the line a consumer will be paying something for it. None of this would have been necessary if it were not for the Government's ill-advised actions 18 months ago and all the chaos which flowed from it.

Our leader spoke of the fact that the Bill removes from shareholders the right of approval. They have a limited right to approve the sale; but the basic right to assess the quality of the decision making is being removed from them. I am very uneasy about using Parliament for this type of measure. Again, I reluctantly recognize that it is probably the best decision that could be taken in the circumstances.

I repeat, if the Government had acted earlier with legislation we would not be so circumscribed, and nor would the Bank of British Columbia be so circumscribed in this situation. It would have had a broader range of options if it wished to have a merger or sale. If the Government had acted differently, I am convinced we would not have had such an erosion of confidence in the economy which caused the Bank of British Columbia's difficulties in the first place.

I conclude by pointing out that we on this side of the House will want fuller information from the Government with respect to this matter, more than can be had in a short debate. We will want to have committee hearings after the event. We will want an opportunity to assess the accuracy of the information provided to us today.

I can hardly say strongly enough that it is more than time for the Government to proceed with legislation. Again today the Minister of State for Finance promised us legislation "soon" on the aspects of supervision and regulation. There was proposed legislation of that type on the Order Paper before the House recessed in July. The Government chose not to proceed with it. However, the all-important and more fundamental issue of ownership has not been addressed. While the Minister of State tells us it will be addressed in the next few months, all I can say is that we have heard that before. We have been promised new legislation in two Speeches from the Throne and in innumerable statements in the House. That leaves us to ask: When, oh when?

I sincerely hope that we have seen the last of this type of *ad hoc* solution and that the Government will come forward with some serious attempts to define policy for financial institutions before we run out of financial institutions.

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have a number of comments to make on this Bill. As I said in response to the Minister's statement, we come to this debate in sorrow, regret and in a great deal of puzzlement because of the lack of information upon which we have to act. I understand that there are some difficulties, because in dealing with financial institutions a great many of the discussions between Government and those institutions, of necessity, and for reasons of confidentiality, have to be carried out in secret. However, we were called in today and asked to react constructively and positively to the Government's proposal that legislation be enacted which would, within a day or so, wipe out the provisions of the Bank Act for the protection of shareholders. We are being asked to allow this particular transfer of assets to take place, in the course of which yet another of our chartered Schedule A banks will be put under foreign ownership.

In response to the Minister I expressed my reservations and my concerns about this move. I have to say that the information which I have so far been able to find indicates that there is substantial reason to believe that there were other options available to the Government with respect to the future of the Bank of British Columbia which, for various reasons, the Government, having a major say in this, chose not to follow.

• (1640)

The legislation before us, Bill C-27, allows changes to the Bank Act which essentially override the provisions for the approval of shareholders of the transfer of assets from the Bank of British Columbia to the Hongkong Bank of Canada and presumably its parent company in Hong Kong. The shareholders will not be able to ruminate over this deal and come up with a decision in a month's time as it is the advice of the Director of the Bank of British Columbia, advice which has been accepted by the Department of Finance, that that would create uncertainty and that that uncertainty would be damaging to this important regional institution. Therefore, if the deal is to be consummated, it should be consummated now. The wedding night should be tomorrow night. We should not wait for another month before putting this Bill through. A period of engagement would be destabilizing for the bank.

An arbitration process is put forward in the Bill. I do not think we know how that will work because it is virtually without precedent. The shareholders have been told that the only thing they can do in a couple of weeks' time is to decide whether to accept the offer which will be in trust from the Hongkong Bank or, in the hopes of getting more, to put the matter to arbitration. They will receive some $60 million to $75 million, I am not exactly sure of the total amount, and after preferred shareholders are paid off, as we were told this morning by the Minister, shareholders will receive about 75 cents per share for common shares. Incidentally, as recently as a year or two ago, those shares sold for some $6 per share. In a few weeks' time, the shareholders are likely simply to take the money they have and run with it.

All of the evidence before us shows that in a liquidation mode, the bank is not solvent. It may be, as has been argued by Department of Finance officials, that as an operating bank it was solvent. This is a matter about which we have no information. While I have asked in the corridors for some background information about the situation, for any evaluations made available to the Department of Finance and for other kinds of information about the options, that information has not yet been forthcoming.

Perhaps I could say a word about the process. The House of Commons has moved into a new era and I think now we must

go beyond the view that the government of the day and the civil servants serving the government of the day need only provide information which supports the publicly announced decision of the Government and that no other information will be made available.

I have a number of misgivings about this particular deal. I have had a very short time to come to grips with exactly what has happened. I have had the opportunity to talk to one or two people from Vancouver and to have my research staff do some work. However, I do not know what information was availble to the Government and the only information I have is that the Government has said that this was a judgment call and we have to trust it.

The fact is that we have trusted the Government before by allowing legislation to come to third reading without unduly blocking it and we have been deceived and dismayed by the results again and again. The Hon. Member for Trinity (Miss Nicholson) has commented on the bail-out of the Canadian Commercial Bank and the Northland Bank. At the Estey Commission and at hearings of the House of Commons Finance Committee with which I was involved from time to time, we have heard of a sorry story of regulation. The Minister of State for Finance (Mr. Hockin) has just talked to us in rosy terms about how on the one hand the Bank of British Columbia was terminally ill and how on the other hand it would become robust and walking through the takeover by the Hongkong Bank. He has also suggested that this takeover will give British Columbia a presence in financial circles around the Pacific Rim. That suggestion, I submit, may prove to be somewhat naive. It is like saying that Canada has a presence in the world automotive market because of General Motors of Canada, a subsidiary of General Motors of the United States. Everyone knows that that is not true and that while General Motors is a productive corporation which provides much employment and has a relatively good investment record, it has next to no influence on the world-wide or American operations of its parent company in the United States.

The Bank of British Columbia, or whatever it is to be called under its new ownership, will have assets of $2 billion or $3 billion and will be part of a banking empire which stretches around the world and has particular emphasis in Australia, the United Kingdom and the Far East and assets of over $50 billion. It is an international trading bank. The Bank of British Columbia has been devoted to lending to small and medium-sized businesses. It has a network of some 39 branches in the Lower Mainland and throughout British Columbia with only one or two branches left in Alberta since the downsizing that took place a few months ago. Will the Bank of British Columbia with 3 per cent or 4 per cent of the assets of the Hongkong Bank group really have the kind of leverage it will need to influence the operations of that group or will it be in the same situation as General Motors of Canada? I could cite many other Canadian subsidiaries of American companies with far less influence, a good example of that being Goodyear Canada which has just been forced to close its plant in Toronto, creating the lost of 1,500 jobs, because of corporate manoeuvring involving takeovers on Wall Street which have affected the parent company in the United States.

This is a very serious question. The Government has been looking for positive arguments to justify a measure which is difficult to justify, which at best is regrettable and which at worst may in fact be an avoidable loss of control of yet another important regional financial institution. The Government has tried to put the best face on it but I really think it exaggerates the case a bit too much according to what the Minister of State for Finance said a few moments ago.

The Minister of State also suggested that the Canada Deposit Insurance Corporation was somehow acting independently in reaching a decision as to what should be done about this particular case on its injured list. I cannot believe that he can say that after looking at the composition of the Board of Directors of the Canada Deposit Insurance Corporation. The Board of Directors consists of the Governor of the Bank of Canada, the Deputy Minister of Finance, the Superintendent of Insurance and the Inspector General of Banks. I presume that the Chairman works full time with the Canada Deposit Insurance Corporation.

Does the Deputy Minister of Finance act independently when he puts on his hat as a member of the board or is he not in fact carrying out government policy? Does the Superintendent of Insurance not carry out government policy when carrying out his duties on the Canada Deposit Insurance Corporation Board? The same is true of the Inspector General of Banks. I am not sure if he has been replaced since Mr. Kennett offered his retirement just a few months ago.

The CDIC collects premium incomes from banks and other financial institutions but there are no representatives of the banks that provide that premium income on the board. There is no indication that the board has an independent view. It is simply a quasi autonomous government organization but nonetheless it is still a government organization.

If the CDIC was acting in place of the Department of Finance during the course of these proceedings, it is wrong for the Government to try to claim that it was somehow acting at arm's length. In fact, when I asked what had happened, I was told that the Department of Finance acted in this particular measure as a facilitator. The statement made by the Minister of State today would indicate that that was in fact the case.

It would appear that the operation of the Bank of British Columbia began to turn rather more sour sometime in the summer or fall of 1986. As a consequence, its quest for a merger or a takeover partner intensified. What we do not know and, therefore, this is one of the reasons why this is really a matter for judgment, as far as the Government is concerned, is under what circumstances that search for a merger partner took place.

[*Translation*]

Mr. Speaker, I am wondering whether or not the Government paved the way for merger discussions between the

National Bank of Canada, which operates mainly in the Province of Quebec, and the Bank of British Columbia.

Here are two Schedule A chartered banks which do not compete with one another since the National Bank does business in eastern Canada whereas the Bank of British Columbia deals almost exclusively within provincial boundaries.

So was there any possibility of these two banks merging or, when they did entertain such a possibility, did the National Bank know that the federal Government was quite prepared to provide $200 million one way or another to help the Bank of British Columbia get back on an even keel, to make sure it would continue its banking operations in western Canada?

In the discussions with the Vancouver City Savings Bank it was made quite clear that an injection of about $200 million was to be expected just to make sure the merger of the two banks would put both institutions on the right track.

• (1650)

[*English*]

But what I am asking, Mr. Speaker, is if the National Bank, for example, was aware of the possibility of getting $200 million in financing to make a merger possible? What about the Bank of Nova Scotia? What about the Toronto-Dominion Bank? If the Government was prepared to come in with legislation and to ask the House to legislate in order to expedite this particular deal, then was it possible that there was a trust company somewhere in western Canada, or elsewhere in Canada, that wished to enter into an arrangement with the Bank of British Columbia, and which would have done so had it been aware that the Government was prepared to bring legislation before the House of Commons?

I know that in the case of the Continental Bank when it was considering a merger with Lloyd's Bank, which is a Schedule B bank, it shied away from that particular solution on the grounds that it thought that legislation would take too long. Therefore, it chose a transfer of assets. It was able to do so with the consent of the Minister of Finance (Mr. Wilson) and then of the Governor in Council in a way which effectively evaded any form of parliamentary scrutiny.

But in this particular case the Government was prepared, as apparently it was not prepared for Continental, actually to bring legislation into the House of Commons. It puts us in the Opposition into a very difficult situation. We finally have to say, "Look, you guys have chosen to take this particular course of action. We are going to have to go along with you and let you have your Bill because of the impact upon depositors and the institution if this is allowed to drag for a period of time". This is not real accountability to Parliament. This is just a debate of a couple of days. Unless overnight there is a groundswell of anger and outrage over the fact that yet another Canadian bank is being sold to foreign interests, we are in a situation where, by agreeing to allow all matters to come to a vote at 4.45 p.m. tomorrow, we have essentially agreed to allow Parliament to be defanged and have no effective power to force the Government to back off from this particular proposal.

We do not have enough information, Mr. Speaker. All we can do is simply go along with the Government when it says, "Trust us".

I look at the list of banks which have disappeared from this country over the last couple of years, Mercantile, CCB, Northland, and now the Bank of British Columbia. There was another small one, I believe.

Mr. Hockin: It hasn't disappeared.

Mr. Cassidy: Of course, it's disappeared. The Hongkong Bank is coming into its place. Continental has disappeared, it is no longer a Canadian bank.

Mr. Hockin: It's keeping the branches.

Mr. Cassidy: The branches will be there, but it will be under another proprietorship. I am not sure if the Bank of British Columbia will keep its present name, or whether it will become the Bank of British Columbia (Hongkong). I am not sure. But, for example, the Continental Bank, which had built up a great deal of goodwill in terms of its name, is now Lloyd's Bank of Canada. It is no longer the Continental Bank. I am not sure of the arrangements. All I am saying is that this Government which is dedicated to maintaining the corporate sector and maintaining free enterprise, has presided over a tremendous disappearance of Canadian banks over the last few years. The Government has not functioned to try to keep those important institutions in the hands of Canadians. Let us be very clear about that. We are spending $200 million. It is coming out of my pocket and out of the pockets of the Member for Joliette (Mr. La Salle), and all of the other Members here, and every Canadian one way or the other from premiums and from taxes. That money will be paid to the Bank of Hongkong so that they in turn can turn around and buy this bank. That is exactly what is happening, of course it is coming from taxes.

Mr. Hockin: It comes from premiums.

Mr. Cassidy: It is not coming from premiums. There is no money available from premiums, Mr. Speaker. The Minister of State for Finance is interrupting me, Mr. Speaker. He says it is coming from premiums. Let me read the figures. The Canada Deposit Insurance Corporation is currently in the hole, according to its last annual report, to the tune of $1.25 billion. With the increase in its premiums to three times the former rate, it will pay that off sometime in the next six or seven years, assuming that there are no further losses. After that, it can then get around to paying the $200 million which it will owe as a consequence of this particular infusion of capital into the Hongkong Bank.

Now, if I can continue—and I say this to the Minister of State for Finance, who seems to be quite worked up about this situation—in addition, over that period of time, the Canada

Deposit Insurance Corporation will have to pay interest on the money that it is currently borrowing to the Consolidated Revenue Fund. Borrowing $200 million dollars at 10 per cent per annum, and keeping it for six years until it is repaid, means that the CDIC will have to find an additional $125 million in interest for the money which is being advanced to the Hongkong Bank. The Minister nods his head. I am glad I have his agreement finally.

The point I am trying to make, Mr. Speaker, is that whether it is $200 million or $300 million, that is an awful lot of money. The CDIC, if it is going to get out from under this particular liability, will likely want to increase its premium rate yet again. The directors, all of whom are appointed by the Government and are high government officials, will turn around and will say to the Minister of State for Finance, "Look, we need to increase our premium rate again". Right now we pay through taxes or through interest on the national debt, or whatever it is, for money that is being advanced. Sooner or later we, who are customers of the banks, and we cannot help but be, and I speak for all Canadians, will have to pay for this particular reinjection of capital into the Hongkong Bank. One way or the other we are paying. Right now, I suggest the Minister is being quite specious when he states in his statement that one of his goals is to do all of this without the expenditure of public funds as part of the purchase arrangement.

I raised this question when it came to the Continental Bank. We were told that the sale of the Continental Bank was good for the shareholders because they got more dollars than if the Continental Bank had merged with a Canadian Schedule A bank. We were told it was good for the depositors because they had the backing of Lloyd's Bank which is one of the biggest and wealthiest banks in the world. We were told that it was good for the lenders because they had this source to all types of new capital. We were told that it was good for the employees because there would not be any downsizing of the bank. What we were not told was that in the meantime a substantial chunk of the financial industry in Canada was passing under foreign control. The Minister has suggested that only 1 per cent of Canadian banking assets are going under foreign control as a result of this particular deal. But it was 2.5 per cent with Lloyd's, it is 1 per cent with this particular deal. I am not sure what will come next. But that is a substantial shift in control in the matter of a couple of months. It shows no sign of coming to an end. In fact, I suspect that the Government will very shortly come to us and say that the 16 per cent limit on foreign banking assets in Canada will have to be increased, because all the Schedule B banks are getting too close to the limit, and so we will have to increase it.

• (1700)

I am not sure where all that leads us. However, I can say that there has not been nearly as vigorous a drive by the Government to see whether there were Canadian solutions.

I talked with officials of the Department of Finance today. Essentially I asked them what was really going on. They said that by going with the Bank of Hongkong, by paying $200 million for Hongkong to buy our bank, we minimize the risk and we minimize uncertainty as far as the Treasury or the CDIC is concerned. The Minister cannot have it both ways. If he is trying to minimize risk to the Bank of Canada, he cannot argue at the same time that the CDIC is not the Government of Canada. Also I was told that if a Canadian solution had been pursued, there would have been greater risk to CDIC.

I find the information before us is in fact contradictory. The Bank of British Columbia was given a clean bill of health by a special inspection team of the Inspector General just 13 months ago. In its release today the Bank of British Columbia indicated that in the event of liquidation, the shareholders might come out without anything and that there might be some loss to uninsured depositors. That would suggest, according to the records of the Bank of British Columbia, that in liquidation there would be no net loss to the Canada Deposit Insurance Corporation.

The Minister of State or the Government may argue that there are public policy reasons, even if that were the case, for the deal to go through in the form in which it is now proposed. Nonetheless, it suggests at the very least that there is a very substantial difference in perception between the people who know best the business of the Bank of British Columbia and the Government of Canada. The Government is saying that there will be a net loss of some $300 million or $400 million of which $200 million will have to be taken up by means of the CDIC infusion of capital. I am not sure what is the situation.

The economic situation in British Columbia has not changed that appreciably. It was pretty bad a year ago and it is pretty bad today. It is not as though there has been a sudden new and sharp downturn in the economy of British Columbia over the course of the last period of time. The Bank of B.C. says that while there might be a net loss of uninsured depositors, it is not suggesting that it will go further than that. On the other hand, the Government says that it is going an awful lot further than that.

One question must be asked—who is right? While taxpayers, either as taxpayers or as premium payers, are putting up $200 million, is it fair that the shareholders in a bank which is essentially without net worth or net assets should walk away with $60 million or $75 million? I ask that question. I cannot give an answer to it. I do not have the information from the Government. Is it in fact that it is in the form of a bribe from the CDIC so that shareholders will shut up and not make waves in terms of legal action which might impede the particular deal?

Mr. Hockin: It has net worth as a going concern.

Mr. Cassidy: I hear the Minister of State. We are being told at the same time that the bank was finished as a going concern, if not this month, next month or the month thereafter.

They cannot have it both ways. If the bank is to be finished in a couple of months without either a merger or a takeover, the moment it became known, the bank would be finished—and the Minister knows enough about finance to know it—because banking rests so much on confidence.

Also the Bank of British Columbia indicated that no organization was identified with which a transaction on a going concern basis would have been feasible. I have suggested a few, but it was suggested to me that the Government of British Columbia did not want to see an eastern bank take over control of the Bank of B.C. In its view it was better to have Hongkong than eastern Canada. That is questionable. I do not necessarily want to come down on either side of that, but I suggest a better solution—better a B.C. solution than any other.

I am very disturbed that the proposed merger of the Vancouver City Savings Credit Union and the Bank of British Columbia was stymied. I want to find out why. This is one reason I trust the matter will in fact go to the Standing Committee on Finance and Economic Affairs. In fact, the Minister of State has assured me that he will use his best offices—I think that was the essence of our discussion—to ensure that the matter is raised before the standing committee. Two and a half weeks ago negotiations between Vancity and the Bank of British Columbia were going well. If it took place, it would triple the size of Vancity from $1.5 billion in assets to $4 billion. It would take Vancity from 15 per cent of the British Columbia market, where it was behind the Royal Bank and the Bank of Commerce in terms of deposits, to a point where it would become the largest financial institution in British Columbia. If I may say so, the Government is putting up a red herring in suggesting that the problem was that the Bank of B.C. would become a trust company. The problem was making the necessary legislative arrangements, because it was a provincial institution, in order to ensure that the long-term merger could take place.

Frankly I have not had enough time to establish exactly what was in mind. Within a very short period of time it was intended that the Bank of British Columbia would become a kind of co-operative bank as a consequence of the merger with Vancity. The trust company solution would ensure that the Bank of B.C. could continue to serve its customers and depositors over the period of time in which that took place. As we are seeing today, when there is a political will and when there is co-operation from the opposition Parties, it is possible to put new arrangements in place very quickly. That is one of the attributes of the parliamentary system.

The problem was not between Vancity and the Bank of B.C., according to the information I have. It was the fact that the Government of British Columbia backed away from suggestions it become involved in order to ensure that there was a B.C. based regional bank. That was Premier Vander Zalm who made a number of bold promises during the course of the election campaign. When it came down to putting some money where his mouth was, in the form of debentures which would carry interest and would have been repaid, he backed away.

When it came to the role of the federal Government, it was simply asked to have CDIC take over a portion of the debt of the Bank of B.C. It was soft debt or questionable debt. Since the shareholders would begin by absorbing their losses, it was very unlikely that it would have come up to $200 million. The net cost to the federal Government would have been the same or less as this particular solution. The net benefit to B.C. would have been an institution which remained a British Columbia institution.

Since 1982 there has been no increase in loans from the big five chartered banks in British Columbia. In other words, they have not been doing the job of putting money raised in deposits back into the province. They have increased their deposits in B.C. by $10 billion since 1982, but they are not putting money back into the economy of British Columbia. While we talk with reason about the need for a regional banking institution in British Columbia or in western Canada, there is also a responsibility on the part of chartered banks to do their job and not to suck dry financial assets from western Canada in order to lend them abroad or to bring them into Ontario or central Canada. That has been the complaint of British Columbians for a long time. I say to my hon. friends from British Columbia that I speak as a native of B.C. who was born in that province in 1937 and as someone who retains a certain attachment to the province even though I was moved by my parents at a somewhat early age.

Mr. St. Germain: I did not know what it was.

Mr. Cassidy: I hear the Hon. Member.

An Hon. Member: Maybe you should run there.

Mr. Cassidy: I will see what my constituents have to say about that.

Another matter I should like to raise is that obviously the Bank of British Columbia could not make up that shortfall in deposits on its own. There is an over-all problem in terms of banking policy toward British Columbia in which the Government since 1984 could have and should have become involved but did not.

We do not know if there is a job guarantee from the Bank of Hongkong. I note there is no reference to it in its statement. We do not know what kind of bank or business plan it has. The Government says that it does not know what is the business plan. In other words, they are buying on the reputation of the Bank of Hongkong, not on specific commitments to Canada. The Hongkong Bank is an international trading bank. I suspect one of the reasons the Government has bought this solution is that it believes that it will somehow encourage the desire to make Vancouver an international financial centre.

• (1710)

I will have some words to say at some other time about the proposed tax exemption being discussed. Most people who are experts in the banking system say that whatever the political rights or wrongs of the proposal, it is unlikely to bring banking business to Canada that would not otherwise have come here. Will an international trading bank with business on four or five continents want to continue to provide loans of $200,000 to $2 million to motel operators, hardware store operators, outfitters, tourist operators and that kind of thing in the interior of British Columbia? Is that possible or will the Hongkong Bank in its new role as the owner of the Bank of British Columbia decide that that is not the strategic direction the Bank should follow?

I was looking for a list of the bank's branches in the interior of British Columbia, but unfortunately I do not have it. But from Hong Kong to Kamloops, from Hong Kong to Lillooet, from Hong Kong to Port Alberni, is there a real fusion of interest that will allow branches in those areas to continue to be in operation, or will we see a further pruning of the Bank of British Columbia in order to turn it into an international trading bank? If that is the case, Mr. Speaker, I suggest we might have been a lot better off having kept this institution under Canadian control.

What about the question of the head office? If the head office of the Bank of British Columbia (Hongkong) is going to be in Vancouver, does that mean decisions will be made there, or will the real decisions be made at North American corporate headquarters in New York or in world headquarters which, I presume, are in the Far East? I do not know. I think that is a very relevant question. It is certainly clear that the Government has not used any leverage at all in seeking to get answers on those questions from the Hongkong Bank. Nothing I say is to denigrate the stability, the size or the reputation of the Hongkong Bank. It is one of the largest banks in the world. I go back to the example of Continental and Lloyds. If every time we have a Canadian financial institution in trouble we allow it to be taken over by a stronger institution, we will wind up with no financial institutions in Canada in Canadians hands. They will all be bought up by banks or other financial institutions abroad which happen to be bigger than most of our Canadian financial institutions.

What arrangements has the Government made for additional branching? We do not know. That is a question I have to which it is not possible at this moment to have an answer. I would ask the Minister of State and his officials to provide as much information as is possible between now and tomorrow prior to our going into committee on this Bill. I would like to raise a number of questions with him and his officials at that time.

It does seem to me, however, in looking—

[*Translation*]

—it seems to me as a Member of the Opposition who has examined this Bill that the only sound and valid reason to adopt this measure is simply the argument that, if after studying the Bill the House of Commons were to endorse the Government's option to allow the Bank of British Columbia to be sold to this foreign institution, the Hongkong Bank, the only justification would quite simply be that a long period of uncertainty might compromise the survival and profitability of the Bank of British Columbia under its new owner, the Bank of Hongkong.

Of course, if the Government uses its majority to provide for the financing with this Bill, or if the two banks, with the approval of the Minister of Finance (Mr. Wilson) and the Governor in Council were able to transfer assets without permission from the House of Commons, it would be our responsibility as Members of the Opposition to accept the situation. This does not mean we agree with the Government's decision, but we must accept its right to make that decision.

However, there are all sorts of precedents indicating that many mistakes have been made on the initiative of the Inspector General of Banks, and that may have been the case last October, when the Inspector General judged the Bank of British Columbia to be in good shape. We are now hearing statements to the effect that the Bank is not in good shape.

There are many indications that this Government, because it has delayed introducing a new policy on financial institutions, has allowed our financial institutions to lose a considerable amount of funds and credibility.

We have seen how much this has cost taxpayers through taxes and the premiums paid to the Canada Deposit Insurance Corporation. It cost us nearly one billion dollars after the collapse of the Canadian Commercial Bank and the Northlands Bank. Now we are spending, either directly or indirectly, a total of $200 million that will go to a foreign bank, which in turn is going to pay $60 million to the shareholders of the Bank of British Columbia.

I find it very difficult to support this measure. We are being asked to accept the Government's judgement that this is the best solution available, despite the fact that the Government has done practically nothing in the way of looking for and supporting a truly Canadian solution, such as a merger with the National Bank, with one of the chartered banks in Eastern Canada or the merger that was almost achieved with the Vancouver City Savings Credit Union, an institution with assets of $1.5 billion and which, I believe, was quite capable, with the support of this Government and the provincial Government of British Columbia, of becoming the real owner.

The Canadian or regional option was ignored in favour of a foreign option.

[*English*]

We have lost sight of the possibility of regional solutions. Instead the Government has chosen to have solutions which involve alienating once again the control of a prominent and important regional and Canadian financial institution by putting it into foreign hands.

Bank of British Columbia Business Continuation Act

Mr. Gerry St. Germain (Mission—Port Moody): Mr. Speaker, problems with our financial institutions is not a subject matter in which one should revel or celebrate. I know that the Government has been working on this matter for a considerable period of time and has monitored the situation. The Minister of Finance (Mr. Wilson) and the Minister of State for Finance (Mr. Hockin) should be complimented on coming forward with a solution that minimizes the loss to Canadian taxpayers.

Mr. Speaker, the Act which is Bill C-27 which is before the House is a Bill to facilitate the continuation of the business of the Bank of British Columbia. I think those words in themselves are of great significance to all of us that are British Columbians. I know one of the dreams of W.A.C. Bennett, a man who governed our province as Premier from 1952 into the 1970s, was to have a regional bank to deal with the concerns and needs of British Columbians. Today, as we prepare the legislation that will maintain or continue the operation of the Bank of British Columbia, I think it is a positive step.

With regard to the legislation, the Government has been guided by four basic considerations, Mr. Speaker, in this transaction. Firstly, to ensure the long-term financial viability and continuation of the institution. Secondly, to provide to the fullest extent possible for the needs of its depositors, other creditors, borrowers and shareholders. Thirdly, to serve the needs of the westernmost part of Canada and to do so without the expenditure of federal public funds as part of the purchase arrangement. In addition to that, it secures the jobs of bank employees at the 39 bank branches. Job security has to be a significant factor. When we look at the plight of the employees and the high level of unemployment in British Columbia, the unacceptable level that the federal Government is making every effort to reduce at the present time, this particular aspect of the legislation definitely has to be taken into consideration.

• (1720)

Members of the NDP spoke about their dislike of foreign ownership. Philosophically and ideologically they oppose any foreign ownership in Canada. They compare the situation of this bank with the Goodyear closure in Toronto. There is really no comparison. Obviously, if you are philosophically opposed to something, there is no way you can accept it. Any critical remarks they make in this situation have to be seen in that light. The NDP Members also made reference to General Motors in this context. That company is a good, responsible corporate citizen. It may be foreign-owned but it is a part of Canada. This is a huge country with too small of a population and that is why we have to attract foreign investment, but under our terms of reference.

I would now like to speak about the Hongkong Bank of Canada. It is a wholly-owned subsidiary of the Hongkong and Shanghai Bank Corporation. It began operations as a Canadian chartered bank in Canada in July, 1981. As of October, 1986, its assets exceeded $735 million. It offers the entire range of banking services such as term and operating credits, trade financing, deposit services, foreign exchange, remittances, documentary credits, personal banking, private banking, and assistance with business activities in the Pacific Rim. We have to address the importance of the Pacific Rim countries as trading partners for British Columbia, and I will deal with that a little later. The bank has its head office in Vancouver with offices in Toronto, Montreal, Edmonton, Calgary, Saskatoon, Winnipeg, Halifax and Victoria. The Board of Directors has five Canadians and two non-resident representatives of the shareholders. The Chairman is Angus R. Petrie, and the President and Chief Executive Officer is Eugene Nesmith of Vancouver. That is an indication of the bank's intention to do business in Canada utilizing Canadians and making the entire operation a Canadian operation.

We also have to look at the fact that it is a world-wide bank. The Hongkong Bank group, headquartered in Hong Kong, has consolidated assets exceeding $108 billion as of June 30, 1986. It has 1,200 offices in 55 countries with more than 46,000 employees. That is an indication of the financial depth and strength of this institution. Members opposite have referred to the fact it is a foreign-owned bank with branches in Australia and New Zealand. That fact will be of assistance to us. It will give us a common interest with the Pacific Rim countries and countries like New Zealand and Australia. We on the West Coast have to establish a more viable trade relationship with these countries. We cannot be as dependent as we have been on our trading partner immediately to the south. Members of the Hongkong Bank include a multitude of banks, including the Hongkong and Shanghai Banking Corporation and the Marine Midland Bank, just to name two. This is another indication of the bank's tie-in with the world banking community. Other companies in this group are involved in commercial and merchant banking, investment management and financing, as well as leasing and insurance services. There are more than 400 branches in Hong Kong and an extensive Asian branch network in one of the world's most rapidly developing areas. It has more than a century of experience in financing international trade. These are the things that Canada and British Columbia need.

As the Hon. Member for Ottawa Centre (Mr. Cassidy) pointed out, I do not think anyone in Canada would settle for anything less than total Canadian ownership if it were possible. That would be Utopia. Unfortunately, that is not the way it is in the real world. The credentials of the Hongkong Bank of Canada are impeccable and it will bring financial stability and security to the banking community, especially the Bank of British Columbia.

In dealing with some of the problems in western Canada we have to ask why these banks failed. That question is going through the minds of a lot of Canadians, including my constituents in Mission—Port Moody. People like Alistair Brown are really concerned, wondering just what has happened to cause these bank failures. I guess the first question you have to ask is whether it is a matter of regulation. What kind of regulation? Should the regulations be changed? Should they become more stringent? Should we have done it more quickly? Should the previous Government have taken a

stronger role in changing the regulatory environment which governs these institutions? Or is this simply an indication of the economic plight of western Canada? That is something western Canadians have tried to point out to eastern Canadians time after time. Or is it possibly the policies of the federal Government in the late 1970s and early 1980s which led to high interest rates and runaway inflation? These are some of the questions we have to ask as we enter this debate on the problems the banks are facing.

As a small businessman in the housing construction business in the late 1970s and early 1980s, I can tell you unequivocally that high interest rates and runaway inflation, as well as Ottawa's monetary policies, are at least partly responsible for the dilemma we are facing today. Eastern Canadians have to understand what is really taking place in western Canada today. Let us consider the commodities industries, such as the grain industry. There are massive subsidies by the European Common Market, and the United States Government is massively subsidizing grain in retaliation. This is devastating the economy of the grain farmers in western Canada.

• (1730)

We can look at the mining industry. It is suffering one of its worst slumps in our history, and there is no indication of an improved market. Our coal industry is barely holding on as a result of the reduced orders from our major customers in the world. The forest industry in British Columbia is plagued by a strike that has resulted in some $20 billion in lost income. This is compounded by the uncertainty brought on by the countervail action of the U.S. lumber industry under the International Trade Commission.

The really devastating impact has been the price drop in the world oil market. The federal Government and eastern Canadians, especially those in central Canada, must understand that all of these factors combined have led to a severe economic dilemma in western Canada. We are not asking for hand-outs, just for consideration. The uniqueness of our industries and of our sources of income means that we must have banks with their headquarters located in our regions so they can understand our uniqueness and the needs of our various industries and agricultural sectors.

There are Members who oppose the free trade initiative. I mention free trade because the free trade initiative and the other requirements I have mentioned are a prerequisite in establishing a viable and strong economy in western Canada. We cannot terminate this very positive initiative of the Minister for International Trade (Miss Carney) because in order to remain viable and enhance our economic position, a free trade agreement with the United States is absolutely necessary.

If we do not establish such a free trade initiative, there will be further countervail actions like that taken by the U.S. lumber producers. We will become islands, without a secure access to at least 250 million people. We will become non-traders as opposed to the aggressive traders that we are today.

Dealing with regional disparity must be a priority. That is why the Minister of State for Finance (Mr. Hockin) and the Minister of Finance have seen fit to take the action they have in regard to the banking dilemma facing western Canada.

The Hon. Member for Trinity (Miss Nicholson) referred to bail-outs of banks. The banks were not bailed out, the depositors were assisted in that situation in western Canada. We must address the western economy as a whole and the British Columbia economy in this case. Let us consider what the Government has done to assist western Canada and assist British Columbia in removing any economic uncertainty and providing banks, businesses and British Columbians with an opportunity to prosper.

I want to review some of the events that I believe were devastating and caused the collapse of banks in certain cases and required the consolidation of others. I believe the National Energy Program was one of the most devastating programs for any region of Canada, and it was one of the major contributing factors to the dilemma that these banks in western Canada faced.

Since you have indicated that I only have two minutes left, Mr. Speaker, let me say in conclusion that Parliament was requested by the private sector to take this initiative. We were asked to assist in facilitating this transaction.

The management of the Bank of British Columbia advised the Government that this transaction is necessary for its survival. The Government agrees with that assessment. The Bank of British Columbia announced today that its Board of Directors believes that it is essential for the bank to enter into a transaction if liquidation is to be avoided. The board further believes that no other transaction can be identified that would be as beneficial as the proposed transaction with the Hongkong Bank of Canada.

Smooth transition is another aspect that had to be taken into consideration. Parliament was asked to expedite this private sector transaction in order to ensure the smoothest possible transition, in the best interest of all concerned.

Shareholders' interest had to be taken into consideration. The legislation recognizes the interests of shareholders. It provides for a shareholders' meeting, with 14 days notice, to approve the consideration received for the sale of the bank's assets, or if the shareholders so choose, an independent assessor will be appointed to evaluate the worth of their shares immediately prior to the time of sale. This evaluation would be binding.

The transaction does not appreciably increase the level of foreign participation in the banking sector. The level is raised slightly, to 12 per cent of the assets of the entire system, which is well below the permissible 16 per cent.

The transaction has the support of British Columbians. The Member for Ottawa Centre questioned the role played by the Premier of the province. The Premier of the province was elected by the majority of British Columbians, and we are

proud to have a Premier with such a strong majority in British Columbia. I know it was a moral victory for the NDP, but it was a true victory for Mr. Vander Zalm.

Mr. Cassidy: It was a victory for gerrymander and you know it.

Mr. St. Germain: The Premier shows that he supports a viable regional bank in British Columbia and supports the economic base in British Columbia. I am proud to take part in this debate on behalf of British Columbia.

Mr. Cassidy: Mr. Speaker, I am glad to hear that the Hon. Member supports gerrymandering, which is what gave the Premier of British Columbia his majority in the latest election.

• (1740)

The Hon. Member also says he is proud of the fact that his Premier supports a foreign controlled regional bank. Would he not prefer to have a Canadian controlled regional bank? Specifically, if the Government of Canada comes up with $200 million, would he not think that a solution which perhaps allowed for some injection of capital into the Bank of British Columbia might make greater sense rather than putting it into the hands of foreigners, which is what is happening?

We are now in a situation where directly or indirectly taxpayers are coming up as customers, depositors or as taxpayers with this $200 million that is going into the hands of a foreign bank, into the hands of the shareholders, but in fact we are losing control of a bank in the process.

Mr. Siddon: You want to nationalize the banks?

Mr. Cassidy: Perhaps that is a good idea, as a matter of fact. The Hon. Member suggests that we should put out $200 million and not get a nickel's worth of equity for the people of Canada in the process. That is irresponsible investing, it seems to me. I do not think the Minister would do that in his own personal life. Would he take $200,000, if he had that much, Mr. Speaker, and put it into an enterprise and have no equity, no ownership? Would he do that? Of course, he would not. He would insist on getting something back. The Minister, I suggest, would know he was taking risk for that money. In fact one could argue that perhaps by bailing out the shareholders in this particular case we would get far more than liquidation value in terms of the value of the shares.

What would the Hon. Member think of simply keeping the Bank of British Columbia owned and controlled by British Columbians even if it meant using some of that $200 million in order to do so?

Mr. St. Germain: Mr. Speaker, again our socialist friends want to nationalize the banks. At this point in time they always want to nationalize the banks. When it gets close to election time they say: "Oh, no, we would never nationalize the banks", but between elections they want to do so.

As a British Columbian, as one who lives there, who is very current with its financial institutions, and as one who deals with one of the major credit unions, I was quite excited to hear that Vancity Savings was interested. I was disappointed it was not able to facilitate the acquisition of the Bank of British Columbia because it would have been better. There is no doubt about that. Anything Canadian owned is better, and I will stand front and centre for that at any point in time. However, the fact remains that like the free trade issue, if we do not develop a bilateral free trade arrangement which gives us access to more people, we will become a little island surrounded by ourselves. Unfortunately, we cannot rely solely on Canadian investment, although that would be Utopia. Had the Hon. Member listened to my speech during the debate, that is what I pointed out.

It is without question that I would feel better had the bank been Canadian owned. However, I think the Hon. Member leaves a misconception and possibly a misunderstanding with the general public and Hon. Members of the House in saying there is $200 million coming out of the taxpayers' pockets. There is not $200 million coming out of the taxpayers' pockets. It is coming out of the CDIC funding. The CDIC is planning to raise its premiums to recover the $200 million. It is not the best deal in the world but it is a good deal for British Columbia and anything that is good for British Columbia, I will support.

Mr. Angus: Mr. Speaker, I have a question for the Hon. Member for Mission—Port Moody (Mr. St. Germain). I listened with interest to his remarks, particularly his remark about, shall I say, the sensitive nature of the coal industry in British Columbia. Listening to him today was the Minister of the Environment (Mr. McMillan) and the Minister of Transport (Mr. Crosbie) both of whom have recently, among others, presented a report which recommends the use of western Canadian coal in Ontario Hydro generating stations. I wonder if the Hon. Member could advise us whether he thinks that report will be the salvation of the western Canadian coal industry, particularly the B.C. coal industry? If so, what action is he and his colleagues taking to convince the powers that be to implement that report?

Mr. St. Germain: Mr. Speaker, unfortunately I have not read the report. The fact is it is something I have not studied at length. However, I know one thing, and that is, that this administration is moving in that direction. It is taking a leadership role in shipping coal from the west to central Canada. That is something that when the New Democratic Party was in government in British Columbia, it could not do. I can tell you, Mr. Speaker, that the Premier of British Columbia is in Ottawa today. He is going to Toronto tomorrow. He made a public announcement. And the entire Government of Canada supports working towards this initiative. I can assure the Hon. Member that every effort will be made, and like everything else the Government does which is good for Canada, this will become a reality and he will see

that western coal flowing east as it should have been doing 20 to 30 years ago.

Mr. Orlikow: Mr. Speaker, the Hon. Member suggested that the $200 million would come from the CDIC, that somehow it would not come from the people of Canada. Does he not understand that the funds of the CDIC come from premiums paid by the financial institutions, and not only has its funds for the next number of years been used up by the failures of the banks but, in any case, the premiums it pays will come from its customers because it will just pass the cost of paying for those premiums on to its customers?

Mr. St. Germain: Mr. Speaker, obviously the Hon. Member deals with one of the "big five". I deal with a credit union. I do not believe the credit unions contributed to the CDIC. I believe in the credit union because I believe in community banking as something which is good for the communities. Possibly the Hon. Member who is from Manitoba does not realize the disparities and problems we have suffered over the years. That is why it is so important that we have regional banks in British Columbia.

All I wanted to point out with regard to the Hon. Member's comment is the fact that this will not be paid from Canadian tax revenues. I merely point out that it will come from the CDIC which, as the Hon. Member points out, is an insurance corporation which receives premiums which are deducted through the large banks, and logically someone has to pay. I do not believe that anyone would believe that money drops out of the sky.

Mr. Orlikow: Mr. Speaker, the Hon. Member comes from British Columbia and I come from Manitoba, which is also a have-not province. I am particularly supportive of credit unions and the concept of regional banks. However, one would hope, one would want, and I would almost say one would insist, that regional banks be run better than the Bank of British Columbia which seems to have got into trouble along with the Canadian Commercial Bank and the Northland Bank. We do not need banks, regional or otherwise, which are operated in such a manner and with such little care and attention that they get into the kind of situation of those three banks so that the public either directly or through the CDIC has to carry the burden.

Let me just say to the Hon. Member that I am a supporter of the credit union but, unfortunately, the "big five" do 75 per cent, 80 per cent, 90 per cent of all the banking business in this country. I wish that the credit unions were in the same position as the big banks, but they are not.

• (1750)

Mr. St. Germain: Mr. Speaker, logically, I am glad to see that the Hon. Member definitely supports the credit union system. I would have been disappointed if he did not.

As for the Hon. Member coming from a have-not province, I think that this is what part of this debate is all about. Traditionally, had the National Energy Program dealt with the West fairly we would not have seen the collapse of these various banks. There is no doubt that no one relishes or enjoys standing up in a debate of this nature. We would sooner have seen the banks succeed, each and every one of them. However, we are faced with a dilemma with which we must deal. I can only say that I am pleased that British Columbia will have a regional bank as a result of the actions taken by the Right Hon. Prime Minister (Mr. Mulroney), the Minister of Finance and the Minister of State for Finance.

[*Translation*]

Mr. Gauthier: Mr. Speaker, to set the record straight and just so the Hon. Member's remarks will not leave any doubt in the public mind as to whether or not the *caisses populaires* contribute to the deposit insurance fund—

[*English*]

I wish to tell the Hon. Member that all banks and all credit unions pay premiums to insure the deposits of those who have moneys in their institutions. I think the Hon. Member would want to rectify his remark in which he said that he did not think that credit unions pay premiums to the CDIC.

Mr. St. Germain: Mr. Speaker, as far as the insurance is concerned, my understanding is that credit unions certainly pay a deposit insurance but that it is managed by the provinces and not at the federal level by the CDIC in Ottawa. That is the only clarification I have to make.

[*Translation*]

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, for the second time in about fifteen months here we are in the House debating the banking situation, the possibility of a bank going under, or situations such as we are experiencing today. I have no intention of going over the debates and arguments we had when we examined the Canadian Commercial Bank and the Northland Bank failures because obviously we would have to rehash the past and repeat many of the arguments which focused on the Government's incompetence when it comes to the administration of its own financial institutions, particularly with respect to the western banks, the Northland Bank and the CCB, and now the Bank of British Columbia.

Mr. Speaker, this time I do not understand anything. I do not understand anything because, for openers, the Government wants us to act quickly without giving us full details and, secondly, those we do have are contradictory. If I may, Mr. Speaker, I should like to comment on some of the information given to the public at large by these financial institutions, more specifically on the information made available about the Bank of British Columbia. In the document provided by the *Financial Post* information service which reports—this is not an analysis—which reports a number of facts, we read this among other things, and if I may, Mr. Speaker, I will quote the report on the Bank of British Columbia.

Bank of British Columbia Business Continuation Act

[*English*]

An inspection of the bank's loan portfolio was completed in October, 1985 by a special team of inspectors acting under the jurisdiction of the Inspector General of Banks. The review concluded that the bank's loan portfolio was "sound".

[*Translation*]

Mr. Speaker, the Inspector General of Banks conducted a special investigation of the Bank of British Columbia and reached the conclusion that its loan portfolio was sound.

He goes on to say that in the course of a year, the percentage of losses on loans had dropped and that percentagewise, non-performing loans were below the average for the banking sector. That was in October 1985. If we look at how the Bank evolved since then, and I have been looking at quarterly and annual results, we see the following: after nine months, on July 31, 1986, the Bank's net profit was $6,653,000, compared with $5,696,000 for the first nine months of the previous financial year, an increase of nearly one million dollars, and this information supported the conclusions of an investigation conducted by the Inspector General of Banks, which indicated that the Bank's loan portfolio was sound.

Mr. Speaker, we are told that the bank is in great difficulty. It was always my understanding that the problem at the Bank of British Columbia was not the loan portfolio but the deposits, and that what happened to the Canadian Commercial Bank in Alberta and the Northlands Bank had created a climate of uncertainty, leading depositors to withdraw their money, and that the loan portfolio was sound. Like many other Members of this House, I had every reason to believe the report of the Inspector General of Banks who had conducted a special investigation in October 1985. Today, we are told it is not a matter of depositor confidence but of the value of the Bank's assets. The Minister goes on to say that this Government, through the Canada Deposit Insurance Corporation, will be giving $200 million to the Bank of Hongkong which will be used to purchase all or almost all of the assets of the Bank of British Columbia for $63 million. They are going to put $200 million into the assets of the Bank of British Columbia, as a branch of the Bank of Hongkong, without receiving in return any shares or ownership in the new bank that will have been created. They are going to give it to the Bank of Hongkong, and—

[*English*]

—the Hongkong Bank of Canada will buy the Bank of British Columbia or place in a trust fund for shareholders some $63 million. That is the deal that we have in front of us.

I cannot understand why the Canadian Government will take $200 million from the pockets of Canadians in one way or another, through insurance premiums or otherwise, to place it into the equity of the Hongkong Bank, British Columbia Division, while at the same time allowing the shareholders $63 million. There is something wrong with that. If the assets of the bank are sound, as was suggested in the report of the Inspector General of Banks in October of 1985, then I see no reason why the Government would put $200 million into this deal. The Minister cannot have it both ways. Is it that the report of the Inspector General of Banks was wrong, or that since October of 1985 the situation has deteriorated substantially?

We do not know exactly what happened because we do not have the facts. What the Bank of British Columbia told us in its statement dated November 26, 1986, is that liquidation is not a reasonable alternative as realized asset values, in the view of the Bank of British Columbia's board, would be affected to the point that it would be questionable whether any amount would be available for the shareholders of the BBC and there might well be a loss to uninsured depositors.

[*Translation*]

Mr. Speaker, this is a very serious matter, because according to the Board of Directors of the Bank of British Columbia, liquidation would, to all intents and purposes, mean the loss of all assets held by common and preferred shareholders, of subordinate debentures and of cumulated surpluses, if any. Furthermore, uninsured depositors would be put in a loss situation.

• (1800)

Mr. Speaker, if that is the case, I ask the Government: Why take $63 million in taxpayers' money, because the taxpayers are in fact paying for the insurance premiums that are paid out of the banks' surpluses, and basically, Canadian depositors, whether they have their deposits in banks or credit unions all contribute towards guaranteeing deposits of up to $60,000—why take $63 million to protect shareholders who knew perfectly well that by taking shares in a bank they were taking a chance and that they were not protected in any way?

Mr. Speaker, I think it is incredible the Government should be proposing this kind of solution to the problem.

In this case I am saying to the Government that, if the assessment made in the Bank of British Columbia report sent to the shareholders accurately depicts the existing situation, and if chances are that liquidating the bank's assets would entail similar losses, this means, and already I can hear the tacit argument of the Minister, namely that as a going concern it may have some value. Fair enough. I agree, it has some value. But, as I see it, only if the same shareholders are involved.

If, as a Government, we were to decide to maintain a regional bank and use Canadian taxpayers' money, not as taxpayers but as depositors in financial institutions on which, as depositors, they pay premiums through the financial institutions which take their money, then I say: Why not add the $200 million to the assets of the Bank of British Columbia shareholders and give BBC shares to the Canada Deposit Insurance Corporation? Why not take the risk, if we are going to hand the money over to the Hongkong Bank, why not take the risk with the present shareholders of the Bank of British Columbia and keep the bank going as a regional institution which can operate normally? Because, I will be told, it was a matter of long-term credibility.

Until now, Mr. Speaker—

Mr. Hockin: It is not enough.

Mr. Garneau: —the Minister says it is not enough.

Well, if it is not enough it is because somebody somewhere is not doing his job. What I cannot understand is that, although it is enough for the Hongkong Bank, it is not enough for Canadian taxpayers. As a matter of fact, just what is the position of Hongkong Bank management? They say: We put up $63 million, we get $200 million to boot, so we will go ahead and buy a network of 39 branches with 200,000 depositors and a ready-made clientele. Try and develop a network of 39 bank branches and build up a certain reputation and attract 200,000 to 300,000 depositors. Try and do this within a financial institution and see if it doesn't cost at least $63 million. It's a good deal for them. It certainly is. It would be a good deal for just about any foreign bank that does not have a network and that wants to buy one. I wonder, however, why we are taking taxpayers' money to do this. And if we do, and that is what the Minister is suggesting— Yes I realize they will assume all the Bank's liabilities, but they are getting $200 million to help them do that, $200 million that will go into their equity. Imagine! The Bank of Hongkong doesn't have to do much to have the lowest ratio between assets and equity of any bank in the Canadian system.

They already have $200 million which isn't costing them a cent, and there are assets worth $2.8 billion. They're starting practically with a ratio of one to ten. All they have to do is put in a few million more and they will have the lowest equity to asset ratio there is in our banking system and our financial institutions here in Canada, except perhaps for the other bank that was taken over, which of course had practically no deposits and was very highly leveraged, as they say. But I don't think that is a very relevant example.

Mr. Speaker, the fact remains that they have taken $200 million in taxpayers' money—I don't think we have to quibble about this being taxpayers' or other people's money—it all belongs to Canadians, because the Canada Deposit Insurance Corporation belongs to Canadians. They are taking $200 million and giving it to the Bank of Hongkong, which then turns around and buys almost all the assets for the sum of the $63 million, and also assumes responsibility for the Bank's liabilities, as the Minister said. I should hope so.

I submit, with respect, that taking the money of Canadians to sell one of our financial institutions to foreign interests, and I'm not questioning the competence of the Bank of Hongkong, on the contrary, I think they are very astute businessmen to have managed this kind of deal, and if they manage the bank as well as they managed the deal with the Government, I think the new bank's depositors can rest easy.

However, the fact remains that if the Government is at all concerned about good management of public funds, and if we want to help British Columbia have a bank that is regional and managed by their own people, we do not take $200 million and give them away to foreign interests. We take the $200 million and make a deal with the present shareholders. The Minister says it might cost more than that. And I say to him: He must have . . . Well, I suppose the Office of the Inspector General is somewhat confused these days, but somewhere in this Government there must be somebody and there are experts elsewhere as well who can determine exactly what is involved.

If these $200 million . . . Mr. Speaker, as a Member and on behalf of Canadian taxpayers, I would much rather support a $225 million payment and end up with Bank of British Columbia shares held by the Canada Deposit Insurance Corporation than hand over $200 million and never again see the colour of my money. Why, with 200 or 225, if I am wrong the Minister will correct me later. We will have a question period, but right now he is disturbing my concentration. Perhaps that is precisely what he wants to do.

If the solution I am advocating were to be accepted, the shareholders of the Bank of British Columbia would continue to be shareholders of the Bank of British Columbia. The Canada Deposit Insurance Corporation would become a BBC shareholder. Let no one talk to me about nationalization, we are not dealing with theology here, this is a practical matter because we are going to pay out $200 million. If we were to form a partnership, the Canadian people with the Deposit Insurance Corporation and the present shareholders, I am sure that with such an asset to equity ratio we would be able to restore confidence and maintain a regional bank under the management of British Columbia residents and for the benefit of British Columbia residents. What we are doing now . . . It is true that the bank will stay in British Columbia, it is true that it will employ local people, but any decision concerning a wholly-owned branch whose head office is in Hongkong will be made by management in Hongkong.

Before concluding, Mr. Speaker, I would have many other questions to raise, but I have only 20 minutes. I would like to say something about the bank staff.

Mr. Speaker, the Hongkong Bank will acquire most of the assets.

We are told—and I have yet to receive confirmation of this—that the 39 branches will be kept open. We do not know yet. There are 1,400 employees. In the case of the merger, of the take-over of the Continental Bank's assets by Lloyds Bank of Britain, we were told all the employees would be maintained in their jobs.

This time we have no such assurance. Firstly, we have no assurance that tomorrow morning the new owners who were given a $200 million handout to buy a business for $63 million will guarantee those employees' jobs.

Secondly, according to the Board of Directors, discussions are still going on with the Inspector of Insurance and Superannuation Plans for $10 million to be withdrawn to the benefit of the Bank of British Columbia's present shareholders, and if

such a request is guaranteed or accepted over the coming months, that money could be redistributed to the shareholders. Not only is the Hongkong Bank given $200 million to buy the Bank of British Columbia, and shareholders given $63 million, part of their assets, but $10 million may be taken out of the employees' superannuation fund to increase the price the shareholders will be getting for their shares.

Mr. Speaker, this is written in black and white on the document I have before me, which was published by the Bank's Board of Directors, and from which I quote:

• (1810)

[*English*]

During the second quarter of the fiscal year 1986, the Superintendent of Insurance approved the withdrawal of surplus contributions from the pension fund of BBC based on an independent actuarial report. After the Bank's year end the Superintendent of Insurance, in view of subsequent jurisprudence, revoked his permission to withdraw these surplus funds, but has left it open for BBC to re-apply to withdraw the surplus in accordance with new guidelines. This may result in BBC having to reverse $20.4 million of pre-tax income during 1986.

In connection with the sale to Hongkong Bank of Canada, it is proposed that the pension plan account balances of all BBC employees will be transferred to an equivalent pension plan with the Hongkong Bank of Canada. BBC will re-apply to the Superintendent of Insurance for permission to withdraw the surplus funds remaining in its pension plan. If the application is successful, this surplus would accrue to the benefit of the shareholders of BBC.

[*Translation*]

If, Mr. Speaker, in addition to giving $200 million to a bank which, according to its own board of directors, is not just insolvant but would be nibbling at uninsured deposits, if in addition to handing out those $200 million, we allow them to use the superannuation fund to increase the amounts the shareholders would be getting, I am at a loss to understand. What I am saying is, we will have to pass the Bill because we have no choice, and because the Government insists that if we do not pass it the whole system will collapse. Mr. Speaker, I must tell you it is with the utmost reluctance that I am going to support the Bill. It is only because the Government is pointing a gun at our heads that we must take its word for it. I had really promised myself after March 25, 1985, when we were asked to approve the package to solve the problem of the Canadian Commercial Bank that I would never again take the word of the Minister of Finance (Mr. Wilson) about a banking matter. Yet, once more, we have to give our approval because we are asked urgently to pass legislation to maintain a financial institution in Western Canada, to protect jobs and to keep an institution under foreign control in business. I must say that it makes no sense to ask responsible Members of Parliament to approve such a measure in only 24 hours.

[*English*]

Mr. Deputy Speaker: On questions or comments, the Hon. Member for Mission—Port Moody (Mr. St. Germain).

Mr. St. Germain: Mr. Speaker, the Hon. Member states that it does not make sense. The Hon. Member was not part of the last Government that brought in the devastating, destroying horror story of the national energy policy on western Canada. I cannot blame him for that, but his Government did.

Mr. Gauthier: Did you read the Estey Report? Estey said there was nothing involved.

Mr. St. Germain: Estey exonerated all Ministers of any blame, Mr. Speaker.

Mr. Gauthier: You should read the Estey Report.

Mr. St. Germain: The point is, Mr. Speaker, that the $200 million is from the CDIC, which is an insurance corporation which has a mandate and which is completely within its own right to act in this particular instance. Had we not gone this route and had the Hongkong Bank not decided to carry on—and it is committed to carry on the operations of the bank—the loss to taxpayers would have been $1.3 billion or more. Is this what the Hon. Member would advocate? Or is the Hon. Member anti-western?

Mr. Gauthier: Oh, come off that.

Mr. St. Germain: Does he not want these regional banks? That is the only question I ask. If he does not want to vote for this, he would have to be anti-bank, and anti-bank in western Canada is anti-regional bank. Now, Mr. Speaker, I do not believe that the Hon. Member honestly thinks like that. However, this is the best deal that will provide security, provide a regional banking system in British Columbia which is an absolute necessity because of the uniqueness of our economy in British Columbia, which in a lot of cases eastern Canadians do not understand. I ask you, Mr. Speaker, would the Hon. Member have sooner seen the collapse of the bank and the destruction of the western economy, or have a $1.3 billion situation staring him in the face, rather than take this action? Obviously, Mr. Speaker, we would have sooner had a Canadian owner. But the Hongkong Bank is a viable organization. In our understanding, and in my understanding, it is a reputable firm. Would the Hon. Member not sooner have this solution? And if not, why not?

Mr. Garneau: Mr. Speaker, I am even more worried now that the Member has just asked the question than I was before. The Member is telling us something that the Minister of Finance (Mr. Wilson) did not tell us. He is telling us something that nobody in the House, and nobody outside of the House, dared to say, that the loss could be $1.3 billion. This is what the Hon. Member said.

Mr. Gauthier: It is irresponsible.

Mr. Garneau: If that is the reality, and what the Member just said is true, it means that we are giving away $63 million to keep the operation open to shareholders who do not deserve to have one cent.

[*Translation*]

Mr. Speaker, the Hon. Member is telling us, and I do not know where he is taking his figures—does the Minister of State for Finance (Mr. Hockin) confirm that the amount is $1.3 billion? This would mean that, in one year, after the report of the Inspector General of Banks prepared under this Conservative Government, which said that the assets of the bank were solid, the situation has so deteriorated that the value of the $2.8 billion assets of the bank now constitutes losses of $1.3 billion. Mr. Speaker, this is enough to scare any Member of this House. The Government is about to give away $63 million. First, this Conservative Government found $1 billion for uninsured depositors, and now, it will give away $63 million to protect shareholders.

It would not protect the shareholders, even if they were the small Northland Bank or Commercial Bank shareholders, and now, it will spend $63 million to protect those of the British Columbia Bank. Moreover, it may get for these same shareholders $10 million from the pension fund for assets which, according to the Hon. Member from B.C., are not worth their book value; indeed there would have to be losses of over 50 per cent.

I am compelled to ask the Minister: Are these figures accurate? If so, I am wondering about the value judgment of the Hongkong Bank directors, for they are purchasing—well it is given to them—as much as $1.3 billion in liabilities against net assets of $200 million less $63 million.

Mr. Speaker, the Hon. Member wanted to know whether we are for or against banks or Western Canada.

I have no lesson to receive from him because I have criticized his Government's actions concerning the Northland Bank on the basis of the data then available, because the option I was suggesting was based on these informations. The Northland Bank could have been saved. I was then even more sure of that. We had a report from the Inspector General of Banks which had been provided to us, under the authority of the Minister, which said that the assets were solid. Now, we are being told something else. I agree that the Bank of British Columbia should be saved, but if what the Minister has told us is true, I say: Let us not give $200 million to the Hongkong Bank; let us keep them for the current shareholders and keep the British Columbia people with their bank to administer. They are Canadians. But if the remarks made by the Hon. Member who raised this issue are true, it is then another story altogether and it makes an intelligent study of this bill even more difficult.

• (1820)

[*English*]

Mr. Friesen: Mr. Speaker, I have a question for the Hon. Member for Laval-des-Rapides (Mr. Garneau). He has been very exercised about the $200 million, and it is no small amount. However, I remind him that the National Energy Program—

Mr. Gauthier: Oh!

Mr. Friesen: The Hon. Member should not say "Oh". Many westerners are saying a lot more than that. It drained $60 billion out of the western economy which normally would have stayed in western Canada. I think that is an admitted fact by the former Minister of Energy, Mines and Resources, Mr. Lalonde.

Over the years 1977, 1978, and 1979 the banks in western Canada lent money on properties on the strength of the economy of western Canada, particularly the oil economy. With the introduction of the National Energy Program in 1980, the resources which would have normally flowed into those banks so that they would not be so exposed were not there.

Now that we have been raped of $60 billion and have left the banks exposed so that they could not cover their losses, is the Hon. Member saying that the transfer of $200 million from CDIC is wrong? Is he saying that it is wrong to transfer this money to a western institution which was made vulnerable because of the $60 billion drained out of the western economy?

Mr. Garneau: Mr. Speaker, I do not know how many times I will have to repeat what I said. The Government wants to put in $200 million. I say to it that it should go ahead but should put it into a Canadian institution and have shares in return for the $200 million.

They are taking $200 million from the CDIC and giving it to the Bank of Hongkong so that that company can buy the assets. It is nonsense. It should be given to the Bank of British Columbia as a shareholder side by side with those there now to keep the bank alive.

Turning to the energy situation, I have asked many times in the House, who destroyed the energy policy? It is this Tory Government. I have always said that, and I repeat it.

Some Hon. Members: Oh, oh!

Mr. Garneau: Hon. Members may laugh, but the energy policy was like an elevator. It should have worked both ways. At one point the price of oil was excessive. It was not due to the Canadian market, but it was due to decisions taken outside of Canada by a monopoly or cartel. In that event Canada turned to the owners of the resources, generally Alberta, but it should have also turned to the multinationals. The Hon. Member said that the $60 billion would have stayed in Canada. I am not sure whether it would have been paid in dividends to the multinationals and would have been sent to the United States.

The former Liberal Government, through its energy policy, built an elevator. The elevator played it one way when the price was high. Now that the price is low, not due to Canadian producers but due to a decision taken by the cartel, the elevator should have gone up and helped western producers. However, government Members destroyed the elevator, so they

have no instrument with which to help Canadian producers. This is why they are in difficulty.

By the way, the Estey Commission suggested after a thorough analysis that the economy of western Canada had nothing to do with the collapse of the CCB. The Minister and the Hon. Member should have known that. If they read the Estey Report, they would know that the energy crisis had nothing to do with the collapse.

Mr. Deputy Speaker: The period for questions and comments is over. Am I correct in calling it 6.30 p.m.?

Mr. Simon de Jong (Regina East): Mr. Speaker, I am sorry, but I should like to participate in the debate. I thought I would have at least 10 minutes in which to put a few comments on record.

As a western Canadian I am deeply concerned about what happened today. We have seen a western Canadian financial institution going down like ten pins. I agree with some of the comments of Hon. Members opposite which point to the fact that the source of the problem is in the past. However, for the Government to believe that the only reason was the National Energy Program of the Liberal Party is to delude itself. It is a case of bad management on the part of the previous Government and as far as this Government is concerned.

We have been promised reforms. We have been promised legislation dealing with financial institutions for almost two years. Members of the Standing Committee on Finance and Economic Affairs spent last summer travelling the length and breadth of the country to hear submissions. We have been promised legislation, but the Government has not brought in any legislation. I do not think the Government knows where to go.

It is not surprising from a Government which believes in the free market economy that it would let the free market sort it out. However, this generally means as far as Conservatives are concerned that if there are profits to be made, they should not be touched. On the other hand, they believe that if they are in difficulty, public funds should be used to bail them out. We have seen the Government bail out several major financial institutions. Now it is doing it again.

The Government is helping the shareholders of the Bank of British Columbia and it is helping the Bank of Hongkong. I sat here listening to members of the Conservative Party from British Columbia who said: "But we are saving a regional institution". I do not understand. Again it is Orwellian thinking. How can the Bank of Hongkong be a regional institution?

I am also greatly concerned about the types of guarantees we will have. Will the head office remain in British Columbia? What will happen to the 1,400 employees? What will happen to the branches throughout the interior of British Columbia? Is the Bank of Hongkong interested in keeping open a branch in the interior? Is it interested in keeping open branches in local communities and in servicing local communities? Is the Bank of Hongkong only interested in some of the major branches in Victoria and Vancouver?

Unfortunately we are again in a position where we have a gun to our heads. We should be discussing the details of the matter in committee before being asked to vote.

What efforts did the Government make to find Canadian buyers? I have read in the press that Vancity was very interested in taking over the Bank of British Columbia. I want to know what type of negotiations occurred. Why was it not possible for Vancity, a Canadian institution owned by the people of British Columbia, to take over the Bank of British Columbia? Many very important questions need to be asked. Unfortunately we are being asked to vote on the Bill without hearing the answers.

Mr. Deputy Speaker: It being 6.30 p.m., this House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1)

The House adjourned at 6.30 p.m.

HOUSE OF COMMONS

Thursday, November 27, 1986

The House met at 11 a.m.

[*English*]

BUSINESS OF THE HOUSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there have been discussions among the Parties as to the order of business today. I believe you will find unanimous consent of the House for me to put a motion which would have the effect of moving the House directly to Orders of the Day.

Mr. Speaker: The House has heard the motion and the Chair will resist all temptation to take it under advisement. Is there unanimous consent?

Some Hon. Members: Agreed.

Mr. Lewis: Mr. Speaker, I move, seconded by Mr. Bouchard:

That the House do now proceed to Orders of the Day.

Mr. Speaker: Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to.

Mr. Lewis: Mr. Speaker, there have been discussions among the Parties as to the order of business today. We have agreed that Bill S-2 will be called first and dealt with in all stages by the House. Immediately thereafter, the House will proceed to completion of debate on Bill C-27.

I would ask that Bill S-2 be called at this time.

GOVERNMENT ORDERS

[*English*]

CANADA-NETHERLANDS INCOME TAX CONVENTION ACT, 1986; CANADA-JAPAN INCOME TAX CONVENTION ACT, 1986; CANADA-CHINA INCOME TAX AGREEMENT ACT, 1986; CANADA-MALTA INCOME TAX AGREEMENT ACT, 1986

MEASURE TO ENACT

Hon. Tom Hockin (Minister of State (Finance)) moved that Bill S-2 (from the Senate) an Act to implement conventions between Canada and the Kingdom of the Netherlands and Canada and Japan and agreements between Canada and the People's Republic of China and Canada and the Republic of Malta for avoidance of double taxation with respect to income tax, be read the second time and, by unanimous consent, referred to Committee of the Whole.

He said: Mr. Speaker, I want to begin by thanking Hon. Members on all sides of the House for allowing us to introduce this technical, but very important Bill which must be introduced today if we are going to take advantage of the fiscal year which begins on January 1, 1987. Apparently a 30 days' notice is needed so if this Bill is passed today we will have the proper notice period.

The purpose of this Bill is to implement conventions between Canada and the Kingdom of the Netherlands, Canada and Japan and what are known as agreements, not conventions, between Canada and the People's Republic of China and the Republic of Malta for the avoidance of double taxation with respect to income tax. Before discussing the details of the Bill, and I will try to be very brief, I would like to say a few words about the whole desirability of the role of tax treaties.

Tax treaties are useful in order to promote international trade and to facilitate international investment. In particular, the existence of a tax treaty enshrining the basis as well as the rate of the applicable taxes provides a general air of tax stability which can only be reassuring to investors and traders. In short, a treaty rate of tax cannot be increased unless the treaty itself is modified or terminated. That is the heart of it. Termination is a rare event while revision is a lengthy process requiring the concurrence of two Governments. In both cases, taxpayers will normally receive advance notice of the impending changes.

• (1110)

Tax treaties also reduce annoyance in the operation of the tax system by eliminating the necessity of paying tax to the source country, if there is no permanent establishment in that country, and by providing a mechanism to settle problems encountered by taxpayers. More important, tax treaties eliminate or alleviate double taxation in instances in which international transactions are involved that may give rise to the same income being taxable in the hands of the same person by more than one state.

For the purpose of eliminating double taxation the tax treaties establish two categories of rules. First, in the case of a number of items of income, an exclusive right to tax is conferred on only one of the contracting states. In this way, the other contracting state is prevented from taxing and double taxation is absolutely avoided. Second, for other items of

income, the right to tax is not an exclusive one. These provisions confer on the state of source or situs a full or limited right of tax, and the state of residence must allow relief so as to avoid double taxation.

As we all know, the major reform of Canada's income tax legislation in 1971 required Canada to expand its network of double taxation conventions with other countries. Since that time negotiations for the conclusion of new treaties, or the revision of existing ones, have been entered into with almost 60 countries. I will be naming an additional number of them this morning.

In this Bill the four tax conventions under review follow the general pattern of the conventions previously approved by Parliament. Thus this Bill does not break the pattern but is consistent with it. The number of tax treaties in force at present is 40. The coventions with Cameroon, Guyana, Kenya, the Soviet Union and Zambia approved by Parliament in 1984, 1985 and 1986 are expected to be ratified in the near future. After their ratification the number of conventions in force will reach 45.

I would like to indicate briefly the main elements of these tax treaties. The country of which the payer is a resident can withhold tax, but the rate is generally limited to 10 per cent or 15 per cent in the case of dividends, branch tax and interest and, in the case of royalties, to 10 per cent.

Under the Canada-Netherlands Double Taxation Convention, the rate of withholding tax on dividends is reduced from 15 per cent to 10 per cent if the recipient is a company, other than a partnership, which owns directly at least 25 per cent of the capital of the company paying the dividends. However, the existing convention contains a provision allowing corporations which meet a number of specific conditions to rapatriate dividends without having to pay any withholding tax. That convention will continue to apply for qualified corporations until December 31, 1988. The exemption in the Netherlands for mortgage interest received from Canada will continue to apply until June 30, 1987.

Some of the other matters also dealt with in these tax treaties include the following: capital gains, pension annuities, teachers and double taxation relief. I would be happy to go into them if it is necessary.

On balance, the terms of the tax conventions provide equitable solutions to the various problems of double taxation existing between Canada and these countries. Each of these countries hopes to implement the bilateral tax convention as soon as possible. Consequently, I commend this Bill to the most favourable consideration of the House.

[*Translation*]

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, I analyzed the hearings held by other place and read the answers given by officials from the Department of Finance. This morning, the Minister gave us the assurance that this was in fact a housekeeping measure similar to measures implemented under other treaties, and we shall therefore support the Bill without further debate.

[*English*]

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, we too have every intent to facilitate the rapid passage of this Bill. It is a technical Bill. The Minister has outlined it very clearly in terms of a tax treaty that Canada has with such countries as China, Japan, Malta, Netherlands, and part of the package that we have with some other countries. Before I make specific comments about the Bill before us I wish to raise the issue that the Bill has to be passed today. As the Minister has indicated, it is the eleventh hour and we have to move on this Bill.

I must say that this makes me somewhat uncomfortable, especially on a day when we will be debating again the rescue of the Bank of British Columbia. We are debating this legislation under a great deal of duress in terms of time. We have not had adequate information. I suggest to the Government that, whenever possible, rather than wait until the absolute maximum limit in regard to matters on which the House of Commons has to move, it bring these matters forward more quickly. In this way if the Opposition were interested in carrying out some examinations with regard to this particular Bill to avoid double taxation, perhaps we would have a whole number of questions. Again, we feel limited because we simply cannot pursue those inquiries. However, we have faith in the Minister of State for Finance (Mr. Hockin). We will certainly take his word today with no hesitation that this is a technical Bill, that the appropriate thought has gone into its implications by members of the other place and that it really updates previous legislation. But the principle is important, especialy if it had been another Minister, a Minister who in the past has not always been as forthright as the present Minister, a Minister who in fact on other occasions might have inadvertently misrepresented an issue. I speak of none other than the present Minister of Finance (Mr. Wilson) who, on many occasions, has told Members of the House and the people of Canada about the security and stability of certain western banks which proved to be totally and utterly incorrect comments.

We do not plan to impede the progress of this Bill. We want to co-operate as much as possible. Again, the principle of the Bill that we are debating at second reading recognizes Canada's participation in other countries in a whole variety of ways, whether it is through mortgage lending, work, investments or incomes derived from investments in foreign countries. Nationals in Canada deriving income from one source or another, working in a variety of capacities, are simply facilitated by this Bill, and encouraged by it. As Members of Parliament we want to do everything in our power to encourage Canadians who have the expertise and the interest to go abroad to carry Canadian expertise and the Canadian way of life into other countries. This Bill simply encourages that. It recognizes the contribution that Canadians are making in

other countries and the contributions that others make in Canada. It is our pleasure to co-operate and move the completion of second reading of this Bill.

[*Translation*]

The Acting Speaker (Mrs. Champagne): Is it the pleasure of the House to adopt this motion?

Some Hon. Members: Agreed.

Motion agreed to, Bill read the second time and, with unanimous consent, the House went into Committee thereon, Mrs. Champagne in the Chair.

• (1120)

[*English*]

The Assistant Deputy Chairman: Order. House in Committee of the Whole on Bill S-2, an Act to implement conventions between Canada and the Kingdom of the Netherlands and Canada and Japan and agreements between Canada and the People's Republic of China and Canada and the Republic of Malta for the avoidance of double taxation with respect to income tax.

Shall Clause 1 carry?

Some Hon. Members: Agreed.

Clause 1 agreed to.

Clauses 2 to 24 inclusive agreed to.

Schedules I to VII inclusive agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mrs. Champagne): When shall the Bill be read the third time? By leave, now?

Some Hon. Members: Agreed.

Mr. Hockin moved that Bill S-2, an Act to implement conventions between Canada and the Kingdom of the Netherlands and Canada and Japan and agreements between Canada and the People's Republic of China and Canada and the Republic of Malta for the avoidance of double taxation with respect to income tax be read the third time and passed.

Motion agreed to and Bill read the third time and passed.

* * *

BANK OF BRITISH COLUMBIA BUSINESS CONTINUATION ACT

MEASURE TO ENACT

The House resumed from Wednesday, November 26, consideration of the motion of Mr. Hockin that Bill C-27, an Act to facilitate the continuation of the business of the Bank of British Columbia, be read the second time and referred to Committee of the Whole.

Mr. Benno Friesen (Surrey—White Rock—North Delta): Madam Speaker, I rise to speak on this Bill with some pleasure, pleasure because it is satisfying for us from the West to be able to perform a service for the western people by dealing with legislation to enable the Bank of B.C. to continue its operations. I rise also with some sadness that it is necessary to do this. It is a tragedy for the Canadian economy and particularly the western Canadian economy that it has been made necessary to deal with legislation of this kind.

I would like to remind Hon. Members that the Bill is entitled an Act to facilitate the continuation of the business of the Bank of British Columbia. This Bill is about making sure that the Bank of B.C. can continue to operate without the threat of closure. We are acting upon the request of the Board of Directors that we do this. This is a business transaction that has taken place between two banks in order to facilitate the continuing operation of one of them.

Yesterday I listened at some length to the Hon. Member for Laval-des-Rapides (Mr. Garneau). I enjoyed his intervention very much. He spoke like a banker. It was plain to see that he had been in the banking business for some time. He was at ease with the subject. It was clear that he was preoccupied with the ledgers of the banks and particularly the transfer of the $200 million from the CDIC to this particular transaction. I wish he had been equally concerned with some of the transactions in which the Big Five are engaged. I wish he had been as concerned about the millions of dollars the Bank of Montreal has had to write off in Latin America. Perhaps he could explain to us sometime how much that cost consumers of the Canadian banking industry.

The Big Five banks took risks in Latin America and now they have to write off amounts which they are asking Canadian consumers to pay. What about the Big Five's investment in Dome Petroleum to the tune of billions of dollars? They have exposed themselves so much that Dome has them where it wants them. The banks are continually rescheduling their debts so that Dome can stay afloat and they have to agree with everything for which Dome asks.

I wish the Hon. Member had been just as concerned about the activities of the Big Five as he was about the $200 million from CDIC which he keeps calling taxapayers' money. It would have been more proper for him to say that it was a part of company accounts and transfers into the CDIC made to ensure that the banking industry could remain afloat.

Why is this sale of the Bank of British Columbia to the Hongkong Bank necessary? As a non-banker, I would like to suggest that no bank the size of the Bank of British Columbia can withstand pressure from other corporations over a long period of time without getting into trouble. I would like to refer Hon. Members to a series of articles that appeared in *Western Report* magazine in January of this year. The first such article appeared on January 27, to be exact, and was

entitled "Let the T-D deny it's trying to devour the West's winning bank". In the opening paragraphs, Mr. Ted Byfield said:

A curious paragraph apepared last week in a *Vancouver Sun* advertisement run by the Toronto-Dominion Bank. It informed Vancouverites that the Toronto-Dominion is "a bank for British Columbians." The T-D has a quarter of a million customers in B.C., said the ad. It is "a major investor in B.C.," and while "nation-wide" in its operations it's "a British Columbia bank too."

A similar advertisement appeared in *The Calgary Herald*, aimed at Albertans. No such ads appeared, so far as we can tell, anywhere else in Canada. The question, of course, is why. Why this sudden regional consciousness? Why this abrupt discovery by a purely Toronto-based institution of an intense identity with the aspirations of two western provinces?

There can be only one possible answer. The only bank that operates chiefly in these two provinces is the Bank of British Columbia. The ads must therefore be aimed at the Bank of B.C. Unlike its two hapless Alberta neighbours, the Canadian Commercial and the Northland, the Bank of B.C. has achieved in the last two years an astounding success. It has written down its real estate loans to realistic levels.

It has wiped out most of its sour foreign investments (something that Toronto's Big Five have not attempted and do not like to discuss). It has secured an enormous injection of new equity capital. It has registered a $7 million profit. It has steadily expanded the number of its depositors. It has western stockholders, western directors, and western management, and it stands ready to provide alternative financing for western business when our loan applications are referred by the Big Fives' branch managers to their bosses in Toronto. So what's wrong with it? In the view of orthodox Canadian banking, one thing alone. Its headquarters are at Burrard and Pender Streets in Vancouver. To be a "sound" Canadian bank it must be located within a block of King and Bay Streets in Toronto. It must, that is, belong to The Club.

• (1130)

The article goes on to describe what Mr. Byfield sees as a concerted attempt on the part of the Big Five, or certainly on the part of the TD, to siphon off or drain away the customers who have been the loyal customers of the Bank of British Columbia, and therefore, weaken its position in the banking industry in western Canada. He then also invited the Toronto-Dominion Bank to reply, which it did in a subsequent issue. But Mr. Byfield goes on to say, in the February 17 issue of the Alberta report, under the headline "Just a few figures the TD mysteriously didn't notice". He makes several very important points as follows:

1. Between June 1983 and June 1985, Alberta bank deposits increased by $599 million. That is, Albertans loaned that money to the banks. During the same period total bank loans to Albertans dropped by $1.24 billion. This can only mean that there was an outflow from Alberta of $1.84 billion over the period. Odd that the T-D didn't notice this.

2. Similarly between June 1982 and June 1984, deposits of B.C. residents increased by $1.347 billion while total reported bank loans in B.C. declined by $769 million, resulting in a capital outflow from B.C. via the banking system of $2.116 billion. During the subsequent 12 months to June 30, 1985, deposits continued to grow faster than loans resulting in another $170-million outflow via the banks.

3. In contrast, during the period from June 1981 to June 1983, bank loans in Ontario grew by $14.918 billion while bank deposits rose by a mere $2.359 billion. This reveals a $12.559-billion inflow into Ontario via the banks. This, of course, was when the Ontario-supported National Energy Program struck Alberta.

The statistics reveal another noteworthy fact. As of June 30, 1985, almost three-quarters of the $15 billion in business loans booked in Alberta fell into the category of $5 million or more, meaning of course that they would require approval in Toronto.

It goes on to deal with one other very important point. It says:

There is one other banking statistic that the T-D has (one suspects unwittingly) divulged. It operates, it says, 122 branches in Alberta and 101 in B.C. According to the Canadian Payments Association Directory, Volume 1 for 1984 the Toronto-Dominion Bank as of December 1983, had 134 branches in Alberta and 107 in B.C. In other words during that 24-month period the T-D has closed 18 branches in Alberta and B.C., almost one every six weeks, a cutback of about 7.5 per cent.

The same directory reveals that between December 31, 1983 and December 31, 1984, the T-D reduced its national branch network by 10 (from 983 to 973), six in Alberta, four in B.C. and none in Ontario. As the Wyoming cattleman said, "When things get tough in our industry, our bank keeps on loaning money to us 'cause our bank's got nobody else to loan money to". The T-D on the other hand can find all kinds of people to loan money to, but they aren't in Alberta and B.C.

Now that, Mr. Speaker, is one of the reasons why I suspect the Bank of British Columbia has been in some difficulty. There has been a cash outflow by way of deposits from British Columbia and Alberta into central Canada into the five majors. There has been a disproportionate unwillingness to carry on a loan activity in those provinces that would become comparable to the type of investments made by the people of those two provinces in the five majors. If there is that type of siphoning off of cash from the western provinces, and an attempt on the part of the TD, and possibly the others, but certainly on the part of the TD, to get a market share that normally would have gone to the Bank of British Columbia, we can understand why there has been some pressure on the Bank of British Columbia.

I mentioned yesterday that the other possible reason is the fall-out from the National Energy Program. It would be easy to blame everything, all of our ills and woes on the National Energy Program. While much of it can be, it may be unfair to do all of it. I think we can conclude this. As I mentioned yesterday, we now know that about $60 billion flowed out of Alberta alone by way of the National Energy Program into eastern Canada, $60 billion that otherwise would have stayed there and would have been used in some other way than through the national tax scheme. That $60 billion means a lot to the western economy. Is it not possible, Mr. Speaker, that the Bank of British Columbia, in all good faith during the good years, lent $5 million, $10 million or $15 million to a small business in Alberta or British Columbia on the assumption that the economy was doing well, it would continue to do well, and that the cash flow would continue? Then, with the introduction of that Draconian tax program, bit by bit the $60 billion flowed out of the western economy.

• (1140)

The businesses were shocked by that siphoning off of funds from the economy and could no longer continue because of excessive taxation. They became overly exposed and had to declare bankruptcy. The Bank of British Columbia had to recognize that many of its loans were bad loans. It was not necessarily because of bad management; some of them may have been. It was because of a dramatic shift in the economy which nobody in the banking industry could have predicted.

There are just not the reserves in an institution the size of the Bank of British Columbia to withstand that kind of shock.

It is tragic that we have to deal with this legislation. It should never have happened. However, since we must do so, I am pleased the Government is in a position to help the economy of British Columbia and to help the B.C. banking industry remain solvent. The good news is that we will now have a bank in place in British Columbia which will have the security to withstand the kind of shock the Bank of British Columbia had to face and was unable to withstand. The Bank of Hongkong with its reserves will not be easily shaken by the kind of treatment the Bank of British Columbia had to endure.

There are some other advantages. B.C. is looking forward to taking part in western and Pacific Rim expansion. All of us recognize that much business is legitimately carried on through networking. The Big Five in Toronto know personally members of the corporations with whom they do business. They pick up the telephone and make agreements. It is not because they are avoiding any traditional business-like way of doing things, but because they know each other. We call it networking. That is one of the big pluses in having the Bank of Hongkong involved in a very substantial way in the banking industry in B.C. It opens up a whole new world of networking in the Pacific Rim. That is something which is possible now and was not possible hitherto. These people know each other. There is every reason to believe that people involved in the Bank of Hongkong know who are the movers and shakers in the Pacific Rim industry. They are willing to work with them. They can talk to them. That is very important in this business.

I am pleased that the federal Government is operating as a steward of our resources. At a time when we are to monitor financial institutions to make sure that they are solvent and functioning well, we can be facilitators to ensure that the industry on the West Coast can operate as it ought to. The opposition Parties are supporting us in this endeavour. I am pleased that they are, but I know that they are kind of reluctant debutantes. They would like to use this occasion to flail the Government. I am pleased they are supporting us because they know the welfare of western Canada is tied up in the welfare of a sound banking industry in British Columbia.

I return to my original statement. If the five major institutions had not been so avaricious in their dealings with Latin American countries, if they had not looked for an easy way out and over exposed themselves in Dome Petroleum, that $2 billion or $2.5 billion would have been available to Canadian consumers, particularly western Canadian consumers. They tried to negotiate a quick, slick deal with Dome Petroleum and leveraged themselves beyond all reason in the transaction. They withdrew from the small business community the millions and billions of dollars which would have been available to consumers and would have been of vital importance to the health of the business community, particularly in western Canada.

Again I return to my beginning remarks. This Bill will facilitate the operations of the Bank of B.C. so that it can continue in business and can continue to contribute to a healthy western economy. In that event it will get its fair share of the market out there and provide healthy competition for the rest of the Canadian banking industry.

Mr. Riis: Madam Speaker, I listened with interest to my hon. colleague from British Columbia. I have two or three questions for him.

I would like to know what he would do if someone offered him the following deal—we will take $200 million of Canadians' money and give it to him, but once he gets it he must use $63 million of it to buy the bank. He would probably take that deal.

Why is the Hon. Member so enthusiastic about a deal where the people of Canada are putting up $200 million and getting absolutely nothing for it in terms of equity or ownership? Why is he enthusiastic about it being given to a foreign bank which will take $63 million of it to buy the Bank of British Columbia? How is that a good deal for Canada? Could he explain?

While he is on his feet, would he also explain why we have required no guarantees that the new Bank of British Columbia (Hong Kong) keep open its branches in B.C.? After the deal is finalized, it may perhaps decide to close down most of them. Why would the Government accept a deal with no guarantees whatsoever or no ownership whatsoever on $200 million of enticement money to the Hongkong and Shanghai banking corporation?

Mr. Friesen: Madam Speaker, in order to answer that question, I will draw on the wealth of experience I have had in the boardrooms of the banking industry in Canada.

Mr. Rodriguez: Your time is up.

Mr. Friesen: That is right. I will tell him why it is a good deal. It is because it is so much more attractive than the alternatives. Would the Hon. Member rather have, as the Chairman of the board said last night, a total loss, or would he rather have the bank stay in business? If he watched television last night, he heard the Chairman of the board say that it was no longer possible for the bank to stay in business. It seems to me that the $200 million was a much more attractive option than going out of business.

Mr. Riis: Guarantees.

Mr. Friesen: Guarantees. Knowing that the New Democratic Party believes in institutions, structures, regulations, and so forth as a security blanket for everything to stay in place—

Mr. Riis: Tell that to the CCB.

Mr. Friesen: —I can understand that it would not appreciate the dynamics of a free market competitive system. The fact is that the branches will remain open because it is good for the bank. The Bank of British Columbia intends to make money from them, and that is a good thing.

Mr. Garneau: Madam Speaker, I should like to ask a question of the Hon. Member for Surrey—White Rock—North Delta (Mr. Friesen). I listened to his speech. I would like the Member to explain to the House whether the difficulty of the Bank of British Columbia came from uncertainties facing depositors. In other words, were depositors withdrawing their funds because of lack of confidence in the bank after the unsuccessful bail-out of the Canadian Commercial Bank? Is it a question of confidence on the part of depositors or did the difficulty come from the quality of the assets? I would remind the Hon. Member that the Inspector General of Banks in October, 1985, after analysing the assets stated they were sound. Did the difficulty come from the deposit side of the balance sheet or from the value of the assets?

• (1150)

Mr. Friesen: Mr. Speaker, as I said in my earlier remarks, the man talks like a banker and he is good at reading ledgers. As I said to the Hon. Member for Kamloops—Shuswap (Mr. Riis) the problem is solvency. When you are concerned about staying afloat, you are terribly concerned about why you are drowning. What you want is to be rescued. That is what we are dealing with today.

Mr. Garneau: Madam Speaker, I am very worried that government Members are reluctant to give us information. I do not disagree with the fact that the objective is to keep the regional banking system alive in western Canada. I said that in my speech yesterday, but it is the way it is done that concerns us. We are asking Canadians through CDIC to put $200 million into the equity of the Bank of Hongkong Canada, a division of the Bank of British Columbia which will be the Bank of Hongkong, without receiving any shares. The Bank of Hongkong will buy the quasi-totality of the assets and liabilities of the Bank of British Columbia for $62 million. If it is a question of uncertainties on the part of depositors, then the problem of the bank is a problem of liquidity, and there are solutions for that. If, however, the problem comes from the quality of the assets, that is another problem. Once again I want to ask the Member, who is a member of the government side and who must know the details, what is the situation about the quality of the assets? Another Member from British Columbia suggested yesterday that those assets may have to bear a $1.3 million loss. Is it true or not? I would like the Hon. Member to comment on that.

Mr. Friesen: Mr. Speaker, I think the banker would realize that if all of the insured depositors had to be reimbursed through the CDIC then it would come to $1.3 million. That is not a very desirable option.

Mr. Garneau: Is it true?

Mr. Langdon: Madam Speaker, I want to raise a question with the Member emanating from his suggestion that there is no option but to shut down the bank, and thereby obviously hurt British Columbia, or to sell it to non-Canadians, and thereby lead to further difficulties in our monetary policy being effective in the future. Specifically, was the offer not a viable offer from the Vancouver City Savings Credit Union? That offer could have been supported at less cost than this particular bail-out and it would have kept the bank in the hands of British Columbians instead of handing it over to foreign bankers from outside the country.

Mr. Friesen: Mr. Speaker, I would like to correct a couple of statements and perhaps make a point. The amount of foreign ownership in the banking industry has increased by less than 1 per cent by this transaction. It is well within the limits of the regulations of the Bank Act. I think the Member would agree with that. Certainly the Hon. Member for Kamloops—Shuswap, since he is a former financial critic, would agree with that. Second, while I think it is desirable to have as much of the banking industry owned by Canadians as possible, I do not think that we should be so xenophobic about foreigners coming into any kind of a commercial enterprise as long as it strengthens the Canadian economy. To say that it is a foreign bank—

Mr. Riis: That is correct.

Mr. Friesen: Yes, of course it is correct. I do not deny that at all. But to say it is a foreign bank is distorting the major issue. We will have a sound, very strong Class A bank on the West Coast that can contribute to a Pacific Rim option which British Columbia has had a hard time developing and which it hopes to exploit in the years ahead. We think this will help. It will not do everything, but it will help.

As to the other option which the Member speaks about referring to Vancouver City, as I understand it there were several weeks of discussions with Vancity's Board of Directors. I will restate what I said earlier, we are discussing a request by the Board of Directors of the Bank of British Columbia. The Board of Directors felt that the finances involved were not adequate to satisfy the security requirements for the Bank of B.C. Therefore, it did not become a viable option because the cash reserves were not there.

The Acting Speaker (Mrs. Champagne): Resuming debate. The Hon. Member for Kamloops—Shuswap (Mr. Riis).

Mr. Nelson A. Riis (Kamloops—Shuswap): Madam Speaker, unlike the previous speaker, I am saddened to stand up this Thursday, November 27 to rescue another failing bank. I think it is fair to say, without causing any undue concern, that we have been asked as a Parliament to rescue a failed bank.

We must be perfectly clear about what led up to this emergency debate in the House of Commons rescuing the Bank of British Columbia. I remember not many months ago when the Minister of Finance (Mr. Wilson) and the then Minister of State for Finance stood in their places and indicated that we had nothing to fear because the Inspector General of Banks had evaluated the Canadian Commercial Bank and the Northland Bank in western Canada and said

they were totally sound and secure. The Governor of the Bank of Canada, Mr. Bouey, spoke out publicly for one of the very first times in Canadian history and said Canadian depositors and people doing business with the Canadian Commercial Bank and the Northland Bank had nothing to fear, that everything was sound. The Prime Minister (Mr. Mulroney) stood in his place and said we had nothing to fear, that everything was sound with the two western banks. As you well know, Madam Speaker, all of those people were wrong. The Governor of the Bank of Canada was wrong, the Inspector General of Banks was wrong, the Minister of Finance was wrong, the Minister of State for Finance was wrong, and the Prime Minister was wrong.

• (1200)

As a result of many, many months of inquiry into the collapse of these two western banks it turned out that there was a great deal of bungling going on. The Inspector General of Banks was pointed at and told that he did not do his job properly, and he has left his position, as he should have.

In a sense, and probably inadvertently, Members of the House of Commons and the Cabinet responsible for the Canadian banking industry misled Canadians. They were using, I guess, the best information presented to them by financial officials, the Inspector General of Banks and the Governor General of the Bank of Canada, and said everything was fine. The Inspector General of Banks, in October of 1985, sent an inspection team to review the Bank of British Columbia's loan portfolio. That review concluded that the portfolio was sound. It was a sound banking institution. All Members of Parliament from British Columbia knew for many, many months, as it was known on the streets of British Columbia and on the streets of the financial community in Canada, that that was not the case. Anyone who understands banking, anyone who understood what was going on in the British Columbia economy, knew that that was inaccurate. Yet once again we are being asked to co-operate with the Government to ensure that this rescue package is assembled in two days. Unfortunately, once again, our backs are against the wall. We have no choice but to co-operate and we do so in the best interests of the Canadian economy and financial community.

Whether they be borrowers, creditors, depositors or shareholders, the confidence western Canadians have in the ability of the Government to manage the financial affairs of Canada is abysmally low. The Government has bungled in the matter of the Canadian Commercial Bank and the Northland Bank. When that happens, confidence is eroded. When word got out on the streets of western Canada that the Bank of British Columbia was in some difficulty, there was no confidence at all that the federal Government, the Inspector General of Banks, the Bank of Canada, or the Minister of Finance could do anything about it. In fact, I suspect a lot of people in western Canada were hoping that no one, not the Prime Minister, the Minister of Finance, the Inspector General of Banks or anyone else would go to western Canada because every time they did, they messed up totally. If anyone here disagrees, please indicate where those people and organizations have not messed up. Where has their involvement not made the situation worse? Now we are told to have faith because this time they have done it right. Yet we do not know what the Government has done. We do not have any details. The Government asks us to have faith, but many of us have lost faith in its ability to manage the financial community.

Two years ago the Government promised it would bring in legislation to stabilize our financial industry, but it has done nothing. Last summer the Standing Committee on Finance and Economic Affairs sat late night after night, long into the summer, giving up what is traditionally the summer recess, to advise the Government on what it thought was appropriate. Yet the Government did nothing for months and months. What we have ended up doing now is almost unbelievable.

I think it is appropriate to indicate just what the Hongkong and Shanghai banking corporation is. Based in Hong Kong, it has 1,200 offices in 55 countries around the world, employing 46,000 people. It has consolidated assets of $110 billion. In short, it is one of the world's largest financial institutions. So when the Government approached them, presumably, or they showed some interest in this small western Canadian bank—

Mr. Friesen: Which Government?

Mr. Riis: —they said, "we would like to help out, but good grief, we need some help." So the Government of Canada said it would cough up $200 million of taxpayers' money. It would sugarcoat the deal to entice the bank into this rescue package. All the bank would have to do in return is pay $63 million. Can you imagine that kind of a deal? Canadians give the Hongkong Bank $200 million and the bank gives back $63 million of that to buy the Bank of British Columbia. You can bet that is a good deal for the Hongkong and Shanghai banking corporation. I suspect that in its boardroom in Hong Kong the directors are sitting around today drinking champagne and giggling because they cannot believe there is a Government that would be so silly. We have a Government that practises day and night to make up these goofy deals. Every deal so far has been just that. When you look at what we have done it is almost unbelievable.

I am a Member of Parliament from British Columbia. In my home community of Kamloops we have a Bank of British Columbia office. It does a good business and has helped an awful lot of people. As a matter of fact, my mother and father had some of their money on deposit in that bank. Yet what guarantees are there for the continuation of that bank's operations? None. If the Hongkong an Shanghai banking corporation wants to close down two-thirds of the Bank of British Columbia's branches, that is fine. If it wants to lay off all its employees in British Columbia, I guess that is okay. There are no guarantees. Nothing.

The Bank of British Columbia is a regional bank. It was set up so that western Canadians, mainly in Alberta and British

Columbia, could have their financial decisions made in western Canada. If you were putting a deal together you did not have to go to an eastern bank. People were suspicious of eastern banks. Yet we now have two easts here, the near east and the Far East. There was some fear of the near east. We said we do not want Toronto bankers. I certainly do not think British Columbians want Hong Kong bankers making investment decisions in the province. Yet that is exactly what we have. The major decisions on the what, where, when and how on investments will now be made in a foreign country. It was bad enough when they were being made in Toronto, but now they will be made in Hong Kong.

Do members of the Government really believe that a board of directors in Hong Kong will have the best interests of British Columbians at heart when it makes its financial decisions? Of course not. When the decisions were being made in Vancouver, the people involved were concerned about their friends, their communities and their industries. They were personally involved. That is the kind of financial institution we need in Canada. We need regional institutions in this country to cater to special needs.

• (1210)

We have sold out once again. This is a sell-out Government. There were other people interested. In the beginning there was a great deal of negotiation with Vancouver City Savings Credit Union, one of the largest credit unions anywhere. It is very profitable and sound and does an increasing level of business each year. It indicated an interest, but I suspect it got very little consideration from the federal Government or the British Columbia Government. Mr. Vander Zalm, the Premier of British Columbia, is delighted that a foreign bank now controls the Bank of British Columbia. I cannot see how anyone can be delighted that a British Columbia bank is now foreign controlled. I do not see how that is, to use his terms, "a fantastic idea".

The Vancouver City Savings Credit Union was a co-operative. I do not suspect it got much of a hearing when it put forth various options for taking over the Bank of British Columbia and continuing to operate it throughout the province. It needed support from the federal and provincial Governments which was not forthcoming. No one was prepared to entertain those ideas.

Let us be honest. I believe that both the federal Government and the provincial Government of British Columbia believe that foreigners can do the job better. It is almost as though we welcomed foreigners to take over when we get into difficulty. When the Continental Bank got in trouble, it was rescued by Lloyd's of London, a British bank. The Morguard Bank was taken over by Security Pacific Bank of Canada, which is a subsidiary of an American-based parent. Now the Bank of British Columbia is being taken over by the Hongkong Bank. I believe that the Government actually thinks this is good business, that it is in our best interest to lose control of our own destiny. New Democrats do not believe that.

Mr. Rodriguez: What happened to good old risk-taking?

Mr. Riis: Well, there was no risk-taking in this. When one is given $200 million, one only has to give out $63 million and can pocket the rest, there is little risk involved. That is a very good deal for the Hongkong and Shanghai banking corporation.

Members of Parliament have not been given the necessary information. We have once again been asked to buy a pig in a poke by supporting this emergency legislation. When background information has been provided in the past we have found most of it to be inaccurate and inadequate. We are very reluctant to be enthusiastic about what we are doing today. However, in the best interests of the security of financial markets and the like we will co-operate. I say that with a great deal of trepidation and hesitation. We certainly expect the Minister of State (Finance) (Mr. Hockin) to ask the Finance Committee to examine this matter to determine what went wrong and who, if anyone, was at fault.

The Government ought to have built guarantees into this very lucrative agreement with the Bank of Hongkong. We should have guarantees that the branches will be kept open. The Hongkong and Shanghai banking corporation could say that the 41 branches in western Canada are not making enough money, that it is in the business of international profits and it would be in its interest to close them down.

That is not why the Bank of British Columbia was started. It was created to be sensitive to the needs and concerns of western investors, depositors and business people. It was concerned about its 1,400 employees. Now that this bank is in the hands of one of the largest foreign banks in the world, we have lost the sensitivity about which British Columbians felt so strongly that they kept their deposits in the bank during the very difficult times. I am disappointed that the Government did not make more of an effort to make a deal with a Canadian institution, specifically the Vancouver City Savings Credit Union which indicated a real interest. If it had been given the same support which the foreign bank received from the Government of Canada and a bit of support from the provincial Government of British Columbia, it could have put a deal together. We could have kept the decision-making on financial matters in British Columbia in the hands of British Columbians. Decisions on investment in B.C. could be made in board rooms in British Columbia rather than being subject to intervention from a foreign country.

If the Government of Canada had operated in a prudent, professional, business-like way in the best interests of western Canadians and had understood the reality of economic conditions in western Canada at the time, the Bank of British Columbia would not have gotten into difficulty. Western Canadians would have had confidence in the office of the Inspector General of Banks, the office of the central bank, the office of the Minister of State (Finance), the office of the Minister of Finance (Mr. Wilson), and the Government. It is very sad that that confidence no longer exists.

As far as western Canadians are concerned, we have simply replaced the dominance of an eastern bank in Toronto with that of an eastern bank in Hong Kong. The only change is from near east to Far East. In the minds and imaginations of British Columbian citizens they are equally far apart. This is a sad day. Had the Government of Canada acted in a more proactive manner rather than sitting back and trying to put together a sugarcoated deal to develop the Bank of Hongkong throughout British Columbia and parts of Alberta, we could have kept this bank in Canadian hands so that investment decisions for British Columbia would be made by British Columbians rather than in the board rooms of Hong Kong.

Mr. Garneau: Madam Speaker, the Hon. Member for Kamloops—Shuswap (Mr. Riis) represents a constituency in British Columbia. Since this debate has begun, we have not been able to get much information from the government benches. Could the Member tell us whether, if the same offer as was made to the Bank of Hongkong had been made to Vancouver City Savings Credit Union, it would have been able to buy the Bank of British Columbia?

Mr. Riis: Madam Speaker, it is unfortunate that the Hon. Member has to ask this question, that we do not already have this information. That is a most reasoned question. It is unfortunate that we do not have the precise details. The best information we now have is that if the Vancouver City Savings Credit Union had been offered up to $200 million in enticement money from the Canadian Deposit Insurance Corporation and had received some support from the Province of British Columbia, the Bank of British Columbia would today be a western Canadian financial institution. We have only scanty information, but that is the best I am able to offer at this point.

• (1220)

Mr. Rodriguez: Madam Speaker, I recognize that my hon. colleague was the finance critic for the New Democratic Party in the previous session and I would like him to explain something to me. The CDIC is putting up $200 million to the Hongkong Bank to purchase for $63 million the Bank of British Columbia. That $63 million is going to be put in trust for the Bank of British Columbia or the Hongkong Bank to pay the shareholders. Does the Hon. Member not think that the whole $200 million ought to be paid to the shareholders of the bank? Why are they only going to receive $63 million? Where is that $137 million going? To whom is it going? Why can the shareholders not receive that money?

Mr. Riis: Mr. Speaker, the response to that very important question is simply that the difference goes to the Hongkong Bank itself. That is the enticement, the encouragement, the sugar coating on this financial deal which has made it attractive to this foreign bank. I think it is important that we recognize that this is not some small financial institution. We are talking about one of the largest banks in the entire world. It has $110 billion in consolidated assets, branches in 55 countries and tens of thousands of employees. Is it realistic, Madam Speaker, to expect Canadian men and women, through their financial institutions and the Canadian Deposit Insurance Corporation, to use their hard earned dollars to bring in this giant to take over this small regional bank? Surely to goodness, as a bottom line, if we were going to use Canadian money in the amount of $200 million to give to this foreign bank, we should take some ownership or equity. We should not just shovel it out as a gift. Is this the free market-place at work? Is this the invisible hand of the market-place operating? As someone said the other day, not only is the invisible hand operating but we are getting the digit finger from that invisible hand.

I simply want to say that this is a very serious situation. We have no equity and no ownership. It is just an outright enticement grant, and that is wrong. As my hon. friend, the Hon. Member for Nickel Belt (Mr. Rodriguez), pointed out through his question, the majority of the $200 million goes directly to the Bank of Hongkong, not to the shareholders of the Bank of British Columbia who are going to take an incredible beating as a result of this particular transaction.

Mr. Ravis: Mr. Speaker, I have some questions for my western colleague, the Hon. Member for Kamloops-Shuswap (Mr. Riis). I think he understands well the kinds of difficulties we went through in western Canada as a result, particularly, of the oil industry being devastated through the national energy policy. As someone from Saskatchewan, I am very disappointed to see any regional bank in difficulty, and we have had our fair share of them.

Why is the Hon. Member for Kamloops-Shuswap saying his back is against the wall, that he has to co-operate? He lives out west, in British Columbia of all places, the home of the Bank of British Columbia. Surely to goodness, he is prepared to stand up for those people who are depositors of that bank, the shareholders and the people who are looking at the positive side of this mess, who will be able to come out with this bank intact rather than letting it slide, in which case rather than $200 million being put in from CDIC, it could very well be triple or even quadruple that amount.

My second question is with regard to confidence being eroded. I remember so well, with respect to one of our own Crown corporations, the talk about banks which are in trouble. Does the Hon. Member think that that contributed in any way to the erosion of some of the western regional banks, especially when people in the media might scare the shareholders by indicating that perhaps a bank is in trouble? I would react in exactly the same way. I would rush down the next day and withdraw my deposits.

Mr. Riis: Mr. Speaker, I appreciate receiving those questions from my colleague. Let me make it perfectly clear at the outset that we are in no way suggesting, nor is anyone suggesting, that the Bank of British Columbia should be allowed to collapse and fail as did the Canadian Commercial Bank and the Northland Bank. That is not what we are saying.

What we are saying is that we have our backs to the wall today because the Government has presented to us only one option. It has said: "Buy this because if you do not, we are going to get into serious trouble financially", which is true. However, what are the other options? There was the Vancity option and other banks. Have we approached the other Schedule A banks with respect to their participation? Was there, for example, any effort made that the depositors and major shareholders mutualize the bank? Was there some interest in having the people already involved take over the bank? Was that option explored? But we were told nothing. There was no information. We were simply told: "This is it. You have to buy this". That is my concern. I am not suggesting for a moment that we should not rescue this ailing financial institution and try to get it back on its feet.

Second, I think we have to recognize that activities of the Bank of British Columbia, by the name itself, have been largely focused in British Columbia, although very recently in Saskatchewan because of the collapse of the Pioneer Trust.

While the national energy policy, as the Hon. Member for Surrey—White Rock—North Delta (Mr. Friesen) indicated earlier, might have had some minimal implication on the economy of British Columbia, we have also had the 50 per cent tariff on softwood, and the shake and shingle tariff imposed by the United States closed down a whole set of sawmills in my constituency and other constituencies. I am aware that a number of them did business with the Bank of British Columbia. I think it was a whole number of things. However, had the Government of Canada handled the collapse of the other western and regional financial institutions in a more sophisticated, business-like and appropriate manner, I do not believe the domino effect would have continued and we would not be debating this Bill today. I only hope that it will now stop and the domino effect will not continue to affect other financial institutions.

Mrs. Mary Collins (Capilano): Madam Speaker, I am pleased to have the opportunity to participate in the debate today on the the sale of the assets of the Bank of British Columbia to the Hongkong Bank of Canada. I come to the debate with mixed feelings because, of course, as one who comes from British Columbia, I remember when the Bank of British Columbia originally started. I remember the very high hopes we had for it. We were all excited about having our own bank in British Columbia. Now because of what has happened in the last few years, we have come to the realization that the bank itself cannot stand on its own and that the assets must be sold. So in that sense it is not necessarily a happy debate.

On the other hand, I am very pleased that the Bank of British Columbia has been able to work out what I think will be an excellent purchase arrangement with the Hongkong Bank of Canada, and I would like to speak about some of these issues as we proceed in the debate.

I have been concerned by some of the comments I have heard from my colleagues opposite because I do not think they truly reflect the situation with which we are dealing today. In fact, the legislation which is before us today is legislation which was asked for by the Board of Directors of the Bank of British Columbia. It is not something that the Government imposed on the bank. This is not a Government deal about which we are talking. It is a private sector arrangement between the Bank of British Columbia and the Hongkong Bank of Canada.

• (1230)

In order for this arrangement to take place without further erosion of the assets or confidence in the Bank of British Columbia the legislation we are discussing today will enable the sale to go through and to delay a meeting with the shareholders for 14 days. As the Government what we are doing is helping to facilitate the arrangement. This is not in any way a sale that we have arranged ourselves.

My colleague, the Hon. Member for Kamloops—Shuswap (Mr. Riis), asked what the other options were. If we look back at what has happened over the last year in which the Bank of British Columbia recognized the difficulties it was facing, as my colleague from Saskatoon has mentioned, we see that many of these difficulties were brought on because of the previous Government's initiatives concerning an energy policy which left many western companies in a bad situation. As I remember it, the Bank of British Columbia had a great deal of sensitivity for western concerns and western companies. Unfortunately, many of the companies which have had loans with the bank have not succeeded and have fallen on hard times. The loss position in the bank's loan portfolio has increased dramatically. In fact, it was in the fourth quarter of this year that the bank recognized that with the growth in this loss position it would have to take action quickly or face liquidation.

I understand that in the last few months the bank has had discussions with a number of other financial institutions, including financial institutions in eastern Canada. Perhaps some Hon. Members will agree with the article in this morning's issue of *The Globe and Mail* which quotes the President of the Toronto-Dominion Bank, Mr. Robin Korthals. He is reported as saying that the deal with the Hongkong Bank of Canada was the best solution under the circumstances for the shareholders and depositors of the Bank of British Columbia. He stated that their only other alternative was liquidation. He also pointed out that despite overtures from the Bank of British Columbia to other major Canadian chartered banks, and some U.S.-based banks, eastern Canadian banks would be concerned about the problems in the Bank of British Columbia's loan portfolio.

I also know that there were discussions with Vancity and that some proposals were put forward. However, my understanding is that that company was not able to raise the capital required. Discussions then proceeded with the Hongkong Bank of Canada.

I would now like to clarify a point since there has been some discussion about the decisions being made offshore. What is happening with this transaction is that the assets of the Bank of British Columbia are being sold to the Hongkong Bank of Canada and the new bank will operate as a Canadian bank, a subsidiary of the Hongkong and Shanghai Bank. The new bank will have its own board of directors based in Vancouver. Canadians will be involved in the decision making with regard to the future of the bank. It is not as if that function were suddenly to be shipped off someplace outside the country. The people I have met who will be involved with the bank have shown great concern and interest in the future of British Columbia. I have every confidence that they will make decisions that will be in the best interests of the business community and the depositors of British Columbia.

Another point I wish to make is that this sale is equivalent to 1 per cent of the total assets of banks in Canada. So in terms of foreign ownership it is a very minor portion of banking assets in Canada.

When one considers the alternatives compared to with what has happened, I must congratulate the Bank of British Columbia and the Hongkong Bank of Canada for being able to come to this arrangement. I believe it is an arrangement that will augur a great deal of potential in terms of the expansion of the bank's activities.

Premier Vander Zalm was here in Ottawa only yesterday. We met with him and he is pleased with this arrangement because it will give British Columbia another window into the Pacific Rim. We know of the extensive assets of the parent company, the Hongkong and Shanghai Bank. We know of its connections around the world and its experience and knowledge in terms of international finance. I believe it will be a positive asset in terms of opening up business opportunities in the Pacific Rim, something which is of top priority for British Columbia since we see much of our future in trade as being with the Pacific Rim.

One topic of discussion which we have undertaken with the Government is with respect to the possibility of establishing an international financial centre in Vancouver. The arrangement with the Hongkong Bank of Canada illustrates the importance of such a move, and it helps to facilitate its becoming a reality.

Other Hon. Members have mentioned a concern about what will happen to the branches and the employees. If a sale arrangement had been made with one of the traditional eastern banks which already has branches in British Columbia, then the chances would have been very great that the purchaser would close down the branches and that there would not be much potential for growth. However, the purchase by the Hongkong Bank of Canada, as pointed out by its President, presents an excellent opportunity for the Hongkong Bank to expand its personal branch network. Western Canada will continue to benefit by having a strong bank with its headquarters and its major assets in the west.

I recognize that there may have to be some rationalization in terms of the sale. We all know that in business people cannot be ordered to keep all their offices open and to keep all their employees. What the Hongkong Bank of Canada is buying as part of its assets is certainly these branches, deposits and goodwill that have been generated by the Bank of British Columbia. This deal augurs the best opportunity for the 1,400 employees and the 41 branches to be maintained.

There has also been some discussion that the taxpayers are involved in this deal. I would like to clarify that point because I think it is important that the public understand what is involved in this deal. The $200 million which the Canada Deposit Insurance Corporation will be putting into the new bank is money to help recapitalize it. The funds from the CDIC are not funds from the federal Government or from general revenues. They are funds that the CDIC collects on a premium basis from all banks in Canada. The payment of this sum of money will help to ensure the continued viability of the new Bank of British Columbia.

I think this is a much better deal for the depositors of the Bank of British Columbia and for British Columbians. The other alternative was liquidation. If the bank were liquidated, there would be nothing to pay out to the shareholders and there would have been a potential run of up to $1 billion on the CDIC as a result. It seems to me that this course of action is the prudent one in terms of being able to maintain the credibility of the deposit base and the employment in the bank for what I hope will be many years to come.

• (1240)

Because of the sale of the assets to the Hongkong Bank of Canada, we now look forward to the existence of a new bank in British Columbia. This bank will have the backing, expertise and network of the parent company and this will assure depositors. In my opinion, most of the employees and branches will be maintained. I would hope that the bank will be able to deal with the problems of outstanding loans and the loss provisions and once again emerge as a very healthy western-based bank, a bank that will indeed be sensitive to the kinds of initiatives and opportunities for expansion and trade in the Pacific Rim that we in British Columbia wish to undertake.

I think this initiative and many other initiatives the Government is now taking will improve the economic conditions in western Canada. I know that my colleagues on all sides of the House are familiar with those initiatives. There have been important initiatives in the energy industry. We have got rid of the National Energy Program and the PGRT. There has been $1 billion of assistance to western farmers and there are activities in British Columbia through ERDA agreements. The Micro-Tel agreement is helping to strengthen the business base in British Columbia.

In the past two days, a group of 50 business people from the secondary manufacturing sector in British Columbia came to Ottawa to seek out new opportunities. Many exciting businesses are starting out in British Columbia in the marine and

high-tech industries. Many of these businesses are looking for export markets and new kinds of financial arrangements. I am sure that the new bank in British Columbia will assist in those endeavours. With the kind of initiatives presented by the Minister for International Trade (Miss Carney) who recently implemented a $350 million line of credit for the Export Development Corporation to China, we will be able to look forward with some degree of comfort and confidence to moving in the right direction and providing a new financial outlook for businesses and the financial community in British Columbia.

I would hope that my colleagues on all sides of the House will give swift passage to this Bill today so that the sale itself will be able to go forward and meetings will be able to be held with shareholders. We in British Columbia will be able to look forward with confidence to a viable bank in British Columbia in co-operation with its new parent, the Hongkong Bank of Canada.

Mr. Ravis: Madam Speaker, I was particularly interested in hearing my colleague from Vancouver talk about the importance of western-based banks, particularly with reference to Pacific Rim countries. British Columbians certainly feel much closer to the Pacific Rim than do we in Saskatchewan, but when we think of international markets, we too look in that direction. I certainly feel much the same way as she does even though she lives in the City of Vancouver where much of the commercial activity is related to Asian countries.

I would like to ask the Hon. Member for Capilano (Mrs. Collins) what kind of reaction she has had, if any, from her constituents. Has she received any phone calls or has she spoken to anyone about how the average person in Vancouver feels about this issue? Do British Columbians think that it is a positive move to salvage the bank even though it will be owned by the Hongkong Bank which comes from outside the country?

Mrs. Collins: Madam Speaker, I would like to thank my colleague for the question. As I mentioned, Premier Vander Zalm was in Ottawa yesterday and had the opportunity to be aware of this discussion. He, of course, has welcomed this move and has drawn attention to the regional strength of the Hongkong Bank. He feels that this is an opportunity for unparalleled investment and growth opportunities in the region. The new arrangement with the Bank of Hongkong will help facilitate and accelerate that growth.

I was rather interested to learn this morning that the morning issue of the Vancouver *Province* ran this particular story on page 41. There was a rather unfortunate incident at the Vancouver Aquarium yesterday which took over the headlines. The local news has carried the bank story, and I feel that there has been a sense of relief over it.

Over the past year, there have been concerns about the Bank of British Columbia. These concerns began when it closed down some of its branches in Alberta and Saskatchewan. Over the past few months, that uneasiness has grown as rumours have circulated first in the financial community and then in the market-place. As we all know, rumours in the banking community can be very hurtful because they may undermine the credibility of a bank. When this happens, people wonder whether to leave their deposits in the bank or take them out.

It was important to have a firm deal announced and a very credible purchaser. That announcement would ensure a feeling of confidence on the part of depositors, and that is what has happened. I sense a sigh of relief in the community. Anticipation is sometimes worse than reality and the reality here has, I think, been the icing on the cake.

In my own constituency, I think there will be both a sigh of relief and a very good feeling about this action. The Hongkong Bank of Canada has been an extremely good corporate citizen of Vancouver. It has been involved in the business community and has been very accessible. It has created a great deal of goodwill so I think there will be a great deal of goodwill surrounding this particular sale as well.

Mr. Rodriguez: Madam Speaker, the Hongkong Bank will be receiving $200 million from the CDIC for this bank, but something else really bothers me. In Ontario, there has been a great deal of sensitivity about moneys taken from pension funds. There was the case of Conrad Black who went into the Dominion Stores employees' pension fund and court decisions have ordered Dominion Stores to put the money back into the pension fund.

I understand that part of the discussions surrounding the sale of the Bank to the Hongkong Bank have been about giving the new owners permission to go into the pension fund and remove $10 million which would then be paid to shareholders along with the $63 million. I understand that consultations are going on between the directors of the bank, the Inspector of Insurance, the Inspector General of Banks, and the Governor of the Bank of Canada. Are the employees being consulted in any way? Does the Government have a position on this, given the sensitivity about removing money from pension funds? If there are surpluses in a pension fund, they ought to be used to improve the pension plans for the employees.

I am not prepared to accept a Bill like this one. Perhaps the Hon. Member and the Government are prepared to break a bottle of champagne over this deal, but I think there are some tough questions to be asked. The question I am asking her is, can she stand in her place and agree that the funds from the employees' pension fund can be taken to sweeten the pay-off to the shareholders? I wish the Hon. Member would come clean with the House and tell the British Columbian people that is what she is prepared to do.

• (1250)

Mrs. Collins: Madam Speaker, I wish to reply to the Hon. Member for Nickel Belt (Mr. Rodriguez) on this question, because obviously it is a very important question. Perhaps I could draw his attention to the facts of what has actually happened with respect to the pension fund situation.

During the second quarter of the fiscal year 1986, the Superintendent of Insurance approved withdrawal of surplus contributions to the pension fund of the Bank of British Columbia, which was based on an independent actuarial report. That was then revoked and no further withdrawals were allowed, although it was left open for the Bank of British Columbia to reapply to withdraw the surplus, in accordance with new guidelines.

In connection with the sale to the Hongkong Bank of Canada, it is proposed that the pension plan accounts with the balances of all Bank of British Columbia employees be transferred to an equivalent pension plan with the Hongkong Bank of Canada. So those assets will be transferred. The Bank of British Columbia may reapply to the Superintendent of Insurance for permission to withdraw surplus funds remaining in the pension plan. If the application is successful, this surplus could accrue to the benefit of the shareholders. I would like to advise my hon. colleague that the Superintendent of Insurance and the Inspector General of Banks are on top of this situation. No withdrawals will be allowed if it is not in the interests of the employees of the pension fund. I can assure my colleague that they are much more aware than I am of how the actuarial benefits for the pension plan are done. I am confident that this matter will be addressed. If it is possible for any surplus funds to be transferred to the benefits of shareholders, it may be so. But there is no decision on that, and there will be no decision on that unless the Superintendent of Insurance and the head of the banking system for Canada are absolutely assured that that can be done without in any way harming the pension entitlement of the employees of the Bank of British Columbia. I am confident that this is the case.

The Acting Speaker (Mrs. Champagne): The time for questions and comments has expired. Resuming debate, the Hon. Member for Ottawa—Vanier (Mr. Gauthier).

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Madam Speaker, I cannot say I welcome the opportunity to take part in this debate. However, I am doing so because my constituents in the riding of Ottawa—Vanier are starting to wonder about this Government's ability to manage its affairs. Considering the experience we had with the Canadian Commercial Bank and the Northlands Bank, we are very seriously wondering, first of all, whether the Government really wants to know what is going on, and second, whether it is a good manager. And I could argue demonstrably that the Government has been very remiss in the way it has managed the business of this country and has failed to give the House all the information it needs to be able to give all these issues careful scrutiny.

Madam Speaker, Bill C-27, an Act to facilitate the continuation of the business of the Bank of British Columbia, is one more example of the Government's incompetence and clearly shows that this Government has yet to establish an overall policy, to review legislation and keep its promises. Goodness knows, Madam Speaker, they said they would do so many times. They said they would review all the legislation on financial institutions. And today we have yet to see any concrete evidence of this on the part of the Government.

[*English*]

I would like to remind the House that we have had at least seven or eight in-depth studies on the question of financial institutions, yet this Government has not come forth with anything. We had the Green Paper in April, 1985, we had the Wyman Report in June, 1985, we had the House of Commons committee go into the whole question in November, 1985, we had the Senate Finance Committee Report, we had the consultant's study on the Office of the Inspector General of Banks, we had the Estey Commission, and now we have from the Economic Council of Canada a whole document on this question published in November, 1986. Yet this Government has failed to act and has not come to terms with the problems that are facing this country. We are caught again in the House having to approve, in an adult manner, a very difficult situation. We are asked to approve urgently another bail-out of a bank.

Let me state very clearly that we are unfortunately in a situation of having to accept that information coming from the Government. We know for a fact, because of the documents that we have gathered overnight, that the information is not forthcoming, that the Government is not coming clean with us in the House as to what it knows on this matter. Therefore, we are very hesitant to go ahead and give the Government our support.

Nevertheless, will the Government make a reference of this whole question, in due course after passing the legislation, to the Finance Committee for extensive study? Will the Government allow witnesses, those involved in this whole mess, to come before the committee and explain to parliamentarians why this was necessary? We want to know when the Government will act on financial institutions. We want to have the assurance that the Government takes things seriously and will act accordingly. We would insist on guarantees for the staff of that bank. We would insist that they be taken into account and that the Government get the guarantees necessary for their continued employment. We would insist that the Government obtain from the Hongkong Bank an assurance that the Bank of British Columbia will be maintained as a regional bank. We believe that there is a need, and we believe that there is a right to have regional banks. We would like to see that guarantee from the Government that would give us that assurance. If we get these guarantees, reluctantly—very reluctantly—we will support this measure in the House.

[*Translation*]

Madam Speaker, the Government must act responsibly and, here again, it should take full responsibility for this disaster. The problems with the Bank of British Columbia are due to the incompetence of this Government and its lack of concern for the situation in our banks and for the need to amend the legislation on financial institutions. The Government has been

amateurish in this respect. We saw this with the Canadian Commercial Bank, we saw it with the Northland Bank, and we are seeing it again. They come rushing in with a piece of legislation and they tell Members: Take our word for it, adopt this Bill because it is vital to support this bank and prevent another bank from going bankrupt.

[*English*]

I would like to give a brief summary, Madam Speaker, of what this Bill does. The Bill eliminates the need, under the Bank Act, for shareholders of a bank that has sold its assets to approve the transactions at a meeting to be held within 28 days of the announcement of the deal.

Second, the Bill proposes that 14 days' notice be given before calling a shareholders' meeting. Failure of the shareholders to adopt the proposal at the meeting will not affect the transaction itself. Instead, it would lead to the appointment of an assessor who will determine whether the $63.5 million paid by the Hongkong Bank should be increased or decreased. This evaluation would be binding. If the assessor concludes that the purchase price must be increased, CDIC, and not the Hongkong Bank, will pay the excess. If the assessor concludes that the purchase price must be decreased, the excess will be paid to the CDIC.

That is a brief summary, Madam Speaker, of this Bill. I will be brief because we are getting close to one o'clock. I would like to resume my comments at three o'clock.

This is a bail-out of a bank, Madam Speaker. It is a $200 million bail-out of a bank. Let us be frank about it. Let us call things as we see them, with the information that we have at our disposal right now and after reading the comments of the Minister and reading the comments of the Board of Directors of the BBC, which ruled out liquidation and I will quote as follows:

> Liquidation is not a reasonable alternative, as realized asset values would—be affected to the point that it would be questionable whether any amount would be available for shareholders of BBC and there might well be a loss to uninsured depositors.

An Hon. Member: That's a bail-out.

Mr. Gauthier: This means, Madam Speaker, that this is a bail-out.

[*Translation*]

The Acting Speaker (Mrs. Champagne): Perhaps I may remind the Hon. Member for Ottawa—Vanier (Mr. Gauthier) that he will have twelve minutes later on to continue his speech.

It being one o'clock, I do now leave the chair till two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

ABORIGINAL RIGHTS

LAND CLAIM SETTLEMENT POLICY

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, important decisions are about to be announced by the Government on a new native claims policy. At last week's First Ministers' Conference in Vancouver, the government Leaders of both Yukon and the Northwest Territories tied the political and economic future of the North and its people to an acceptable new claims policy. They said that the new policy must recognize the right of aboriginal people to share in the resources of their traditional lands and to participate in the management and development of those resources.

On Monday Canadian churches sent a similar message to the Prime Minister (Mr. Mulroney), urging him to adopt a policy which recognizes aboriginal rights, including the right of self-government.

I expect these elements, which all fair-minded Canadians believe essential, must be incorporated into the new claims policy. I call upon the Government to announce the policy without any further delay.

* * *

MEMBERS OF PARLIAMENT

ALLEGED BREACH OF PHOTOCOPYING PRIVILEGES BY LIBERAL MEMBERS

Mr. Ted Schellenberg (Nanaimo—Alberni): Mr. Speaker, recently the media reported that several Liberal Members of Parliament who oppose a leadership review this weekend have used their House of Commons photocopying privileges to duplicate press clippings favourable to their present Leader.

One newspaper reported that a set of clippings containing 28 pages was mailed to 2,000 delegates. That is 56,000 photocopies for which Canadian taxpayers paid.

I suggest we review the "Unacceptable Requests" list from the House of Commons Printing Branch to see if this is acceptable.

Section 1 mentions that "solicitations of party membership" are a no-no, as are "requests for monetary contributions". Section 6 indicates that "party leadership election campaign material" is unacceptable according to the Printing Operation Branch.

I suggest that when the Hon. Member for Shefford (Mr. Lapierre) tells the media "if you want to have anything printed—you're more than welcome as a Member of Parliament, aren't you", the answer is no; 56,000 times no.

PHARMACEUTICAL INDUSTRY

OPPOSITION TO AMENDING PATENT LEGISLATION

Mr. Neil Young (Beaches): Mr. Speaker, I want to share with the House some additional letters we have received from Canadians about the Government's proposal to amend the Patent Act in so far as pharmaceutical drugs are concerned. One writer writes:

Dear Mr. Broadbent:

I am very much opposed to any legislation put forward that would increase prices of drugs.

I have no medical plan for drugs and could not afford to buy them for my high blood pressure and arthritis, if they go any higher. I am not old enough to receive old age pension and there are many Canadians like me.

Another person writes to the Minister of National Health and Welfare (Mr. Epp) as follows:

I am 61 years old and have been retired for three years.

My wife and I live on a fixed pension which is not indexed as yours would be.

I enclose a photocopy of my most recent bill for Amiodorone. I am sure that you can readily verify my statement by contacting Toronto General Hospital . . . I can only wait very apprehensively to see what will happen to the prices of the rest of my medication.

Will you please send a copy of this letter to Mr. Andre so that he can be aware of how one former Conservative feels—

P.S. And a very Merry Christmas to you too!

* * *

INDUSTRY

SITUATION OF SUGAR-CANE REFINERIES

Mr. Bob Corbett (Fundy—Royal): Mr. Speaker, concern has been expressed by sugar-cane refiners and those who use refined sugar in their products about the inquiry by the Canadian Tariff Board into the operations of Canadian sweeteners industries.

This sector is understandably afraid that measures will be installed to make raw sugar less competitive than it is now. Should this favourable situation be seriously disrupted, the consequences would be very serious indeed.

In Saint John, New Brunswick, there are 400 men and women employed at the Atlantic Sugar Refinery whose livelihoods depend upon the competitive price of raw sugar. There are many thousands more people throughout the city and the region whose livelihoods indirectly depend upon the vitality of the refinery. The refinery plays a significant role in the economy of the region. It brings business to the port and injects millions of dollars worth of business into various goods and services.

I would strongly urge that no action be undertaken which would disrupt the vitality and viability of sugar-cane refineries and force the loss of jobs in an area already suffering from high unemployment and a weak economic performance.

S.O. 21

• (1405)

PHARMACEUTICAL INDUSTRY

OPPOSITION TO AMENDING PATENT LEGISLATION

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, on the occasion of the thirty-fourth birthday of my colleague, the Hon. Member for Hamilton East (Ms. Copps)—

Some Hon. Members: Hear, hear!

Mr. Dingwall: —I rise today to express my outrage at the attempt by the Government to raise the cost of prescription drugs for Canadians. Canadians are appalled that a Government elected on its commitment to protect sacred trusts would take such action that will undermine the health and well-being of Canadians.

The Conservative Government has decided that appeasing foreign multinationals is more important than providing affordable prescription drugs for all Canadians. Canadians are well aware that the people who will be hurt the most by this legislation will be those least able to bear the burden of increased drug costs, namely, the elderly and those on fixed incomes. It is predictable and fitting for the Tories to ignore the interests of those Canadians, but as we all have come to know, Mr. Speaker, the interests of those with special influence and money will always get more attention from a Tory Government.

I call on the Government to withdraw this reprehensible piece of legislation immediately and allow the sick and the elderly to have affordable prescription drugs. If the Government believes so much in its case, why does it not call an election and call it now?

* * *

THE ECONOMY

INCREASED PRODUCTION LEVELS—CREATION OF FAVOURABLE INVESTMENT CLIMATE

Mr. Don Ravis (Saskatoon East): Mr. Speaker, Japan's most powerful business group has highly commended Canada as being one of the most promising markets for Japanese foreign investment.

Today I rise in praise of Canada's economic stability which has provided an incentive for countries such as Japan to invest with us. Canada has significantly improved production levels which are of the best among OECD industrial countries. Clearly the investment climate is favourable in Canada. Our energy costs are low and the labour force is well educated. Japan recognizes a strong relationship among academics, industry, and the Government in basic research and development, and the cost of production has become more competitive.

The business group found the risk of investing in Canada to be among the lowest anywhere.

I congratulate individual Canadians and small-businessmen and women who have contributed to this surge in productivity and have helped stimulate growth in the economy.

* * *

INDUSTRY

LAY-OFFS IN NORTHERN ONTARIO INDUSTRIES

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, there is a need for immediate action by the federal Government to halt the rapidly declining economy of northern Ontario. Week by week we hear of lay-offs, closings, and shutdowns of different forestry and mining operations which are the backbone of our northern economy, culminating yesterday in the announcement of the closure of northern Ontario's largest sawmill.

We all know that the Government is aware of the economic situation within the region for it has talked of what it calls a recovery package for northern Ontario. However, actions speak louder than policy papers, statements, and the establishment of even more committees. Time is of the essence and the people of northern Ontario are anxiously awaiting leadership on the lumber front, announcements that will result in actions leading to job creation and the end to recurring reports of the laying off of workers in Ear Falls, Sudbury, Terrace Bay, Nairn Centre, Wawa, Thunder Bay—and the list goes on and on.

Northern Ontario does not want patronage, palliatives, or a penitentiary, such as the one planned for the Prime Minister's (Mr. Mulroney) riding with the Solicitor General's (Mr. Kelleher) acquiescence. What our communities need are jobs.

* * *

SCIENCE AND TECHNOLOGY

CRITICISM OF GOVERNMENT ACTIONS

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Mr. Speaker, it is about four weeks ago today since we first learned that the Government and National Research Council senior officials were secretly arranging to close down the world-class Algonquin Radio Observatory in Algonquin Park. The Government is always bragging about promoting research and development, and yet it is destroying more science and technology and research and development in Canada than it ever thought of implementing.

During the election campaign the Prime Minister (Mr. Mulroney) and every Tory candidate talked about the wondrous things that were going to happen in the science community and every area of the Canadian economy. Today Canadians are wondering how they are ever going to tolerate or withstand another two and a half years of this Government. Everything the Government puts its hands on, from science and technology to the softwood lumber industry, seems to disintegrate before our very eyes.

The phasing out of the observatory in Algonquin Park and the severe cuts in science and technology are a disgrace on the part of the Government, and the departure of highly trained Canadians to other countries to find new challenges is a brain drain on Canada from which it will take many years to recover. It will be three weeks tomorrow since the announcement by British Telecommunications to close down the four year-old Mitel plant in the town of Renfrew—

Mr. Speaker: I regret the Hon. Member's time has expired.

* * *

HUMAN RIGHTS

U.S.S.R.—REPRESSION OF RELIGIOUS FREEDOM

Mr. Andrew Witer (Parkdale—High Park): Mr. Speaker, for a Canadian it is impossible to imagine being the object of harassment or imprisonment for religious beliefs. It is a scenario we cannot comprehend because religious freedom is considered a basic human right to which we are entitled as Canadian residents. For Pavlo Hryhorovych Protsenko, a Ukrainian religious dissident, such freedom must seem luxury indeed. On June 4 of this year he was arrested while visiting the home of a nun. His family has been subjected to threats of arrest for attempting to defend his position. Prior to his arrest, Protsenko was detained at a Moscow station and searched, ostensibly, for drugs. All that was found was a Bible, a prayer book, a cross, and a religious manuscript describing the life of orthodox believers in the U.S.S.R. Dangerous items indeed.

• (1410)

It is inconceivable that we who enjoy such freedoms should stand silently by while such acts of repression are perpetrated against those who dare to stand up for their religious beliefs. I urge the Government to make Soviet officials forcefully aware of our opposition to their continued repression of religious freedom.

* * *

[*Translation*]

NEW DEMOCRATIC PARTY

PARTISAN ADVERTISING

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, I should like to draw the attention of the House to the fact that, this fall, Quebecers received correspondence from the office of the leader of the socialist Party.

This overtly political message relates to old age security pensions and the Canadian tax system, it is printed on House of Commons stationery, and it was delivered by Canada Post at taxpayers' expense.

Can the socialist leader explain why his Party did not pay for distributing their partisan literature?

Should the majority of Canadians, who are not socialists, be expected to foot the bill for this socialist message?

The socialist leader often talks about fairness, justice and integrity, but he ought to be the first one to show respect for Canadian taxpayers by paying for his own publicity without reaching into the pockets of others.

* * *

[*English*]

STATUS OF WOMEN

PROPORTION OF WOMEN IN JOB TRAINING PROGRAMS

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, last week the Canadian Congress for Learning Opportunities for Women released a very important study on the status of women in education, training, and development. The study says the proportion of women in federal job training programs dropped 10 per cent between 1977 and 1985. Those were Liberal years. Since the National Training Act came into effect in 1979, women's participation has dropped every year.

The federal Government dumped the NTA and replaced it with programs under the Canadian Jobs Strategy. CJS emphasizes private-sector training. The Congress believes that emphasis will worsen the trend of participation by women because employers are more likely to train men than women. As executive director Aisla Thompson observed: "CJS puts the training money into employers' hands . . . you can reach your own conclusion". This important study says that setting targets for groups such as women is not good enough. The Congress calls for controls which will monitor the amount and type of training women receive.

* * *

PHARMACEUTICAL INDUSTRY

SUPPORT FOR AMENDING PATENT LEGISLATION

Mr. William G. Lesick (Edmonton East): Mr. Speaker, drug prices will not go up as a result of Bill C-22. Yesterday four prominent Canadian medical researchers strongly endorsed our Government's plan to provide patent protection to producers of newly-discovered drugs. They, as well as other academics, including Dr. John Bachinsky, Dean of Pharmacy at the University of Alberta, agree that these changes are long overdue.

Dr. Jacques Gagné, Dean of Pharmacy at the University of Montreal, used the example of a powerful new heart drug called milrinone. That drug is unavailable here as the manufacturer does not want to leave it open to copy-catting by generic drug producers. As you can see, Canadians are missing out on the latest drug discoveries. Why should we be forced to do without the best in medical technology? Why should we allow a brain drain to the U.S.? As a pharmacist and concerned Canadian, I, too, add my voice to the strong support given these changes and urge all Canadians to endorse the fairness of full patent protection for the benefit of all Canadians.

* * *

• (1415)

[*Translation*]

RAILWAYS

CN SHOPS IN MONCTON—GOVERNMENT POSITION

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, the other day in New Brunswick, people heard the Minister of National Revenue (Mr. MacKay) say on the radio that CN should buy rails from SYSCO and create jobs for workers in Cape Breton.

I certainly agree with the Minister that CN should try and create jobs for Canadians. Only yesterday, CN announced it will be laying off 87 workers in Moncton, adding up to a total of 403 since 1985.

Why do we never hear federal Ministers from New Brunswick support local workers? We never hear them say that CN should maintain its shops in Moncton.

Why shouldn't these Ministers do like their colleague, the Minister of National Revenue? Why the silence about the CN shops?

If the problem is ever settled, the Ministers will never be able to say they did what they could, because they did nothing. If I didn't know better, I would think that as far as the CN shops are concerned, New Brunswick has no representation at all in Cabinet.

* * *

[*English*]

THE ECONOMY

JAPANESE REPORT ON FAVOURABLE INVESTMENT CLIMATE IN CANADA

Mr. John Oostrom (Willowdale): Mr. Speaker, Canadian Press reported yesterday that Japan's most powerful business group has issued a glowing report on the investment climate in Canada. In 1976 this same group, in assessing the investment

climate, said that Canada was a country plagued with labour problems and political strife, and with a population of over-paid and under-productive workers.

This is clear evidence that the Government and its policies are making us an economic power once again. The report praised our free trade initiative with the United States and it praised Investment Canada, an agency we created for encouraging foreign investment. Further, the business group found that labour problems have died down. Our productivity levels are among the best of the Twenty-four Countries for Economic Co-operation and Development.

The Prime Minister (Mr. Mulroney) and the Minister of Finance (Mr. Wilson) deserve our congratulations for initiating this major economic reversal which will give all Canadians a secure financial future.

ORAL QUESTION PERIOD

[*English*]

TRADE

UNITED STATES DUTY ON CANADIAN SOFTWOOD LUMBER—POSSIBLE IMPOSITION OF CANADIAN EXPORT TAX

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, in the absence of the Minister of Finance I will direct my questions to the Secretary of State for External Affairs. Yesterday when we attempted to obtain answers about what the Government was proposing in the United States on the softwood lumber issue we received nothing but a stonewall. Fortunately that fountain of information, the Premier of British Columbia, revealed last night that the Canadian package will include stumpage fee increases and an export tax.

I would like to ask the Minister specifically about the imposition of the export tax. According to Article 1 of GATT an export tax must be applied to all contracting parties. What will the impact be of Canada honouring that obligation to apply an export tax to all countries to which we export lumber products? What will the cost be to the industry and its competitiveness? What will be the cost in terms of lost markets?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, as I have indicated before, while there are still negotiations under way it is, at best, premature to get into a discussion of the specific nature of any border measure which might be applied by the Government of Canada.

U.S. INDUSTRY'S ACCESS TO INFORMATION ON CANADIAN POSITION

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, why is it proper for the U.S. lumber industry to have full access to information on what the Canadian Government is proposing when the Canadian lumber industry does not have that information? Why are we discriminating against our own lumber industry? It will not be able to make any response to the directions or decisions which the Government has taken. Why are we supplying information only to the U.S. lumber industry?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, it is the U.S. lumber industry which brought the countervail action. It is the U.S. lumber industry which we must persuade to stop the countervail action. I think all Canadians would be encouraged by the statement of the Chairman of the Coalition for Fair Lumber Imports in the United States, Mr. Stanley Dennison, who said yesterday after his conversation with Mr. Baldrige:

> The Coalition is approaching this proposal in the spirit of seeking a mutual resolution to a difficult problem. We do have a number of questions about the proposal. Our next step is to consult with the membership of our Coalition and we plan to give our government—

—that is the United States Government—

> —a response during the coming week.

POSSIBLE TAX LEVEL

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, as indicated by the Minister's own response, is it not only fair that our own lumber industry be given the same right to make a response? Have we made it very clear in that proposal to the U.S. lumber people that there would be no consideration whatsoever of increasing, beyond the 15 per cent already established, the concessionary package which Canada is offering? Can we get that assurance from the Minister today?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, as the Hon. Member knows, there were extensive consultations between the Government of Canada and the industry, the provinces, and the labour unions involved, prior to the discussion with American authorities of the approach now under consideration. I really do think it is premature to discuss the contents or consequences of that approach until there has been a response by the U.S. lumber industry. They are the people who have to make the decision either to continue with or to withdraw the countervail.

• (1420)

COURSE CHOSEN BY GOVERNMENT

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. Would the Minister explain carefully to the House and to the country why the Government chose an out-of-court settlement with the Americans on the softwood lumber issue when the entire lumber industry in Canada from coast to coast has urged the Government to stand firm and fight that countervail? In replying, I would ask the Minister if he would please not use that spurious argument that he is stopping the haemorrhaging of funds into the United States because he knows those moneys would be returned to Canada once the countervail action had been won.

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I am very much aware, as is the Hon. Member because he approaches his responsibilities in this House seriously, that the process which is begun with a countervail action in the United States can be a very, very long process. It can lead to appeals of various kinds. It can consume not just months but years. While it is true that if at the end of that process we do prevail, as we believe we would, there would be the piling up of Canadian payments to Americans in the neighbourhood of $600 million a year, year after year after year. That is money taken out of circulation in Canada. It might be returned if we win; it would not be returned if we did not.

Mr. Axworthy: It would be returned.

Mr. Clark (Yellowhead): It would at least take a long time. What the Hon. Member should be particularly concerned about, coming as he does from northern Ontario, is that it would perpetuate a climate of uncertainty which is not good for the industry and particularly not good for the people who work in that industry.

Mr. Penner: Mr. Speaker, under a Liberal Government this country fought and won a countervail action.

Some Hon. Members: Hear, hear!

COUNCIL OF FOREST INDUSTRIES

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, in considering the imposition of an export tax on lumber, how does the Minister respond to the Council of Forest Industries who have said that such a tax would be outrageous, unaffordable, that it would lead to the closure of more sawmills and the loss of thousands of more jobs?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, a Liberal Government left in place a trading system which has resulted in this countervail.

Some Hon. Members: Oh, oh!

Mr. Clark (Yellowhead): A Progressive Conservative Government is seeking to negotiate a better trade arrangement with the United States—

Mr. Guilbault (Saint-Jacques): That is pie in the sky.

Mr. Clark (Yellowhead): —so we will not be faced with this kind of situation in the future. With regard to what I take to be the substance of the concern quoted by the Hon. Member, we are confident that any border measures we take will not result in any actions under the GATT.

STATEMENT MADE BY CANADIAN MINISTER

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is also directed to the Secretary of State for External Affairs. He will be well aware that at the end of last week the Minister for International Trade said: "We have a firm commitment from the United States administration that they will seek to have the industry withdraw the petition". The Minister will also know that last night it was reported that the United States lumber industry was not at all satisfied with this last final, final, final offer and it has indicated that the United States administration is behind it all the way. Can the Minister explain why the Minister for International Trade said that the support of the American administration was behind this offer?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I have two responses. First, she said it because it is the case. Second, the Hon. House Leader of the New Democratic Party may find it more useful to rely upon the actual words of the chairman of the Coalition for Fair Lumber Imports in the United States which I have read into the record than relying upon news reports of the attitude of that organization. They are capable of speaking for themselves. They have.

STATEMENT ATTRIBUTED TO UNITED STATES SECRETARY OF COMMERCE

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, perhaps the United States Commerce Secretary, Malcolm Baldrige, is also able to speak for himself when he indicated that he never intended to convey the impression that a 15 per cent lumber price increase by Canada would do anything more than give the two sides something to talk about. He feels his credibility is being undermined by the Minister for International Trade of Canada. Will the Minister simply explain why Mr. Baldrige says that in no way did the administration of the United States give any indication that it was in support of this 15 per cent position?

• (1425)

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I wonder if the Hon. Member would help me out a little bit. He has just quoted an inaccurate CBC report about the position of the Coalition for Fair Lumber Imports. Will he tell me from what document he is quoting now and whether or not the declaration he just read is in quotes?

RESPONSE TO CANADIAN APPROACH

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, rather than refer to the article in *The Financial Post* by Mr. Solomon—

Mr. Clark (Yellowhead): In quotes?

Mr. Riis: —in quotes—I wish to ask the Secretary of State for External Affairs this question.

Some Hon. Members: Oh, oh!

Mr. Riis: After we did our homework and put an iron-clad position before the ITC we backed off. Then the Minister for International Trade put forward the last and final offer of 10

per cent, after doing our homework, and it failed. We now have another final offer of 15 per cent. Why is it that after we do all of this homework, time after time we come up getting an "F" on our report card?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, Mr. Solomon is not Mr. Baldrige.

What is at issue here is an approach that is being discussed. I have just read the statement of the Coalition for Fair Lumber Imports in the United States which brought the countervail action. It is seriously considering the approach. I think that all Canadians who are interested in bringing stability to the Canadian industry and in keeping money in Canada hope that that approach will succeed.

* * *

NUCLEAR ARMAMENTS

SALT II AGREEMENT—ALLEGED BREACH BY UNITED STATES

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, my question is also directed to the Secretary of State for External Affairs. The Government has been almost silent while the United States has jeopardized disarmament talks, pursued its star wars program, launched a new program for chemical weapons, refused to match the Soviet moratorium on nuclear testing, and today we learn that it intends to breach its obligations under SALT II by putting a B-52 in service armed with Cruise missiles. Canadians want to hear from the Government. They want a message sent to the Americans. Will the Secretary of State for External Affairs send a note of protest to the President of the United States advising him that Canada finds a breach of those obligations under SALT II totally unacceptable?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, we have made clear our views about the importance of respecting the SALT II limits from the very beginning of the rumours that there might be an intention on the part of the United States to breach those limits. Within the last week both myself personally to Secretary Shultz and the Prime Minister to President Reagan reaffirmed our position that it would be better for the world if the United States would respect the SALT II obligations. Canada is heard from on international affairs and arms controls questions. Canada is respected on those questions.

Mr. Blackburn (Brant): Then do something about it.

[*Translation*]

OBLIGATIONS STEMMING FROM SALT II TREATY—GOVERNMENT POSITION

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, I think the time has come for action. I would like to ask the Minister: Would the Government consider putting pressure on the United States to respect its obligations under the Salt II Treaty and stop the Cruise missile tests?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, in Canada we have an obligation, a commitment signed by the previous Government of which the Hon. Member was a Minister, a commitment to NATO on the Cruise missile. We intend to respect our obligations.

* * *

[*English*]

TRADE

UNITED STATES DUTY ON CANADIAN SOFTWOOD LUMBER—POSSIBLE RETURN OF REVENUE

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, my question is for the Secretary of State for External Affairs who, frankly, is trying to squirm out of this issue of return of duties. He said that these duties might be returned. I wish to ask point-blank the following of the Minister. Is it not absolutely clear-cut that if we win our case, as every Minister has predicted we would, that we would get every penny back from the United States?

• (1430)

Right Hon. Joe Clark (Secretary of State for External Affairs): Yes, Mr. Speaker.

Mr. Langdon: I thank the Minister for the most frank answer we have heard this week.

EFFECT OF POSSIBLE EXPORT TAX ON JOBS

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, would the Minister admit the findings of the Informetrica study on the question of countervail on softwood lumber which shows that a 15 per cent export tax will cost Canadians exactly as many jobs as a 15 per cent duty from the United States, and that in fact it will throw at least 14,000 workers out of work?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I am rarely sure just what it is the Hon. Member is asking me. I am afraid I am no surer about that question than I am about several he has put to me.

I think the Hon. Member is asking me to comment on a study made with regard to a measure that has not yet been put in place. I cannot do that.

CANADA POST CORPORATION

LOCATIONS OF SUPERMAILBOXES—EFFECT ON PROPERTY VALUES

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, my question is directed to the Minister who is answering for the post office, if there is one. On November 24 Fred Masaro went before the North Vancouver District Council to complain that Canada Post, without warning or apparent concern for individuals, installed a supermailbox in front of his house. Is the Minister aware that the placing of supermailboxes in front of a house depreciates the value of that property? A recent study in Ontario showed that this depreciation amounted to $7,000 on a $100,000 house, and in Calgary $14,000 on a $200,000 house? Is that fair?

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, I am not aware of the matter the Hon. Member has raised. Certainly I will look into the matter today.

[*Translation*]

REQUEST THAT INCONVENIENCED HOME OWNERS BE COMPENSATED

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, given that the Government has created a superfiasco when it introduced the supermailboxes, will it compensate Canadians whose real estate property value has declined since these supermailboxes were installed in front of their homes?

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism): Mr. Speaker, one thing Canadians have made quite clear is that they now would much rather have these supermailboxes than the old rusted green boxes of the Liberal Party. Mr. Speaker, a Decima poll taken last summer indicates that 93.4 per cent of Canadians serviced through these supermailboxes are satisfied with them.

* * *

[*English*]

PHARMACEUTICAL INDUSTRY

AMENDING PATENT LAW—POSITION OF ROYAL CANADIAN LEGION

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. What has been his response to a letter that says in part:

> On behalf of our organization, which has a membership in excess of 590,000, I wish to express disapproval to the Government's proposed course of action which may force Canadian taxpayers to pay more than they now do to subsidize the pharmaceutical industry.

What has been the Minister's answer to the Royal Canadian Legion?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, my answer has been to encourage that organization and every other organization to have members of the NDP let us take this Bill to committee so that we may explore all aspects of it, and so the Legion and everyone else can see that this is a good Bill for Canada. It will generate thousands of jobs, it will improve health services to Canadians, it is fair to consumers, and it is a package they ought to support.

Mr. McCurdy: I hope that the Minister of Veterans Affairs listened to that answer which was no answer at all.

REQUEST THAT MINISTER RECONSIDER LEGISLATION

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, let me pose another question. Don't you think, in view of the fact that the—

Mr. Speaker: Order. I know the Hon. Member will pose the question through the Chair.

Mr. McCurdy: Does the Minister not think—

Some Hon. Members: No.

Mr. McCurdy: —that in view of the objections of the Government of Ontario and the Ontario Hospital Association, and in view of the help he received from scientists yesterday which left him so helpless, he ought to reconsider this Bill, go back to square one, give us a Bill in the interests of the Canadian people, and cut the strings to the United States?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, if the Hon. Member is so confident in his opinion, why then is he not encouraging his colleagues to help us get this Bill into committee so we may explore all those questions? He knows that this is a good Bill. It is a necessary Bill if Canada is to participate in these important areas of health research. It is for the benefit of Canadians so that we may develop drugs and cures which it will serve the health needs of Canadians as well as the economic welfare of young Canadians who are now doing research and earning degrees in this area. They will be able to have jobs in Canada. I do not know why members of the New Democratic Party are opposed to having those people work in Canada.

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EXTERNAL AFFAIRS

DELETION OF BIRTHPLACE FROM PASSPORT DATA

Mr. John Oostrom (Willowdale): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. A short time ago groups in Canada raised with the Government the concern that having the places of birth of passport holders printed on their passports could, in certain cases, make them the targets of terrorist attacks. The Government undertook to

review the policy at that time. When will the Government announce the results of that review?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, let me thank the Hon. Member for the very real interest he has taken in this issue. He has helped bring to my attention deficiencies in a former policy. We have changed that policy and I am pleased to announce today that it will now be possible for Canadians to obtain Canadian passports without having places of birth shown.

Some Hon. Members: Hear, hear!

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REGIONAL DEVELOPMENT

ATLANTIC CANADA OPPORTUNITIES AGENCY

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my question is directed to the Deputy Prime Minister. Much has been said about the Atlantic Canada Opportunities Agency. In fact the Premier of Nova Scotia has said of this agency: "You can set up an agency—but unless you fund it properly, then it wouldn't work".

How much money has the Government budgeted for this particular agency? What is the time frame for the agency? Will the Deputy Prime Minister inform the House whether or not a specific request has been made of the First Ministers of the Atlantic provinces to make matching contributions to this agency?

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, as the Hon. Member knows, the Government has appointed a person to effect consultations with the Atlantic Premiers and with groups in Atlantic Canada on the agency in question. We will have to wait for the report of this gentleman before we will be able to answer the specific questions raised by the Hon. Member.

PROVISION OF FUNDING

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my supplementary question is directed to the Deputy Prime Minister. I admit that consultations are important but what is more important is action. I find the vacillation on the part of the Government of Canada with regard to this funding issue to be remarkable. Would the Deputy Prime Minister inform the House and the people of Atlantic Canada how much money will be bugeted for this agency, or is this yet more political rhetoric on the part of the Prime Minister who has no real concern for the people of Atlantic Canada?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Government has initiated a number of programs which would help alleviate the problems in Atlantic Canada including the Atlantic Enterprise Program, the Cape Breton investment tax credit, the topping-up assistance program, and the Enterprise Cape Breton Program. All of these programs have been geared to help specific areas and indeed the entire Atlantic region. If the Hon. Member has a little patience, I am sure he will find that the program that was announced in the Speech from the Throne will be promulgated in a proper fashion with Atlantic Canadians having input in the process so that it will serve not only the Atlantic provinces but indeed will allow Atlantic Canada to take its rightful place in the Canadian Confederation.

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[*Translation*]

NATIONAL DEFENCE

PROPOSED TEST RANGE IN LAC-SAINT-JEAN REGION—GOVERNMENT POSITION

Mr. Svend J. Robinson (Burnaby): My question is for the Associate Minister of National Defence and relates to the proposed F-18 fighter firing range in the Saguenay—Lac-Saint-Jean region. Considering that for three and a half years now local residents have been voicing strong opposition to this military project, can the Minister assure the House that, if Quebec Government officials were to withhold approval for this project, the federal Government would accept their decision and refrain from expropriating these Crown lands?

• (1440)

[*English*]

Hon. Paul Dick (Associate Minister of National Defence): Mr. Speaker, the fact of the matter is that negotiations have now been going on for about eight or ten months. There were very slow replies made to the inquiries by the federal Department in the winter and spring. But the two Governments have been sitting down and discussing these matters. It is not only that range, the Péribonca Range, but there are two other ranges, one in Ungava and one near Labrador City. So there are three ranges involved in the Province of Quebec. We are continuing with those discussions.

[*Translation*]

REQUEST THAT DEPARTMENT'S RESPONSE BE MADE PUBLIC

Mr. Svend J. Robinson (Burnaby): A supplementary, Mr. Speaker. Of course the Minister did not answer my question, but local residents did send me metallic confettis which were dropped from military aircraft flying over their farms and which even killed their ducks. I have some here, Mr. Speaker. Will the Minister make public his Department's answer to the questions asked by the Quebec interdepartmental committee, apparently as unacceptable and unsatisfactory as it is? When will he make the answer public?

[*English*]

Hon. Paul Dick (Associate Minister of National Defence): Mr. Speaker, it seems that the unacceptable and unsatisfactory thing is the Member breaking the rules of Parliament once again, as he always does when he tries to make a point around here.

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ENVIRONMENTAL AFFAIRS

INTRODUCTION OF LEGISLATION ANNOUNCED IN SPEECH FROM THE THRONE

Mr. Alan Redway (York East): Mr. Speaker, my question is for the Minister of the Environment. Two months ago in the Speech from the Throne we were promised a new environmental protection Act, we were promised measures to improve water quality, we were promised measures to safeguard citizens from the hazards of chemicals, and we were promised that there would be established a work-place hazardous material information system. That was two months ago. Would the Minister advise the House and Canadians when we can expect to see at least the first of these pieces of legislation introduced in the House?

Hon. Tom McMillan (Minister of the Environment): Mr. Speaker, the Environmental Protection Act has been approved by all relevant committees of Cabinet, and by Cabinet itself. It is now being drafted by the Department of Justice. Most of the drafting is completed. I expect to have the complete drafted Bill in my hands within the next three weeks. We will then make it public as an instrument for consultation throughout the winter for entry into Parliament early in the new year.

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OFFICIAL LANGUAGES

CANADIAN SECURITY INTELLIGENCE SERVICE—VIOLATIONS OF ACT

Mr. John Nunziata (York South—Weston): Mr. Speaker, my question is for the Deputy Prime Minister. The Canadian Security Intelligence Service is breaking the law. The Government knows it, and it is doing absolutely nothing about it. For over two years the spy agency has been systematically violating the Official Languages Act. The Government's inaction reflects its lack of commitment to bilingualism. Will the Deputy Prime Minister admit today that the spy agency is in fact breaking the law? Will the Minister take immediate action to ensure that the Canadian Security Intelligence Service complies in each and every respect with the Official Languages Act?

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, I would like to assure the Hon. Member that we are aware of some difficulties down in the Province of Quebec with respect to the use of the French language vis-à-vis CSIS. But having been made aware of it, I can tell you that this Government acts. We requested several months ago that the Security Intelligence Review Committee look into the problem. It is conducting a full study on it. I expect to have a report in my hands by the end of the year.

Mr. Nunziata: Mr. Speaker, the problem isn't down in Quebec, it is right here in Ottawa with that Minister. The law is being broken. The Government knows it, and it is doing absolutely nothing about it. You cannot be half pregnant. You have to comply with the law.

REQUEST THAT SERVICE BE ORDERED TO COMPLY WITH ACT

Mr. John Nunziata (York South—Weston): I would like to repeat the question to the Government. This time I hope that the Deputy Prime Minister answers, because we are getting nothing from the Solicitor General.

Mr. Clark (Yellowhead): Distance yourself from Bay Street.

An Hon. Member: Watch your back, Joe.

Mr. Nunziata: Will the Government take immediate action? If the Government is truly concerned and truly committed to bilingualism in Canada, will it act to order the Canadian Security Intelligence Services to comply, starting today, with every section of the Official Languages Act?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the hon. gentleman has repeated the question. The Hon. Solicitor General has provided a full and comprehensive answer. Surely that should be good enough. The Solicitor General will certainly undertake to report back to the House immediately upon the investigation being concluded.

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[*Translation*]

AIR TRANSPORT

MONTREAL REGION—CONSULTATIVE COMMITTEE'S REPORT—GOVERNMENT POSITION

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have a question for the Minister of Transport concerning the advisory committee report to the Cabinet committee on the development of the Montreal region.

The advisory committee concluded that Toronto would stand to benefit, and that services would decline in Montreal. It is indeed a two-airport system, and committee members have recommended that all air transport activities be concentrated at only one airport, Dorval in this case.

Is the Government prepared to accept this recommendation and shift all activities to Dorval, or will it maintain the two-

airport system in Montreal regardless of the negative impact on air transportation in that region?

Hon. André Bissonnette (Minister of State (Transport)): Mr. Speaker, I answered this question earlier this week but, for the benefit of Hon. Members, I will repeat it again and say that the Montreal advisory committee report is very important for the development of Montreal and the region. As Mr. Picard pointed out, the chapter on airports was the result of an analysis made by another group on airports headed by Mr. Sauriol which proved to be rather incomplete.

The Government and I, in this case . . . I am considering every aspects of this report and will make an announcement very soon.

AIR SERVICES AT MIRABEL—GOVERNMENT POSITION

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I wish to direct a supplementary question to the Minister.

Is the Government prepared to maintain the white elephant created by the Liberals if it should decide to keep Mirabel operational, for now is the time to upgrade air transportation in the Montreal region, in Dorval to be precise?

Hon. André Bissonnette (Minister of State (Transport)): Mr. Speaker, I do believe the Hon. Member ought to seek relevant information about the Mirabel-Dorval issue before before making unfounded statements in the House.

Any time he wishes I am prepared to give him a thorough briefing along with full background information just so he might be in a better position to appreciate our problems at Mirabel and Dorval.

Hopefully I will have the full support of the Hon. Member when I announce our decision.

* * *

[*English*]

CANADIAN NATIONAL RAILWAYS

LAY-OFFS AT MONCTON SHOPS—GOVERNMENT COMMITMENT

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, my question is for the Minister of Transport. Yesterday CN announced a further lay-off of 87 workers in Moncton. This brings the total lay-offs in Moncton to 400 since 1985. More lay-offs are planned before Christmas. How many more lay-offs will there be in Moncton before the Minister of Transport honours his Government's commitment that there would be no massive lay-offs, or have he and his Government forgotten the meaning of the word "honour"?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I think that the hon. gentleman is fully aware of the fact that the Canadian National, with the encouragement of the Government, has done everything possible to ensure that further employment would be offered in Moncton to certain employees who had to be laid off in Moncton because of changes in the rail transportation services in this country about which neither CN nor we can do anything. It is a pity that the hon. gentleman has not attempted to persuade the small minority, in the two unions which refuse to accept the proposals that were put forward. He should be using all his efforts to persuade them to withdraw their objection, so that these people can be employed, and so that Moncton's economy can be strengthened as we have arranged, if only they would co-operate.

[*Translation*]

REQUEST THAT MINISTER MEET UNION LEADERS ON ISSUE OF CN SHOPS IN MONCTON

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, I am doing everything I can to try and persuade the Minister to take some kind of action because, up to now, he has done nothing at all and it is about time he moved on this issue.

Is the Minister prepared to meet with the union leaders to discuss the problem of sub-contracting and any option that might save jobs at the CN jobs in Moncton?

• (1450)

[*English*]

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, the hon. gentleman conveniently forgets that during the period from 1980 to 1984 while his Party was in power, 8,000 jobs disappeared from the Canadian National Railways system, with the hon. gentleman not opening his mouth once about them.

Some Hon. Members: Oh, oh!

Mr. Robichaud: What about now?

Mr. Crosbie: In respect of what action we have taken, we have set up a fund with CN of $4 million to help economic and industrial development in Moncton. I have met with Premier Hatfield. I met with him again yesterday and with the Hon. Member from Moncton who is trying to be constructive and do something, while the hon. gentleman is doing nothing but being destructive and negative in his approach to the problem.

FINANCE

HUDSON'S BAY COMPANY'S FUR AUCTION—BIDDING IN U.S. CURRENCY

Mr. Rod Murphy (Churchill): Mr. Speaker, my question is directed to the Minister of State for Finance. The Hudson's Bay Company will be holding a major fur auction in Toronto in which it is insisting, for the first time ever, that all bids be made in American dollars. Would the Minister explain to Canadian fur merchants why they cannot buy Canadian goods on Canadian soil with Canadian dollars?

Hon. Tom Hockin (Minister of State (Finance)): That is a good question, Mr. Speaker. I will try to get the answer for the Hon. Member.

* * *

[*Translation*]

CANADIAN NATIONAL RAILWAYS

LAY-OFFS IN SAINT-LAURENT REGION—POSSIBILITY OF MORATORIUM—GOVERNMENT POSITION

Mr. Guy St. Julien (Abitibi): Mr. Speaker, my question is directed to the Minister of State for Transport. For several months, the CN in the Saint-Laurent area has been preparing a single track strategy for Abitibi—Témiscamingue: the exit track. Following all the memoranda made by the CN to prevent the use of its tracks, the Senneterre Chamber of Commerce, our CN workers and their families, our mayors and businessmen are worried about some of the lay-offs orchestrated by the CN.

Mr. Speaker, my question is as follows. Would it be possible to get an immediate moratorium on these lay-offs, before an independent company, in co-operation with the Government of Quebec and the Government of Canada, starts and completes a study on the railway network in Abitibi—Témiscamingue?

Hon. André Bissonnette (Minister of State (Transport)): Mr. Speaker, the Hon. Member's question is most relevant, and I want to congratulate him on his concern for the people of his riding. Mr. Speaker, CN has to rationalize if it is to continue to exist, for the greater benefit of Canadians and of these tens of thousands of workers.

Mr. Malépart: Who wrote the speech?

Mr. Bissonnette: I thank the Hon. Member. Not long ago, I had a meeting with CN representatives, even this morning, as a matter of fact, and employees affected by cutbacks in the region will be reassigned to other jobs. They will be retrained and transferred, if they are willing.

Mr. Speaker, I hope that these measures will be of assistance to the people of Abitibi.

[*English*]

FOOD

IRRADIATION WITH COBALT-60

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, my question is for the Minister of National Health and Welfare. The public is increasingly nervous about the idea of irradiating food with cobalt-60. Apparently it is now the practice south of the border with certain food items. Could the Minister inform the House whether he intends to approve the practice and, if so, what time frame he has in mind?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, the process of irradiating certain foods, such as in the treatment of potatoes, onions, wheat, and flour, has been used in the United States for some period of time. It is being used in Canada as well. In 1983 the former Government put forward an information letter proposing further regulations for the expansion of the process developed in Canada by, for example, AECL, a Crown corporation. I have recommended that we put forward proposed new regulations regarding the process, possibly in February next year. There is then a period in which there can be public comment. That did not exist before when regulations were to be changed. It is the process we now have in mind. Every study by the United Nations, agriculture, and the World Health Organization, within their prescribed limits, indicates that it is a safe process.

SCIENTISTS' RESERVATIONS—SAFETY OF PRACTICE

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, there is a tremendous pressure to add additional food items such as poultry and certain fruits to the irradiation process. Certain scientists have expressed serious reservations about the health consequences of the practice, as already observed on mice. In view of these facts, will the Minister assure the House that he will not proceed with additional items until he is 100 per cent sure that the practice is safe and until the public at large is clearly informed about irradiated produce by way of labelling?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, the concern for safety is overriding, and that remains. I could only repeat the information which we have in Canada—both prior to the election and today—that it is a safe process within the limits which have been prescribed. All international studies have indicated that. What I have said additionally is that unlike previously regulations can be changed now. The Government has put in place a pre-notice period wherein the various representations to which the Hon. Member has referred can be made.

Oral Questions

AGRICULTURE

ASSISTANCE FOR GRAIN PRODUCERS—ROLE OF PROVINCES

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, my question is directed to the Minister of Agriculture to obtain some clarification on the billion dollar farm aid promise. On October 23 in the House the Minister suggested that he hoped the provinces would add supplementary funds to the federal program. How can he justify supplementary provincial payments in this case, yet vigorously oppose what he called provincial "top loading" in all other agricultural assistance schemes such as agricultural stabilization programs?

Hon. John Wise (Minister of Agriculture): Mr. Speaker, I think the Hon. Member is mixing apples and oranges in his question.

Mr. Althouse: It is the same principle.

Mr. Wise: No, it is not. The Hon. Member makes the same mistake as do many people on the fringe of agriculture by trying to generalize. I indicated to him that he was quite accurate in his reference to encouraging provincial assistance. Given the shortfall in the grain and oilseeds market today, it is obvious from our point of view that those farmers need all the help they can get from the federal Government and indeed from the provincial Governments. The Hon. Member knows enough about tri-party stabilization not to confuse it with this issue or to combine the two of them in the same question.

Mr. Althouse: I assume from that answer that, if the provinces commit funds, they will be committed on an equitable basis; they will all commit equal amounts of funds.

REQUEST THAT PROVINCES NOT BE PERMITTED TO GARNISHEE FUNDS

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, I have another question for the purpose of clarification. Since the Minister previously indicated that the billion dollars would not be used as a loan, could he further guarantee that the provinces will not be permitted to garnishee any of these funds in order to collect on provincial loans which may be due and payable by farmers by the time the federal help is put in the mail?

Hon. John Wise (Minister of Agriculture): Mr. Speaker, the importance of the agricultural industry from the point of view of the federal Government and the provincial Governments is a given. Obviously I cannot guarantee what provincial Governments will do, but I cannot imagine, given the tough conditions of the time, that any provincial Government would take such action.

ENVIRONMENTAL AFFAIRS

INVESTMENT IN TOXICOLOGICAL RESEARCH

Mr. Don Ravis (Saskatoon East): Mr. Speaker, my question is for the Minister of the Environment. I am sure he is well aware of my ongoing interest in toxicological research, particularly at the Western Canadian Toxicology Centre in Saskatoon. Could the Minister comment upon the recent press release of the Canadian Chemical Producers' Association regarding potential investment intentions in toxicological research in conjunction with the federal Government?

Hon. Tom McMillan (Minister of the Environment): Mr. Speaker, the Hon. Member knows that the federal Government and the provinces spend fairly massively on toxicology. The Hon. Member has been vigorous in putting forward the idea that the centre already existing in Saskatoon, should, in effect, become a regional centre of excellence. The same proposal has been put forward for Toronto and Guelph. In light of the idea from the Chemical Producers Association that the industry might link arms with government in funding such centres of excellence, I have instructed my officials to begin negotiations for that purpose.

* * *

• (1500)

[*Translation*]

ENERGY

DIFFERENCE IN GASOLINE PRICES BETWEEN CANADA AND UNITED STATES

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. The price of gas is rising in Canada, while it is dropping in the United States. Yesterday, the price of a litre of gas at a Petro-Canada station in Montreal was 59 cents CDN, while at an Atlantic Petroleum station in northern New York State, it was 25 cents CDN.

When will the Minister stop taking advantage of the public and offer Canadians gas at a reasonable price?

Hon. Marcel Masse (Minister of Energy, Mines and Resources): Mr. Speaker, the Hon. Member knows perfectly well it is not up to the Government to set the price of gas at the pump, and I wonder why he is raising the issue in the House.

[*English*]

PRICE CHARGED BY PETRO-CANADA

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, the Minister knows full well that he can order Petro-Canada to reduce its price to a reasonable level for consumers in Canada. Why is the Minister telling Petro-Canada to gouge the Canadian consumer for the sole purpose of fattening up this Crown corporation for privatization?

[*Translation*]

Hon. Marcel Masse (Minister of Energy, Mines and Resources): Mr. Speaker, Petro-Canada is a Crown corporation that operates the oil sector according to normal business practice.

* * *

[*English*]

NUCLEAR ARMAMENTS

TESTING OF CRUISE MISSILE

Mr. Derek Blackburn (Brant): Mr. Speaker, my question is for the Secretary of State for External Affairs. It has now become patently clear that the Government's representations to Washington with respect to increasing the number of B-52s armed with Cruise missiles have come to naught. The United States is determined to break the SALT II Agreement, and that is that.

Will the Minister now screw up his courage at the next NATO Ministers' conference and tell the United States that Canada will not permit any further testing of the Cruise missile over Canadian territory?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I know that question is based in the ideological opposition of the New Democratic Party to Canadian membership in NATO and Canada playing its part in the defence of freedom. This Government believes that we have a part to play in the defence of freedom. We regret the decision that has been taken by the United States with regard to the SALT II limits. We have made that clear. We have a commitment to NATO to test the airlaunch Cruise missiles. We intend to keep our word.

Mr. Heap: You have a commitment to SALT II.

REQUEST THAT TESTING WITHIN CANADIAN TERRITORY BE STOPPED

Mr. Derek Blackburn (Brant): Mr. Speaker, the Secretary of State for External Affairs is obviously aware of the fact that one of the major components left out of the nuclear arms talks is Cruise missiles. He also knows that both the West and the East are on the verge of expanding greatly the number of Cruise missiles. Is it not prudent, therefore, for Canada to show a lead in trying to reduce the number of Cruise missiles being produced on both sides? This could be accomplished by sending a very strong signal to both Moscow and Washington that we will not have the Cruise tested in Canada because of that reason.

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, in arms control negotiations that rely principally upon the ability of the superpowers to meet and negotiate with authority, one does not show leadership by breaking agreements or breaking out of alliances of which you are a part and indicating to the Soviet Union that there is a weakness on the western side, which might exist if there ever were a New Democratic Government in Canada but which does not exist while there is a Progressive Conservative Government in Canada.

Mr. Heap: Break SALT II instead.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Hon. Herb Gray (Windsor West): Mr. Speaker, this being Thursday, I want to ask the Government House Leader what business he intends to call for the coming week. We know the House is not sitting tomorrow, but we would be interested in knowing what business he has in mind for Monday on to next Thursday.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Hon. Member is correct. The House will not be sitting tomorrow because of a very important event that is taking place in Ottawa.

Today we will conclude Bill C-27, the Bank of British Columbia Business Continuation Act. Monday I intend to call Bill C-25, that is, privatization of Canadair, followed by Bill C-22. The Hon. Member is aware that there are currently discussions going on with respect to trying to reach an agreement with regard to the timing of that piece of legislation. This will be followed by Bill C-18 and Bill C-19, the two transportation Bills.

* * *

POINTS OF ORDER

OFFICIAL REPORT—RECORDING OF DECISION

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I rise on a point of order. I want to point out that on page 1551 of *Hansard* during a discussion on the matter of concurrence in the report of the Special Committee on Child Care, it reads in *Hansard* that the motion was agreed to. It should read that the motion was passed on division. I just wanted to make that point clear.

REQUEST FOR WITHDRAWAL OF ALLEGED UNPARLIAMENTARY REMARK

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I gave Your Honour notice of a point of order which arose from the response of the Associate Minister of National Defence to a question that I asked of him during Question Period. In his

response, the Minister in question indicated that the Hon. Member is always out of order. Not only is that factually incorrect but, more important, I believe it is the role of the Chair and not the role of the Minister or any other Member to make that kind of suggestion which, as I emphasize, is completely unfounded. Nevertheless, I would ask that Your Honour call upon the Minister to withdraw the suggestion which is both unparliamentary and unfounded.

Hon. Paul Dick (Associate Minister of National Defence): Mr. Speaker, on a number of occasions, more than any other Member, the Member from Burnaby tries to show exhibits in this House, which is against the rules of the House. He did so today.

Mr. Speaker: Order. The Hon. Member for Burnaby (Mr. Robinson) has raised a point of order. The Hon. Minister responded until the Chair intervened. Perhaps both Hon. Members, the Minister and the Hon. Member, would leave it to the Chair to decide who is or who is not out of order. The Hon. Member for Burnaby is often in order and sometimes is out of order.

Some Hon. Members: Oh, oh!

OFFICIAL REPORT—RECORDING OF DECISION

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Hon. Member for Kamloops—Shuswap (Mr. Riis) rose on a point of order with regard to a procedure that took place yesterday. He has left the House. I am not just precisely sure to which motion he was referring. I understand that what he wants to do is to make a correction to *Hansard* inasmuch as he suggested that the motion was agreed to but that it should have been stated that it was agreed to on division. I would like to have the clarification as to which it was. Just further on that point, Mr. Speaker, may I point out that the reason I rose is that I was in the House at that time and I did not hear a dissenting voice at the time. It may be a very minor technicality. However, I certainly did not hear any "noes" or interjections, and neither did the Speaker in the Chair at that time.

Mr. Riis: Mr. Speaker, I noticed the procedure as it appears in *Hansard* because I was in my place at the time and thought I said in a loud enough voice "on division". Presumably, I should have followed it up. I assumed that it was never in question. That is why I wanted to raise that point today just to put it clearly on the record that while the motion passed it was, in fact, on division. It was not a unanimous motion.

Mr. Speaker: Perhaps the Deputy Prime Minister could help the Chair here. It seems that the Hon. Member is rising to place in the record what the Hon. Member intended to do. If there is no disagreement with that, I think the Chair could take notice of that and the appropriate steps could be taken.

GOVERNMENT ORDERS

[*Translation*]

BANK OF BRITISH COLUMBIA BUSINESS CONTINUATION ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Mr. Hockin that Bill C-27, an Act to facilitate the continuation of the business of the Bank of British Columbia, be read the second time and referred to Committee of the Whole.

Mr. Speaker: When the House recessed at one o'clock the Hon. Member for Ottawa—Vanier (Mr. Gauthier) had the floor.

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, again I remind the House that the Official Opposition reluctantly agreed to the Government request to study and adopt Bill C-27 in one and a half days. Mr. Speaker, we did so because we were concerned about employment security and also because of our strong support for this regional concept. We want to say quite clearly that even though we feel compelled to believe this Government, it will have to bear the onus of proof, assume its responsibilities, and produce all figures and details for the Canadian public, because it was the Government that brought this issue before the House and sought our support. We are prepared to co-operate, but we can tell the Government that we have just about had it, we are beginning to be rather tired because, ever since this Parliament opened, we have been asked many times to rescue this Government which does not know how to manage, behaves like an amateur, and shows incompetence when it has to deal with such important issues as our financial institutions. Mr. Speaker, I am not mincing my words because this same Government has delivered two throne speeches in which it kept repeating that it would introduce a Bill to eliminate the flaws in the legislation on financial institutions.

• (1510)

[*English*]

I do not want to take too much time. I know the House wants to proceed to the question and we would like to get into Committee of the Whole. However, I want to give a brief overview of this Bill. It is indeed a bail-out, a $200 million bail-out, by CDIC. We are operating in a policy vacuum. The Government has failed to come forward with legislation to tighten control over financial institutions. Over the last year we have been asked, after the fact, to legislate the Imasco-Genstar takeover, the Lloyds Bank merger, and here we are again being asked to approve this takeover after the fact. The Government promised on many occasions, in every Throne Speech and every speech made on the CCB and Northland Banks, that everything would be all right. The Government asked us to trust it. However, everything was not all right. The Government had not done its homework. It did not know what it was talking about. We trusted the Government but we are

getting pretty fed up with doing that when it does not deserve it.

Mr. Fennell: That is a convention speech.

Mr. Gauthier: I hear them laughing over there. This is not a laughing matter. We are talking about billions of dollars. We are talking about the financial institutions which are so very important to the survival of this country, economically and otherwise.

I want to touch on two very specific items. First, the CDIC will have to put up $200 million, and in return the Hongkong Bank will buy the B.C. Bank for $63.5 million. Shareholders will have no say. According to the Bill, if they do not agree with the deal an assessor will be named. The assessor will decide whether the purchase price of $63.5 million is all right. If it is excessive, the excess will go back to the shareholders of CDIC. If it is deficient, then the CDIC will have to produce the money to allow the deal to go through.

Then there is the question of the pension fund. I know the Hon. Member for Capilano (Mrs. Collins) is not here but she mentioned that this morning. I agree with her to a certain extent that the BBC received permission from the Superintendent of Insurance to withdraw the pension fund surplus. That surplus could go back to the shareholders if, and this is the big "if", the Superintendent of Insurance allows it. Our position is that since the CDIC is the one doing the bail-out, it should get that money. Even better, the employees, whose pension fund is at stake here, should get the money.

We are concerned about the jobs involved and the regional bank system. We are concerned about this whole deal. We will be asking questions in Committee of the Whole. We will support the Bill in principle. We have to because the Government says it has an obligation to govern and we will help it to do so. However, we are getting pretty damn fed up with giving this Government our confidence.

The Acting Speaker (Mrs. Champagne): Is the House ready for the question?

Some Hon. Members: Question.

The Acting Speaker (Mrs. Champagne): The question is as follows: Mr. Hockin, seconded by Mr. Mazankowski, moves that Bill C-27, an Act to facilitate the continuation of the business of the Bank of British Columbia, be now read the second time and, by unanimous consent, referred to Committee of the Whole.

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mrs. Champagne): All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mrs. Champagne): All those opposed will please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mrs. Champagne): In my opinion the yeas have it.

And more than five Members having risen:

The Acting Speaker (Mrs. Champagne): Call in the Members.

The House divided on the motion (Mr. Hockin) which was agreed to on the following division:

(*Division No. 29*)

YEAS

Members

Andre
Axworthy
Belsher
Berger
Binns
Bissonnette
Blenkarn
Blouin
Bradley
Brightwell
Brisco
Browes
Caldwell
Cardiff
Champagne (Saint-Hyacinthe—Bagot)
Champagne (Champlain)
Clark (Yellowhead)
Coates
Collins
Cook
Cooper
Copps
Corbett
Côté (Lac-Saint-Jean)
Crofton
Crouse
Dantzer
Daubney
de Cotret
Della Noce
Desjardins
Edwards
Ellis
Epp (Provencher)
Fennell
Foster
Fraleigh
Fretz
Friesen
Garneau
Gass
Gauthier
Girard
Graham
Gray (Bonaventure—Îles-de-la-Madeleine)
Gray (Windsor West)
Greenaway
Grondin
Guilbault (Saint-Jacques)
Gurbin
Hawkes
Henderson
Hicks
Hnatyshyn
Hockin
Holtmann
Howie
James
Jelinek
Jourdenais
Kaplan
Kelleher
Killens
King
La Salle
Layton
Leblanc
Lesick
Lewis
Lopez
MacDonald (Kingston and the Islands)
MacLellan
Marchi
Mazankowski
McCuish
McDougall (St. Paul's)
McInnes
McKenzie
McKnight
McMillan
Nicholson (Trinity)
Nowlan
Oberle
O'Neil
Oostrom
Ouellet
Penner
Pennock
Peterson
Porter
Ravis
Redway
Robichaud
Roman
Rompkey
St. Germain
Schellenberg (Nanaimo—Alberni)
Scott (Hamilton—Wentworth)
Scowen
Shields
Sparrow
Stevens
Suluk
Tardif (Charlesbourg)
Taylor
Towers
Tupper
Valcourt
Vézina
Warner
Wilson (Swift Current—Maple Creek)
Wise—112

NAYS

Members

Althouse	McDonald (Broadview—Greenwood)	Riis
Cassidy	Mitchell	Robinson
Fulton	Murphy	Rodriguez
Heap	Nystrom	Young —17
Hovdebo	Orlikow	
Keeper	Parry	
Langdon		

• (1540)

Mr. Speaker: I declare the motion carried.

Mr. Prud'homme: Mr. Speaker, I would like to indicate that I was present for the vote but I abstained.

Mr. Nunziata: Mr. Speaker, I too was present and I too abstained because of a conflict of interest.

Mr. Speaker: Pursuant to Standing Order 78, I do now leave the Chair for the House to go into Committee of the Whole.

Motion agreed to, Bill read the second time and the House went into committee thereon, Mrs. Champagne in the Chair.

The Assistant Deputy Chairman: Order, please. House in Committee of the Whole on Bill C-27, an Act to facilitate the continuation of the business of the Bank of British Columbia.

Shall Clause 2 carry?

On Clause 2—*Interpretation*

Mr. Cassidy: Madam Chairman, I believe that on Clause 2 we are allowed to ask a few questions which may go somewhat beyond the clause but which relate to the Bill and why it has been brought forward.

First, I would like to congratulate the Minister of State for Finance on the first Bill that he is taking through the House, or perhaps it is the second.

Is the Minister prepared and does the Government welcome reference of this matter to the Finance Committee at a relatively early date even though the Bill will be given third reading later today?

Mr. Hockin: Madam Chairman, I have indicated to the Hon. Member that if I am called before the committee I am prepared to attend. Of course, my being invited is up to the committee. I believe it will invite me and I will be pleased to attend and discuss this matter.

Mr. Cassidy: Madam Chairman, effectively, there seems to be in this deal the fact that the Government of Canada will give $200 million to the Hongkong Bank in order to facilitate its taking over the assets of the Bank of British Columbia, with a payment of some smaller sum to shareholders. Is this payment related to a reluctance on the part of the Government to see a credit union grow the way that Vancouver City Savings Credit Union would have grown had it gone ahead with the projected merger which was under very active discussion just a couple of weeks ago and which was suddenly forgotten at the time the Hongkong Bank deal came forward?

Mr. Hockin: Madam Chairman, I think this is one of the more important issues which can be raised with regard to the Bill. I am happy to respond to the Hon. Member. Since we are limited in time and there may be a number of questions with regard to the Bill, I will try to answer as many questions as possible as quickly as possible.

With respect to the question of Vancity, it was afforded the same degree of consultation and opportunity to bid as anyone else. It turned out at some point in time that there was an agreement between Vancity and the Bank of British Columbia to begin negotiations. There was no agreement on the deal, but there was an agreement to begin negotiations, which did not go anywhere. With respect to what actually happened, the Hon. Member will have to ask those involved in the transaction. Of course, all we are doing here with the Bill is facilitating a sale and dealing with the time period concerning the notification of shareholders.

I have been told that the parties could not consummate a deal because Vancity's capital base was not sufficient to go it alone. It was something like a mouse swallowing an elephant. If Vancity could have obtained a large source of capital to add to its own capital base then it might have been able to go through with the transaction. However, that did not happen and then this other offer emerged.

Mr. Cassidy: Madam Chairman, I would like to pursue this matter a bit further. The Minister knows that the Vancity proposal included a request to which the Province of British Columbia was sympathetic, that is, that it participate thereby enabling the Bank of British Columbia or its successor to remain as an important and regionally-controlled financial institution which would operate under the control of British Columbia in the Province of British Columbia.

• (1550)

We have often seen situations of foreign bidders being given contracts in Canada because they have the technology while Canadian companies with equivalent skills are shunted aside or ignored because they are seen to be too small or inexperienced. These companies cannot get the experience because they cannot get the bids and therefore they cannot grow. It seems to me that this may be the case in this particular instance as well.

Did the Government indicate to Vancity that if the B.C. Government was prepared to come into the deal, it would have the political will to put this deal through, or was the Government's indication of being willing to legislate, as we are now, only a commitment made to the Hongkong Bank? In other words, were we kowtowing to a foreign bank because of its size while failing to co-operate with a domestic institution on the grounds that it was too small?

Mr. Hockin: Madam Chairman, it was not the Government that was involved in these discussions, it was the Canada Deposit Insurance Corporation. The Canada Deposit Insurance Corporation was aware of the discussions because it

might have been asked to participate at some point in arrangements leading to a deal.

I think the Hon. Member would have to ask the Government of British Columbia about what went on between Vancity and the Government of British Columbia. The assessment made by the Government of British Columbia in deciding whether or not to help in this transaction would be something about which the Hon. Member should ask that Government. Otherwise, I would have to make the same inquiry myself. Since this was a private transaction, I think it would be best for the Hon. Member to ask the Government of British Columbia what its assessment of that was.

Mr. Cassidy: Madam Chairman, in the first place, government consent was required for the transfer of assets. Therefore, the Government cannot say that it was not involved. Presumably, if the Bank was seeking the Government's consent, some discussions were taking place.

Second, is the Minister saying that the Canada Deposit Insurance Corporation committed $200 million to this deal without the approval of the Government or was the approval of the Government sought? I find it inconceivable that the CDIC would make this commitment without informing and getting the approval and acceptance of the Government.

Mr. Hockin: Madam Chairman, I understand the question. The Government was not informed in the first instance of any Vancity-Bank of British Columbia discussions because a deal had not been put together which involved the CDIC. It never got to the stage that the Government would have to be informed. We were informed, of course, of the arrangement which is the background to the Bill we are putting forward now.

The Canada Deposit Insurance Corporation made some prudential decisions. It decided that a capital provision of $200 million for the Hongkong Bank of Canada would do two things. First, it would protect the Canada Deposit Insurance Corporation against the future because this new entity, a strong bank almost the size of the world Bank of Canada, would be taking the bank over with its reputation and resources behind it. All the uninsured depositors and liabilities would be off the hands of the CDIC and would be taken on by this new entity. Therefore, protection against the future was part of the reason for the expenditure of $200 million.

The second reason is that the money is to be used as a source of capital, as a provision against future loan losses and as a capital base that will allow the Bank to do any corporate reorganizations that may be required. The decision made by the CDIC protects against the future and provides capital for a strong base for the present. CDIC decided that $200 million was much better than what it would have been exposed to had there been a liquidation. It could have been exposed to an amount many times greater than that.

Mr. Cassidy: Madam Chairman, this is all very bizarre. Did the Government have specific information on the quality of the loan to the Bank of British Columbia that led it to judge that the expenditure might be several times $200 million if this particular course of action was not taken? May we see those reports?

Second, if the CDIC was prepared to offer $200 million to a foreign bank to bail out the Bank of British Columbia, was that specific offer made to Vancity? Was Vancity asked to put together a deal which included the provision of $200 million for recapitalizing and taking over the Bank? Was that specific offer made to the Canadian financial institution which was worth $1.5 billion or was it only made to foreigners?

Mr. Hockin: Madam Chairman, let me start with the question about foreigners first. That is for the Hon. Member to ask CDIC, the extent to which—

Mr. Cassidy: Oh, no, you're the Minister; you reply here.

Mr. Hockin: I would be quite happy to reply but the fact is that the resolution of whether or not to offer amounts of capital in the place of continuing liabilities for deposit insurance was made by the Board of the CDIC and—

Mr. Cassidy: But you speak for CDIC. You're the responsible Minister.

Mr. Hockin: Yes, I do. I am not saying that I am not responsible.

Mr. Cassidy: Then answer.

Mr. Hockin: I am answering. I am saying that the Board of CDIC did the negotiations and can tell the Hon. Member about the ins and outs of its discussions with Vancity and the proposals that were put. I can tell the Hon. Member that—

Mr. Cassidy: This isn't satisfactory.

Mr. Hockin: No, no. Because Vancity did not have the capital base to offer that amount of money it would not give the kind of guarantee into the future that could be given by strong institution like the Hongkong Bank of Canada. That is the reply to the second part of the Hon. Member's question. I forget what the first part of the question was. I suppose I will have to ask the Hon. Member to repeat it.

Mr. Cassidy: Was this offer made to Vancity, and I gather you are answering no.

Miss Nicholson: Madam Chairman, I rise on a point of order. I believe it has been customary that general questions are asked when dealing with Clause 1. When Your Honour called Clause 2, we assumed that we would have to wait to ask our questions on a clause-by-clause basis. Since the Chair has agreed to accept general questions from the Hon. Member of the New Democratic Party under Clause 2, I assume the Chair will extend the same privilege to us.

The Assistant Deputy Chairman: I intend to act exactly the same way when the Hon. Member will be recognized for putting questions to the Minister.

Mr. Cassidy: My understanding was that I had 10 minutes. I think I may have pushed it a bit and I was expecting at about now that the Hon. Member from the Liberal Party would intervene in the same way as I had.

The Assistant Deputy Chairman: The Hon. Member has had 20 minutes and that is why I did not interrupt.

Mr. Cassidy: Oh, in that case, I do beg your pardon, Madam Chairman.

The Assistant Deputy Chairman: The Hon. Member for Ottawa Centre has the floor.

Mr. Cassidy: Madam Chairman, did the Government seek any specific commitment from the Hongkong Bank in terms of maintaining jobs in the Bank of British Columbia, and what was that commitment?

Mr. Hockin: Madam Chairman, the agreement as structured by the CDIC gives an unconditional guarantee by the Hongkong Bank of Canada, supported by its parent, to carry on this bank indefinitely into the future. That is the commitment that we probably could not get from anyone else without a great deal of trouble. The Hongkong Bank will carry this bank, its liabilities and its risky loans into the future. To do that, it will have to do some reorganization.

I noticed that in the press release, no reference was made to numbers of branches or employees. However, the Hon. Member should compare a bank such as this buying the assets of the Bank of British Columbia with a Schedule A bank buying the assets. A Schedule A bank would probably have a branch right across the street from every one of these BBC branches. A Schedule A buy-out would have been disastrous for the employees and branches. Many branches would have been declared redundant and therefore many employees would have been declared redundant.

• (1600)

Mr. Hockin: This particular transaction affords a very great opportunity for the vast majority of employees to remain employed, and the branches to remain open. That is another very attractive feature of this particular transaction.

Mr. Cassidy: My pursuant question is this. The Minister has said that there was not a specific employment guarantee. The Bank of British Columbia has as number of interior branches in British Columbia, in Kamloops, Vernon, Kelowna, Penticton, Cranbrook, Abbotsford, Chilliwack, the Kootenays, Delta, White Rock, Langley, Port Coquitlam, and Surrey.

Mr. Friesen: Which of those are in the interior?

Mr. Cassidy: Some of those are a bit more interior than others, I would say to the Hon. Member.

As I was saying yesterday, being a British Columbian native, I would like to ask the Minister, in view of the fact that the Hongkong Bank is essentially an internationally trading bank, which has not been focused on retail banking or small business banking, what commitment, if any, did the Hongkong Bank make with respect to maintaining those banks which provide valuable service, and perhaps valuable competition to the eastern banks at those branches in the interior of British Columbia? What commitment, if any, did it make to continuing the focus on small and medium business loans where the Bank of British Columbia was providing a particularly valuable service?

Mr. Hockin: My prediction would be that because its retail base has been small in Canada, this is an additional reason for it to keep as many branches as possible. If, in fact, it was a heavily retailed bank taking over a heavily retailed bank, there would be very severe redundancies in the offing, and I would be as concerned as you. In this case we have a beautiful fit whereby, as you quite rightly say, it has not been into retail deposits in a big way. This is the kind of fit that they need to allow them to do it. I am very optimistic that there will be more branches in the long run rather than fewer.

But in terms of guarantees about the interior of British Columbia, this is a private company, a private bank. We do not ask for guarantees from every bank in Canada that is operating in the private sector—

Mr. Langdon: It's a foreign bank.

Mr. Hockin: —to maintain certain branches and move them across the street, or whatever. This is a private transaction. We do not require those types of guarantees from any other bank about rationalizing branches. Therefore, it would be quite inappropriate for that to be structured as part of the deal. I really must express my optimism that, because of the fit here, we will see more branches in the long run, not fewer.

Mr. Cassidy: I am delighted to hear the Minister's optimism, but once again it is clear that there are no specific commitments. What troubles my Party and myself on this particular issue is this. The Hongkong Bank, thanks to the intervention of the Government of Canada, through the Minister of Finance and the Governor in Council giving their approval to the transfer of assets, and through the Government's using its majority in the House and its powers of persuasion perhaps on opposition Parties to get this legislation through, is enabled to increase its assets roughly sixfold, to increase its branch network about fourfold in Canada through Government action. In addition, it is being paid $200 million to do so. This obviously raises the question that if we cannot ask for these commitments when we are giving it permission to greatly increase its business, and those are essential permissions—it could not do this without Government permission—and paying it a very large amount of money in the process, then under no circumstances does Government have any right to seek any commitments. Is it always just a matter of seeking

favours from private business? I know that is a rhetorical point.

I have one other point I wish to make, followed by a specific question. In October, 1985, the Inspector General's staff and special inspectors reviewed the loan portfolio of the Bank of British Columbia and concluded that the bank loan portfolio was sound. Now we are told it was not sound and that the bank would have to close if the Hongkong deal was not approved immediately. At what point was the Government told by the office of the Inspector General that the 1985 report was no longer valid, and that the activities of the bank were not sound? Or are we seeing another instance where the Inspector General's office blew it, and where in fact the early warning system broke down and the Government should have known long before November, 1986 that there were serious problems in the Bank of British Columbia?

Mr. Hockin: Let me take the last point first. This is an example of us finally proving how in fact the Inspector General of Banks has done such an excellent job in the last year with the early warning system identifying the health of banks—

Mr. Cassidy: God save us if they have blown it.

Mr. Hockin: —warning us early enough abut this that we can put together a deal. This results from their research, their supervision, inspection, and constant efforts, and I must tell you that we are talking about seven-day weeks, long days by very hard working people in the OIGB who have identified the problem and helped through their work to put together this deal. I think that the people of British Columbia should thank them for the role that they have played.

The second point I wish to make has to do with commitments about the number of branches, because you asked the question again in a different way. The Bank of British Columbia's history was down-sizing, down-sizing, down-sizing. Because it was losing money at a very rapid rate, it came up with a corporate plan to down-size, so that it would cut its overhead expenses. This was its way to try to stay alive. It seems to me that there has already been much of that down-sizing there should not be too much need for any more. That is another reason for my optimism. It may be the reason, too, why Mr. Nesmith, the President of the Hongkong Bank of Canada said that tomorrow will be business as usual at the Bank of British Columbia, that the Bank of British Columbia customers can expect the same innovation and service that has been the bank's trademark since opening and that it is an excellent opportunity to expand their personal branch network, and western Canada will continue to benefit by having a strong bank with its headquarters and its major assets in the west. The basic down-sizing has occurred, therefore, this expression of optimism can be there for the present.

The Assistant Deputy Chairman: The time has expired for the Member for Ottawa Centre. I see many Members rising to ask questions. I wish to point out that, even though there are 20 minutes available to each Member, if each Member takes 20 minutes it will not be possible to hear all of you before 4.45 p.m. Please try to keep that in mind.

Miss Nicholson: I would like to ask the Minister some questions about matters that are not specifically covered in this Bill, but which he did include in his speech, or which were referred to in the press releases which he also mentioned in his speech.

To begin with, what about the other assets of the Bank of British Columbia, which are not included here, which apparently the Bank of Hongkong decided to leave behind, particularly REIT Properties Ltd., which is a real estate company fully owned by the Bank of British Columbia? I would like to know what arrangements are being made in that regard.

Perhaps it may save some time, Madam Chairman, if I ask more than one question at a time and the Minister may answer them together.

I would like to know why the pension funds are being treated differently from the way they were treated in the case of Canadian Commercial Bank. In the case of the Canadian Commercial Bank, the surplus pension funds went to the liquidator. In fact, experienced staff lost their vested pensions. But in this case we are advised that the surplus pension funds may go directly to the shareholders. I would like to know the reason for the different treatment here. I would also like to know the rationale for this use of pension funds. I would also like to know more about the role of the Department of Finance. The Minister referred to officials who helped to put together this deal. I would like to know if the officials particularly sought out this bank more than any other financial institution.

Mr. Hockin: In answer to the REIT Properties Ltd. question, on the approval of the Governor in Council being obtained, all of the assets of BBC will be transferred to Hongkong Bank of Canada, other than the shares of REIT Properties Ltd., which is a wholly owned subsidiary of BBC that owns real property. I will check my notes, but I think there is litigation in connection with that property and that is why it was not conveyed.

• (1610)

The Hon. Member's second question concerned—

Miss Nicholson: The use of pension funds surplus.

Mr. Hockin: Yes. It was covered in the news release in a rather detailed way. By way of summary let me say that the pensions surplus will only go to the shareholders if there is enough after the transaction is sorted out. Of course any dealings with the surplus have to be fully in accord with Mr. Hammond and his office and the supervision provided thereby.

Miss Nicholson: Madam Chairman, if it is possible, I should like to yield some of my time to the Hon. Member for Laval-des-Rapides. Perhaps I could ask one last question before

doing that. What about the $430 million which the Bank of Canada advanced in liquidity support? What are the arrangements for paying that back?

Mr. Hockin: Madam Chairman, the information I have is that the Bank of Canada had advances totalling $583 million to the Bank of British Columbia in September, 1986. I could obtain more up to date information, but I do not have it here.

The Hon. Member asked whether or when it will be paid back. It is a bit like the Continental Lloyds arrangement. It will be paid back very soon in a manner which is best for the Bank of Canada and the bank in question.

There is a problem with the deposit of the Bank of Canada because it has a preferential position. That often discourages non-insured depositors to deposit in a bank if they know they are parked behind the Bank of Canada and the insured depositors. The so-called solution—and very often it must be a solution in the short run—of the Bank of Canada putting in deposits to maintain liquidity ends up being a bit of a kiss of death. I think the bank will be anxious to get that preference removed and the Bank of Canada paid back.

Mr. Belsher: Madam Chairman, I should like to go over some points with the Minister.

Miss Nicholson: Madam Chairman, I rise on a point of order. Perhaps I misunderstood. I thought that by not taking my full 20 minutes, the rest of the time would be given to the Hon. Member for Laval-des-Rapides. I requested that and I thought that you, Madam Chairman, nodded. If I misunderstood, perhaps you could explain and in that case I could continue.

Mr. Langdon: Madam Chairman, I rise on a very brief point of order. There is no precedent which I have yet seen for yielding time to another Member.

Miss Nicholson: In that case I would like to continue.

Mr. Langdon: Thus I think your ruling, Madam Chairman, was quite correct when you recognized another Hon. Member. I think you should continue to do so so, that each of us who wish to raise questions may do so as quickly as possible.

The Assistant Deputy Chairman: Earlier I asked Hon. Members to try to keep their interventions short so that as many Hon. Members as possible could ask questions of the Minister. The floor has been given to the Hon. Member for Fraser Valley East.

Mr. Belsher: Madam Chairman, how long had the Bank of British Columbia been seeking a suitor? It is my understanding that it is the Bank of British Columbia which asked CDIC to make a $200 million deposit. Am I correct, or is it the Hongkong Bank which asked for it? There seems to be some misstatement of the facts, and I should just like to make sure of them in my own mind. Some of the interior branches to which reference has been made happen to be in Abbotsford and Chilliwack. One from British Columbia does not consider those communities to be in the interior. When I return home this weekend I should like to be able to assure my constituents of some of those facts.

Mr. Hockin: Madam Chairman, I appreciate my hon. colleague's interest in the matter and I want him to take back the facts to his constituency. I will summarize them as best as I can.

I have in my possession a press release by the Bank of British Columbia which perhaps will provide the Hon. Member with some additional information. In terms of suitors or how long the courting period went on, I think it really started in the summer. The Bank of British Columbia was becoming increasingly concerned about non-performing loans and loan-loss provisions. There were not many suitors, I must say from what I understand, but there were a few. The Hongkong Bank emerged in the fall as a serious suitor. However, I would not say that in the summer it was necessarily involved as a serious suitor, although I think the name was mentioned.

The whole canvas was initiated as a matter of prudent foresight really as early as late 1985, according to the press release, when the Board of Directors of BBC concluded that BBC like a number of other smaller Canadian banks would have difficulty recovering from the loss of confidence which followed events then taking place in the banking system and that the time for recovery might be unacceptably long. Then the canvas was accelerated during recent weeks when it became apparent that the BBC financial results for the fourth quarter ending October 31 could signal a worsening of the financial position of BBC. "This would be likely to continue through 1987 and probably longer", to quote from the press release. Tentative discussions were initiated during this recent period with a number of possible candidates.

I am glad to talk about the press releases of various parties to the transaction. However, essentially what we are doing in the Bill is just facilitating a private arrangement by adjusting the time period of notice for shareholders.

Mr. Belsher: Madam Chairman, I guess that is the point I want to make sure is clearly established. This is a request from the Board of Directors of the Bank of British Columbia through the CDIC for permission to go ahead and consummate the deal. In order not to have to give 28 days' notice to shareholders, it is necessary for the legislation to be enacted.

Could the Minister tell us what could have been the worst case scenario as far as the CDIC was concerned, rather than paying out $200 million at this time to facilitate the arrangement?

Mr. Hockin: Madam Chairman, in answer to the Hon. Member's first question I will again refer to the press release. It indicates that expeditious completion of the transaction was essential if the continuity of the business of BBC was to be

preserved and the interests of depositors, employees, shareholders, and others were to be protected. In recognition of this, the BBC has requested the Government of Canada to introduce before Parliament special legislation to authorize expeditious completion of the transaction. That is what we are doing now.

In terms of the worst case scenario, I do not know how helpful it is to portray a nightmare scenario. However, I will give the Hon. Member the facts. If the Board of Directors of the Bank of British Columbia feels, as it felt, that the possibility of the bank remaining viable in the months ahead is very slender, we are faced with $1.3 billion worth of deposits insured by CDIC. That is a very big hit on the CDIC's budget, less whatever is recuperated by way of assets. That is the worst case scenario. That is the liquidation. Depositors would be nervous and would go somewhere else. As British Columbians they would probably have to go to a non-regional institution. Borrowers would be very unsettled and this experiment of having a regional bank would have failed.

• (1620)

A very important thing about this deal is that not only are the depositors doing business as usual, and borrowers doing business as usual with the regional bank continuing to go from strength to strength with a very good capital base, it will have an international network which is really what the people of British Columbia have been looking to in terms of trade, investment and everything else. It is something we have had some difficulty putting in place up until now.

[*Translation*]

Mr. Garneau: Madam Chairman, unfortunately, we have only seven or eight minutes left to ask questions, and I am very disappointed in what the Minister had to say.

From the outset, he has been trying to explain this is a private transaction and that the Government and the House of Commons are merely facilitating that transaction.

I say to the Minister that $200 million in public funds are going to the Hongkong Bank, funds that belong to the Canada Deposit Insurance Corporation which is a Crown corporation. These are public funds. Two hundred million dollars in public funds will be given to the Hongkong Bank. There is also the fact that Parliament is being asked to sit in an emergency session to adopt a Bill. And this is supposed to be a private transaction?

Madam Chairman, some people are trying to shirk their responsibilities and wash their hands of the whole affair.

Madam Chairman, we have eight minutes left till 4:30 p.m., when the Minister, as agreed, will go to the other place to answer questions from Members of the other half of this parliamentary institution to which we belong.

For the first time, a Minister, the Minister of State for Finance, is saying and repeating, as a Minister of this Government, that the possible loss on the transaction could be around $1.3 billion.

Madam Chairman, if that is the case, I ask the Minister why we are going to take public funds to help this company's shareholders. Why are we going to take the employees' pension fund surplus and add it to the $63 million referred to earlier?

Madam Chairman, there is something here that does not make sense, and as the debate on this Bill progresses, I find that although I have no objection to giving concrete assistance to one of our western financial institutions so that it can continue to offer its services to the people of British Columbia, I am becoming increasingly convinced of the Government's utter lack of competence in this affair.

For instance, what is going to happen with the assessor referred to earlier, unless the Minister intends to use scare tactics to get shareholders to vote immediately in favour of the proposal that will be put before them. Otherwise, I would ask the Minister: If an assessor is appointed, should the shareholders refuse to accept the proposal, does that mean that the only money the Canada Deposit Insurance Corporation is likely to recover would be the $63 million in public funds invested through the Hongkong Bank? Would the pension fund surplus go to the shareholders, as well as the contract guarantee of one of the senior officers, for which the former bank will maintain responsibility, and also the surplus of the $23 million in assets, that is, the $8 million referred to in the documentation?

If, as the Minister said, losses could be around $1.3 billion, does that mean that all funds other than the $63 million would go to the bank's shareholders, and that the Canada Deposit Insurance Corporation would shoulder the entire burden?

[*English*]

Mr. Hockin: Mr. Chairman, let me say to the hon. gentleman that I will try to stay for 15 minutes more, if I can, so that he can get as many questions in as possible. I understand the Member is trying to get to the bottom of a number of issues.

First, the pension funds will not be released for distribution to the shareholders unless Mr. Hammond, the superintendent, agrees. They will not be released unless it is appropriate for the funds to be released, in the same context as for any other company. It is very important that I make that clear.

The second point has to do with the $200 million. I understand the point the Hon. Member is making, namely, that CDIC's premiums, although collected from member institutions, benefit from cash flow injections from time to time from the federal Government. Therefore, CDIC has a kind of public character that I should not forget and Parliament should not forget. Hon. Members should not forget that it is just a cash flow situation. It is not a transaction that affects the deficit of the Government of Canada. If nothing was done you would have exposed the CDIC to a far greater amount.

Essentially what has been done with the $200 million—there is nothing magic about it—is bought future protection and avoided the huge costs of liquidation now. The costs of liquidating now would have been much higher, plus having to pay a receiver and having to go through all those other nightmare expenses. CDIC found it could avoid that and maximize protection into the future by paying the $200 million. It is a prudential decision in order to avoid further expenses in the future. The job of the CDIC board is to make those kinds of resolutions and decisions. Having done that it looks as though the board will save the CDIC a great deal of money in the future and, by extension, giving the analogy the Member used, it has lessened the pressure on the Government of Canada from a cash flow point of view.

[*Translation*]

Mr. Garneau: Madam Speaker, concerning the superannuation fund, the Minister does not seem to realize what is going on. I am not talking about the actuarial fund that is to be transferred to the Hongkong Bank to provide for the benefits the employees will be entitled to as employees of the new BBC Division of the Hongkong Bank. I am not talking about that, I am talking about the surplus.

The actuarial surplus will be going somewhere. Either it will follow the bulk of the superannuation fund moneys and accrue to the Hongkong Bank, because with an actuarial fund having a $20 million surplus, or $10 million after tax, their contributions to the pension fund could be cut down over the years, and we just gave the Hongkong Bank another $20 million before tax. That is one option.

The alternative is that the surplus could stay with the Bank of British Columbia, the selling out bank which is liable to be dismantled, I would think, some time in the future. This $20 million surplus, or $10 million after tax, will be used by someone, and this is the question I am asking the Minister, and it seems to me that if in fact, as he told us, the potential loss could reach the $1.3 billion mark, I cannot see why that money would be paid out to shareholders who, according to what we heard from the board of directors, would not get a penny if the bank were dissolved, with a possible loss of uninsured deposits on top of that, or at least a partial loss.

So, turning back to the pension fund issue, I would like to point out that there is a problem that somehow would have to be solved. Either it is turned over to the Hongkong Bank to be included in the management of the existing employee pension fund, or it is distributed among employees who have already retired, or again it accrues to the benefit of existing BBC shareholders. I would like to know what the position of the Minister is on that.

Secondly, with respect to the determination. As I understand the mechanism, if the amount set by the assessor is in excess of $63 million, the Canada Deposit Insurance Corporation will pay the difference. If the amount is much lower, then the $63 million could be used up.

I also ask the Minister, since I assume his remarks to be true, whether the potential loss could be $1.3 billion because when you refer to the legislation, you are led to believe that the reference points on which the determination will be based will be the selling out value of the assets, in any case the words used both in English and in French seem to me to mean the winding-up value. And in that case, if the Minister is right, unless he wants to scare the shareholders and force them to accept the deal, it could be that $500 or $600 million—and this I would like to know—would have been paid in excess. Clearly then, the Hongkong Bank people would have made a very bad deal and I would be quite surprised if such were the case. However, if it were so, since the Minister has mentioned that possibility, would the surplus left with the selling out bank, as I gather it is called in the Bill, be available to the Canada Deposit Insurance Corporation? Could that surplus not be used to the benefit of the Canada Deposit Insurance Corporation?

And this is perhaps the last question allowed to me, Madam Chairman. I would also like the Minister who said it was a private transaction to tell us if by chance that private transaction will have to be approved by cabinet. Since we are dealing with public funds, can the Minister assure the House that before this order in council is accepted by the Government, not the order in council itself but the other one which will ratify the contract submitted to the shareholders, that this contract will be referred to the Standing Committee on Finance and Economic Affairs so it may have an opportunity to debate it and eventually hear witnesses, because that is the crux of the issue we are debating today, this contract which in a way will be a Government contract since it will have been approved by Cabinet?

• (1630)

[*English*]

Mr. Hockin: Madam Chairman, there are essentially three questions. First, it is very important that we understand the pension surplus matter. It is clear that we are not making new pension policy on the fly here this afternoon. Any pension surplus will not be distributed to anyone except the pensioners without the agreement of Mr. Hammond and the appropriate supervisors. If the Hon. Member is saying that any pension surplus, even if it is over and above what the supervisors feel is properly owed to the employees, should still go to those employees, then he is making pension policy on the run. I cannot agree to that.

Second, as to the assessor, I appreciate the distinction the Hon. Member is making. Insured deposits are $1.3 billion. I cannot speculate on what the losses would be on liquidation; of course, it is a different number. It could be less. The losses on liquidation—

Mr. Cassidy: You could not make a decision without having an estimate.

Mr. Hockin: Of course we have an estimate but I cannot speculate on what the exact amount is.

Mr. Cassidy: What is it?

Mr. Hockin: No one knows that.

Mr. Cassidy: If you had an estimaté, what is it?

Mr. Hockin: I should not speculate on that.

Mr. Cassidy: Either you have an estimate or you do not.

Mr. Hockin: The assessor has to make a judgment on that.

As to whether the Order in Council will be submitted to a parliamentary committee, the deal has to be approved and it has not been. We have an offer but we do not have a deal which has been approved. When it is approved we will have a document that I can take to committee with me when I discuss this matter.

The Assistant Deputy Chairman: The Hon. Member for Laval-des-Rapides has the floor but I ask him to use as little time as possible so other Members who have not yet spoken will have an opportunity.

Mr. Garneau: Madam Chairman, the Minister just said he does not have a deal.

Mr. Hockin: Formally, that is right.

Mr. Garneau: We have been told that the deal has been signed by the board of directors of the two banks. Otherwise, what are we doing here?

Mr. Hockin: It has not closed.

Mr. Garneau: We have been told through a press release that the board of directors of the banks have agreed upon this transaction. The final decision is linked to the decision of this House. So there is a deal. The only decision to be made concerns the shareholders. Are they going to accept the $63 million, yes or no? If not, an assessor will be appointed to deal with it. So there is a deal.

I want to ask the Minister about the involvement of the Government concerning two things. First, who brought the Bank of Hongkong back into the discussion at the last instance? Second, who made the decision? The Minister said he cannot speculate on the value of the assets. Someone made a decision and the Government will have to approve the deal through an Order in Council. The Government had to make a decision at some point.

Who brought the Bank of Hongkong back to the negotiating table? What was the involvement of the Government in the decision concerning the $200 million and the $63.5 million? What involvement did the Minister have in that transaction?

Mr. Hockin: Let me clarify the question of the deal. The deal does not close until we pass this legislation. We are shortening the notice period to shareholders in this Act. When I say we do have a deal, I am speaking formally. We have to do what we have to do today in Parliament and then the deal can close. I just wanted to clarify what I was saying. I did not mean to mislead. The deal is closed, dependent upon our doing what we have to do.

What is the value of the assets? The assets are now part of the ongoing new bank. For us to speculate on what they are worth now—

Mr. Garneau: Some $200 million is not speculation.

Mr. Hockin: It is more than that.

Mr. Garneau: How have you been able to establish that? Someone must have made a decision on the $200 million?

Mr. Hockin: CDIC has to do that and they did it.

The third question dealt with who brought the Hongkong Bank into the picture.

Mr. Garneau: Brought them back.

Mr. Hockin: The Bank of British Columbia brought them back. The Government of Canada was informed by the CDIC that they were brought back. That occurred in the last month or so.

• (1640)

Mr. Dantzer: Madam Chairman, I have a question for the Minister following up on the discussions of the last few days. We have heard a lot of complaints from the Opposition that a Canadian banking institution should have taken over this bank. That is a motherhood question. I guess we would all liked to have seen that happen. However, there are good aspects of having this large Asian bank take over the assets of this British Columbian bank. I would like the Minister's opinion on my remarks.

Anyone who has lived in western Canada and done business there for the last 30 years, as I have, will know that when there were no regional banks in western Canada the minute there was a credit crunch or recession the central Canadian banks immediately called in their loans in the western Canadian towns and cities. I have had personal experience with that. As a practising lawyer I have had many clients complain that their loans had been called in. It is only natural that the big banks headquartered in central Canada would look after their most important customers first, who were usually located in central Canada.

The presence of the Hongkong Bank in western Canada will provide much more competition for the central banks. If we have a credit crunch in Canada, the Hongkong Bank with branches worldwide would not necessarily have such a credit crunch and would be in a better position to meet the needs of western Canada.

Would this bank which has worldwide connections not provide British Columbia and Canada with much greater access to the tremendous opportunities which will continue to occur in the Pacific Rim? Will the Minister confirm my opinion that this bank is a better choice than a central Canadian bank?

Mr. Hockin: Madam Chairman, I thank the Hon. Member for his comments. As far as I know there is no greater source of surplus capital in the world today than that which is sitting in Hong Kong. This particular bank has 400 branches soaking up this capital. If things went bad in the Canadian economy and British Columbia did not have the access to loans from Canadian banks which they would like, they would have tapped into this huge source. Canada is internationally mature and should have sources of capital independent of the five major regional banks and Canadian investment sources.

In addition to the 400 branches this bank has in Hong Kong, it has another 800 branches around the world which will provide a source of capital needed by British Columbia. If I were in British Columbia I would be glad to have such a balanced source of capital. They have sources of Canadian capital and sources of the huge surpluses in the Pacific Rim through this network. In my opinion this is very good news. I join the Hon. Member in his assessment that this is good for Canadians. We are only being asked to adopt a very brief Bill which deals with shareholders' rights. The background to it is this opportunity.

The Assistant Deputy Chairman: I will recognize the Hon. Member for Essex—Windsor for a very short question.

Mr. Langdon: Madam Chairman, you should know what a challenge that is. I would like to deal with the issue of the Vancouver City Savings Credit Union Option. In his earlier comments the Minister stated that a large amount of capital would have to be provided for such an arrangement to take place. Precisely how much capital would be needed? Would it have been more than the $200 million which CDIC is providing in this case? Our information is that any figure discussed was considerably smaller than $200 million and that we could have kept this bank in Canada under the auspices of an important regional institution in Canadian hands—

The Assistant Deputy Chairman: If the Minister wishes to answer, I must now interrupt the Member.

Mr. Hockin: Madam Chairman, I remind the Hon. Member that this remains a Canadian institution. It is not a branch of the Hongkong Bank but a separate subsidiary with its own board, directors, head office and branches in Canada. It is a national institution in that sense.

Mr. Langdon: Not Canadian-owned.

Mr. Hockin: Getting to the Member's wider question—

The Assistant Deputy Chairman: I regret that I must interrupt the Minister.

Mr. Hockin: I would be glad to pursue this further with the Hon. Member outside the Chamber.

The Assistant Deputy Chairman: I must interrupt the Minister now.

[*Translation*]

It being 4.45 p.m., pursuant to order made Wednesday, November 26, 1986, it is my duty to interrupt proceedings and put forthwith every question necessary to dispose of the Committee of the Whole stage of the study of Bill C-27 now before the House.

[*English*]

Clauses 2 to 12 inclusive agreed to on division.

Clause 1 agreed to on division.

The Assistant Deputy Chairman: Shall the title carry?

Some Hon. Members: On division.

Title agreed to.

Bill reported.

Mr. Cassidy: Madam Speaker, I see that the next item of business will not take place until five o'clock when we move to private Member's business. Under those circumstances possibly Your Honour would allow a few comments on third reading as is normal at this time—

Some Hon. Members: No.

Mr. Cassidy: —with an understanding that the time will be shared among those who wish to comment as there will be no division taking place at 5 p.m.

The Acting Speaker (Mrs. Champagne): There is a special order that we stop at 5.45, so there should be no further comments. I am obliged to put all the questions at this time pursuant to order made on Wednesday.

Mr. Cassidy: Madam Speaker, I listened in vain for some unanimity from the other side that this might take place.

Mr. Gurbin: So were we a little while ago.

• (1650)

The Acting Speaker (Mrs. Champagne): Is there unanimous consent?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Lewis: Madam Speaker, I rise on a point of order. Since it was a House order, everyone has agreed that this would be the only item of business dealt with today. In view of the fact that there is Private Members' Hour at five o'clock, I would suggest we suspend the sitting until five o'clock, which will enable my colleagues opposite to begin at five, and anyone

from this side who expected to speak on the Bill of my colleague would have ample time to get here.

The Acting Speaker (Mrs. Champagne): I have yet to put the question. I think the point of order is a bit premature.

When shall the Bill be read the third time? By leave, now?

Some Hon. Members: Agreed.

Some Hon. Members: On division.

Mr. Hockin (London West) moved that Bill C-27, an Act to facilitate the continuation of the business of the Bank of British Columbia, be read the third time and passed.

Motion agreed to and Bill read the third time and passed.

SITTING SUSPENDED

The Acting Speaker (Mrs. Champagne): Is it the unanimous wish of the House to suspend the sitting to five o'clock?

Some Hon. Members: Agreed.

At 4.52 p.m. the sitting of the House was suspended.

• (1700)

[*Translation*]

The Acting Speaker (Mrs. Champagne): Order, please. It being 5 p.m. the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS—MOTIONS

[*Translation*]

SOCIAL AFFAIRS

REVISION OF EMPLOYMENT POLICY AND OBJECT OF PROGRAMS

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie) moved: That, in the opinion of this House, the Government should consider the advisability of reviewing its policy on employment and the thrust of its programs so that social and community organizations may really fulfil their self-assigned role.

He said: Madam Speaker, I think this motion concerns Members from every part of this country. At least once a year, and sometimes twice or more, Members meet with non-profit or community agencies in their ridings to discuss and select so-called job creation projects for the Challenge '86 programs, formerly known as Summer Canada projects or job development programs, formerly Canada Works.

Madam Speaker, I am sure that last year, all Members received, and are still receiving, complaints or were told about people's dissatisfaction with some of the criteria for these programs which have been maintained this year. The criteria may affect a number of agencies and even threaten the very existence of certain non-profit organizations that fill a need and provide an excellent service to the people in our respective ridings. I am thinking of various organizations that deal with senior citizens, young people, the handicapped, women's rights and various other concerns. One of the criteria I referred to just now provides that to be eligible for the projects that provide training, the candidate must have been unemployed for 24 of the last 30 weeks.

This year, if no changes are made, thousands of men and women in Canada, in our respective ridings, who last year agreed to work or receive training under various job development programs, will not be eligible this year and will thus be forced into unemployment as a result of a decision by the Conservative Government. There are those who will say: Yes, but the rule was made to give everybody a chance. A mistake governments tend to make, whether they are Liberal or Conservative or otherwise at the provincial level, is that they sometimes make regulations and laws that apply across the country but are not flexible. For instance, in the riding of Montreal—Sainte-Marie, we would need this flexibility to enable one of our community groups to survive and to give somebody a chance, and this is an example in my own riding where we have a mother who has been on welfare for 10 years. It took two years to convince that person to get involved in a job development program. If she was afraid to get involved in such a program, it was not because she was afraid to work—for she did a lot of volunteer work—but simply because she was afraid to get off social welfare and be compelled to ask to get back on it once the projects were completed. Madam Speaker, after being trained for two years, if changes are not made, this person will be compelled this year to seek again social welfare.

I am convinced that this concrete example is repeated hundred of times in my riding, and thousands of times everywhere in Canada. Sometimes, a six-month training period will not be considered adequate by the private sector to hire that person.

Madam Speaker, I think this is a major point. In the case of non-profit organizations, I think the Government has had the unfortunate tendency to favour the private sector too much at the expense of non-profit or community organizations. The best example of this is Challenge '86, where the Government insisted that, in each riding, a certain quota be reserved for the private sector.

In my own riding, and I am sure such is the case in all the other ridings in Canada, some companies employed young people who had not received better training than employees of non-profit organizations, but they saved money because they created jobs just the same and could claim Government subsidies, instead of spending their own money.

I am sure that other Members would have similar cases to report in their own ridings.

Instead of that, and I am not against providing subsidies to the private sector, the Government should use as criterion the projects which would provide the best training and would

better benefit the public. Such projects should be accepted, no matter the quota or the amounts of money involved. It may be that in a riding like mine 75 per cent of the community organizations would have the best projects, or it may be that in another riding elsewhere in the country 80 per cent of the best projects would come from the private sector, so these would be accepted.

We at the federal Government level are making a mistake. I should think that all Members, particularly in Ontario and Quebec, know that every member of the provincial legislature has a budget for recreational activities, a budget which ranges from $30,000 to $50,000, and recommendations can be made to give grants or assistance to any non-profit organization related to schools, the elderly, sports, or recreational activities.

Unfortunately the federal Government does not make this kind of grants. The only way we can help various organizations is through employment creation programs. I am sure all Hon. Members agree that the Government should launch the kinds of programs available at the provincial level, programs to fund applicants submitting financial statements and where Members might act as advisers. There is a program at the Department of Secretary of State, for example, so all we need to do is to provide funding for each riding and Members could make recommendations from a list of projects. For instance, this organization in my riding is active in such or such a field and needs $2,000 to carry out this or that project.

I think that setting all political considerations aside, Members should get together and pressure governments to do something about this. And I don't see this as a way to win votes. It's not a matter of winning votes, because I have won elections without having those budgets. There are other people here who were elected without the benefit of this funding.

In any case, I think it would help give Quebecers and Canadians generally a perception of the federal presence across the country.

If we consider sports, I have a list of organizations here from the riding of Lac-Saint-Jean. Madam Speaker, these organizations do not receive federal grants but they are eligible for grants at the provincial level. The federal Government is prepared to provide funding for skating, hockey, skiing and athletics, but only for top players and young people who do well in competition.

I think that organizations involved in sports, recreation, cultural activities and social concerns, whether they are in Vancouver, Alberta, New Brunswick, Quebec, the Sagenay—Lac-Saint-Jean area, or anywhere else in Canada, should be eligible for federal grants. After all, the people in these ridings pay federal income tax. I hope Hon. Members will be agreeable to the Government earmarking funds for this purpose.

• (1710)

[*English*]

Mr. G. M. Gurbin (Parliamentary Secretary to Minister of Employment and Immigration): Madam Speaker, I am pleased to be able to respond at least in part to the motion put forward by my colleague, the Hon. Member for Montréal—Sainte-Marie (Mr. Malépart). I did not quite follow the last intervention the Hon. Member made regarding sports, but I think we will have to leave the question of sports aside for today. We can get involved in sporting activities another day.

The essence of the motion the Hon. Member has proposed has really to do with the Canadian Jobs Strategy and the difference between what that Hon. Member would do as a part of a Government and what this Government has done with remarkable success since 1984. I think all Canadians would be interested in knowing that 610,000 new jobs have been created since September 1984 and there has been a net increase of 255,000 Canadians of all ages, all stripes and both sexes employed who were not employed before. This has occurred largely because of the approach the Government has taken to provide Canadians with job opportunities.

The motion suggests that we have provided these jobs by somehow causing non-profit organizations or community groups to do without or to not be allowed to participate in the activities we are trying to encourage. That is far from the truth. The figures do not justify any of the suggestions in the Hon. Member's motion or any of the comments he has made.

The Hon. Member has spoken of the groups in his riding. It is fair to say that not every group has been funded, but neither have they ever all been funded.

In the short time I have, I would like first to describe the Canadian Jobs Strategy. It consists of about six different parts and Community Futures, one part of the Canadian Jobs Strategy, and provides perhaps the best example of how we are trying to encourage community acitivity. That program is 100 per cent oriented toward letting individual communities themselves determine their futures and their best opportunities. The program itself is entirely based on flexibility and on opportunities for long-term jobs, not make-work projects. It is not for a Member of Parliament from any constituency to give a person a job for a few weeks and then leave that worker hanging with no future, no dignity and no hope to be able to provide for security in the long term.

We have provided the Canadian Jobs Strategy with programs like Community Futures, Job Development and Challenge programs. We have spoken of private and non-private sectors. Under the Challenge '86 Program, the total number of jobs provided by the private sector in 1986 is 29,619 and for the non-private sector, that figure is 48,204. The percentages are the most important in terms of the motion before us. The percentages entirely refute anything the Hon. Member has suggested or tried to suggest. The total percentage of jobs created in the private sector is 38.1 while in the

non-private sector it is 61.9. The same kinds of figures can be given for the rest of the Canadian Jobs Strategy.

The private sector is certainly an area that has been targeted because that is where the long-term jobs are. However, the private sector has by no means taken over the show. In fact, in general the non-private sector accounts for most of the continuing activity.

It is important for the Canadian people to understand that there is flexibility in the Canadian Jobs Strategy. In Ontario, there is a great deal of activity and many jobs. The unemployment rate in Toronto is now 5.1 per cent. However, perhaps there are not that many jobs in the Hon. Member's riding or in Newfoundland. The Canadian Jobs Strategy provides the flexibility to deal with that. The figures prove it is working in terms of employment and the absolute figures prove that we are still encouraging the non-private sector to become involved in the Canadian Jobs Strategy. The figures are there for the Hon. Member or any other Canadian to see if they choose to look at the statistics.

The real difference will be proven in the coming six months to one year. The unemployment rate in Canada has dropped dramatically. It is now at 9.4 per cent, the lowest it has been in nearly seven years. All of the other economic indicators suggest that the programs supported by the Hon. Minister of Finance (Mr. Wilson) and other Ministers are working for Canadians and are providing the long-term economic climate in which Canadians can thrive and provide for their own futures.

I think it would be fair to say that the Canadian Jobs Strategy has yet to prove itself entirely in all of its different components. There is one component of it called Innovations that will allow private or non-private individuals or groups to come forward with ideas which we may incorporate into our thinking. It is almost like a mini research and development program and it will let individual Canadians and groups, perhaps some from the Hon. Member's own riding, come forward to make suggestions to Government. With our support, they will be able to find out if new approaches and new ideas might work better in a particular job scene.

I would like to make a suggestion to the Hon. Member. He talked about the involvement of individual Members of Parliament. Another important element of the Canadian Jobs Strategy is the local advisory council. That local advisory council is meant to include the Member of Parliament if he or she chooses to become directly involved and it provides sensitivity to the local area. It provides an opportunity for the Member of Parliament to tell the Minister of Employment and Immigration (Mr. Bouchard) and the Government itself what is wrong with the programs as they are delivered into particular areas.

I do not know if there is a local advisory council in the riding of the Hon. Member for Montréal—Sainte-Marie and I do not know if he participates on it. He is shaking his head to indicate no. That means that he is a little bit like a dinosaur. In spite of the fact that solid results that have worked right across Canada are there, he is resisting them. He is even resisting participation. His constituents are probably suffering because he will not take the initiative to change from the old way, which was to hand out jobs that lasted two weeks or two months and then to leave people stuck at the end of it.

This Government will not approach the employment scene that way. It is developing its strategy and has a solid performance record to date. We know that within another six months or so we will be able to give an even better total assessment of our efforts and make changes where necessary. We will look forward to suggestions for constructive changes from the Hon. Member who put this motion, but this motion is clearly out of order. It is certainly inaccurate because the figures simply do not bear it out. I could tell the Hon. Member of other figures that support my position as well.

Under the Challenge '86 Program, as I have mentioned, the non-private sector is still getting the lion's share. Nearly two-thirds of the Challenge '86 Program is on the non-profit side. There are no quotas. We have targets, because the private sector is one that we are trying to support, as it provides long-term jobs. It provides jobs that last not two weeks, not four weeks, not six weeks, but two years, four years and six years. The Hon. Member who has spoken against that belongs, I think, in the Party he represents and on the other side of the House.

• (1720)

[*Translation*]

Mrs. Anne Blouin (Montmorency—Orléans): Madam Speaker, I find it difficult to take the Hon. Member seriously when he says that social and community groups have no place in the Government's employment programs.

No other administration has shown as much determination in consulting Canadians, and I may say all Canadians, on the future orientation of this country's labour market. Private citizens as well as agencies responded to the call for consultation and met the challenge to work with us and find solutions to the unemployment problem.

Madam Speaker, the job strategy does not exclude any part of our society that could help develop the human resources of our country. On the contrary, its aim is to obtain the co-operation of all intervenors and to meet and identify needs as specifically and appropriately as possible. Our challenge is to select the best way to meet identified needs, and that is the strength of our program. Thanks to its great flexibility, the job strategy is able to meet a range of needs as vast and diversified as the country itself.

Our program does not overlook the contribution made by social and community agencies that are active in our towns and cities and on the reserves. Although the program stresses action by the private sector, that does not mean non-profit organizations do not have a role to play. In many cases, they

will remain the real basis of many of our initiatives. Many communities rely on them for their infrastructure.

For instance, Challenge '86, our summer employment program for students, has demonstrated that non-profit organizations play a major role in providing career-oriented training. In fact, 62 per cent of the jobs were created in co-operation with non-profit organizations, including municipalities, while 69 per cent of the funding went to that sector.

Madam Speaker, this Government realizes that in some communities in this country, the private sector is practically non-existent.

The increasing emphasis, however, on private sector employers in the job strategy compensates for the years of neglect by previous governments. Consultations which led to the employment planning process taught us that young people, women, long-unemployed Canadians, and workers confronted by technological progress have one common aspiration, that training be geared to labour market opportunities.

Quickly implemented *ad hoc* employment-creation programs were an appropriate and temporary approach, a good solution. These programs had become necessary and made it possible for workers and communities alike to mark time through short-lived economic downturns.

Madam Speaker, conditions have changed in recent years. The way the previous administration tackled this problem during the recession of 1981 and 1982 prompted us to reconsider our employment strategy. Now we know that workers want a sound vocational training system which will make it possible for them to keep pace with the current technological evolution. Training must be consistent with the dictates of the economy and lead to lasting employment. Through sheer necessity, employment planning tends to meet the practical and basic needs of our labour force, and by that I mean all Canadians.

Thanks to the employment equity legislation adopted last summer the most vulnerable groups—women, native people, visible minorities, the disabled—know they can take an active part in the six programs of our strategy.

Madam Speaker, employment planning principles acknowledge that job training and development must be viewed as the aim of collective efforts on the part of the private sector, non-profit organizations, and other management levels. Our strategy rests on the enduring good will of all Canadians. The small businessman, the community worker and the volunteer worker can still make their contribution. Madam Speaker, we would be remiss not to give consideration to the most underprivileged in our system. Our efforts to remain competitive on international markets would be wasted if we were to ignore the fundamental structural problems of our society.

Our strategy is directed to responding to the needs of the unemployed that are genuinely underprivileged. This means developing our resources, and it is in that area indeed that the non-profit social and community groups have a major role to play. Long after an economic recession, we will still have to deal with the problems caused by long-lasting unemployment. This is why social and community groups are entirely free to take part in the implementation of our employment strategy.

For instance, the success of an important program called Job Development largely depends on the participation of community groups and volunteer organizations. That program is aimed more specifically at solving the problems caused by long-lasting unemployment.

We are strongly urging community and social groups to play a co-ordinating role within the Integration and Re-integration options of the Job Integration Program. As you know, that program was designed to help young people move from the classroom to the workplace, and women from the home to the labour market. Beside the participation of those agencies is essential to ensure program efficiency.

Under the Innovation Assistance Program, community and social agencies are invited to apply for funds to test new solutions to problems linked with to the labour market. The potential is tremendous.

Madam Speaker, the Community Futures program is based on direct community resources. It is aimed at supporting iniatives originating from the private sector and the community. Madam Speaker, I do insist on the latter, the community initiatives.

In addition, social and community groups are invited to become active and efficient members of local advisory councils. Their participation is especially appreciated when it comes to establishing priorities with respect to local labour market planning. With the help of local advisory councils, a key objective in our employment strategy is being achieved which is that programs should respond to regional and local needs.

Clearly, Madam Speaker, the Canadian Jobs Strategy provides for a prominent role by community and social organizations. The problems resulting from long term unemployment will not be wiped out overnight. To achieve this, it will be necessary to spend much time and resources in the purest tradition of local and community enterprise.

Madam Speaker, co-operation is the very source of the strength which characterizes our country. The Canadian Jobs Strategy relies on this strength because, in this area, the past is a guarantee for the future.

Mr. Lorne Nystrom (Yorkton—Melville): Madam Speaker, I should like to speak briefly on this motion moved by the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart). I support this motion. It reads:

> That, in the opinion of this House, the government should consider the advisability of reviewing its policy on employment and the thrust of its programs so that social and community organizations may really fulfil their self-assigned role.

Madam Speaker, when I say that I support this motion—

[*English*]

I wish to read into the record some of the points of view about the Canadian Jobs Strategy of a number of social and community organizations. Madam Speaker, some of the social and community organizations are concerned about the direction of the Canadian Jobs Strategy in terms of more and more privatization, and a move away from organizations like community colleges.

First of all, I have a letter written to me by Lynda Murdoch who is from Mohawk College in Hamilton. She is concerned about a number of aspects of the Canadian Jobs Strategy. She states in part in her letter:

> Under Canadian Jobs Strategy, the Government of Canada is severely restricting training opportunities for under-employed women and implementing eligibility criteria for unemployed women which encourage them to remain unemployed for longer periods of time.
>
> In direct contravention of the Government's stated goal of promoting equal opportunity, projects based in the profit-making sector which are funded under the Re-Entry component of Canadian Jobs Strategy are providing training which reinforces job ghettos.

● (1730)

As I indicated, the communication was from Lynda Morgan Murdoch of Mohawk College. She is concerned that the re-entry component of the Canadian Jobs Strategy will reinforce job ghettoes with women working as waitresses and so on. That is one of her concerns as a result of analysing the programs.

I also have a copy of a brief which was sent to me, as well as to a number of Members of Parliament and Senators. It is from Mr. Terry Dance, Chairperson of the Community Outreach Department of George Brown College in Toronto. The brief was presented in response to the Canadian Jobs Strategy in which he expressed concerns similar to those of other community colleges in Canada. In part it reads:

> The Job Entry Program in the Metro area gives a representative picture of the diversity of projects, and the new funding priorities of the federal Government. Of the 40 projects funded for youth and re-entry women in Metro Toronto as of March 20, 1986, over 70 per cent were in the profit-making sector.

It continues:

> Consulting firms and individuals, previously unknown in the training field, are tapping into the Job Entry Program.

Terry Dance indicated that over 70 per cent were in the profit-making sector and that various unlicensed firms with no experience and previously unknown in terms of training were now tapping the field. He is concerned about the matter and how it affects long-term training. He is a member of an institution which is well known in the Canadian educational field.

In that we only have 10 minutes each within which to speak, I will refer very briefly to the comments of a third person from the Province of Saskatchewan.

Back in May I received a letter from Mr. Julius Friesen, Executive Director of Saskatchewan Community Colleges Trustees Association.

Mr. Friesen: Julius Friesen.

Mr. Nystrom: I do not know whether he is related to the Hon. Member for Surrey-White Rock—North Delta (Mr. Friesen), a very esteemed Member of Parliament from British Columbia. Perhaps he is his cousin. However, I think Julius Friesen is more enlightened than the Conservative Member across the way. I know that he thinks in a very progressive way politically; I know him very well. In any event, he is the Executive Director of a very important organization in my province. In referring to the Canadian Jobs Strategy, he wrote:

> It appears CJS has not established linkages with post-secondary institutions. Some linkages are essential if the quality of the CJS sponsored programs is to be adequate. In Saskatchewan, at least 80 per cent of industry and business firms employ fewer than 20 people. These firms rarely have the expertise, time or financial resources to develop training programs to meet their needs. In the absence of linkages with the traditional post-secondary institutions, sometimes hastily formed consulting firms and private trade schools are developing projects which may not meet the needs of our business sector, which are not monitored with respect to quality standards, and which may raise false expectations.

He is concerned that some of these hastily formed training schools, companies, and firms may produce people who are improperly trained for many of the small businesses in Saskatchewan. I also have a copy of the letter which he sent to the then Minister of Employment and Immigration, the present Minister of Communications (Miss MacDonald), but I do not have the time to go into it. It is along the same lines.

I should also like to refer to a letter dated March 6, 1986 which was sent to me by J. P. Robert LaRose, Executive Director of the Association of Canadian Community Colleges. Attached thereto is a brief to the Standing Senate Committee on National Finance which was presented by the Association of Canadian Community Colleges. It deals with national support for post-secondary education and it is dated January, 1986 for presentation on March 13, 1986. With reference to the Canadian Jobs Strategy, the brief indicates:

> While there are great advantages to on the job training—as part of a comprehensive strategy for training and employment, cautions should be exercised. On the job training is by its nature job-specific, and inappropriate reliance on this kind of training can only lead to enormous costs of retraining at a later date in the kind of fast paced economy to be experienced by Canada in the immediate future. Secondly, a predominant emphasis on the job training undervalues the potential of the training infrastructure built up by the community colleges through Canada over the past 25 years.

I see Madam Speaker signalling that I have only two minutes remaining. I should like to refer very quickly to the assessment of the Canadian Congress for Learning Opportunities for Women of the status of women. It indicates that training programs are becoming less and less relevant for women over the passage of time. I do not have time to read parts of the document into the record, but I should like to indicate that its concerns are similar. It is a very well researched document and I recommend it to Hon. Members of the House. They can obtain copies by contacting the association's office.

My last point concerns what we find in the Government's documents. For example, there is a tremendous increase in funding for unlicensed people in training. I have a copy of a

document whose source is Canada Employment and Immigration. It indicates the status of job entry programs as of June 30, 1986. I should like to put a few of them on record.

Of a total expenditure of some $17,738,000 in Ontario as of June 30, 1986, almost half or some $8.8 million was spent in the unlicensed sector. We also find that colleges received $1.8 million; schools, $1.5 million; private vocational schools, $2.2 million; non-profit organizations, $1.8 million; and subcontracts to colleges, under $500,000.

I should like to refer to my very last point. Of the 161 projects in Ontario as of June, 1986, 70 of them went to unlicensed organizations. The community associations to which I have referred are concerned about that direction of the Government. Perhaps some government Members could respond to those concerns later. I have referred to the comments of these organizations. They were not partisan comments by any politician on either side of the House.

[*Translation*]

Thank you, Madam Speaker, for your kindness towards me this afternoon. You are very nice.

[*English*]

Mr. W. Paul McCrossan (York-Scarborough): Madam Speaker, it is with pleasure I rise to participate in the debate today. Upon reading the motion my first impression was perhaps to agree with it. Any Government should be constantly reviewing its policy on employment and the thrust of its employment programs. Any Government should be looking at the role of social and community organizations in its job strategy.

However, the implication in the motion is flawed. It is indicated that the Government has not been doing that. Obviously the Government has been much more active in terms of redesigning job programs than any recent Government. Certainly our activities in the non-profit field—and the previous Hon. Member who spoke challenged me to refer to it—have been very active.

Recent economic forecasts indicate that the Canadian economy will experience significant real growth in the future. As a result, Canadian workers should enjoy improved employment prospects. However, these better times will not be shared equally by all Canadians. The seriousness of the situation and the changing demands of the labour market call for new approaches to the problem if Canadians are to have improved employment opportunies now and in the future.

In response to the employment needs of Canadians, the Government has undertaken several initiatives. For example, it has undertaken a major restructuring of labour market policies to assist all workers and has recently entered into an agreement with the provinces and the territories to increase the labour market opportunities of social assistance recipients. In large part the voluntary sector deals with such recipients. I can assure the Hon. Member that the initiatives contain strong community focus and involvement which effectively strengthen the interests of community and social organizations.

All Canadians who wish to hold a job can now look to the future with greater expectations with the Government's new strategy to prepare Canadians for the changing labour market—the Canadian Jobs Strategy. Because the strategy is based upon consultations with Canadians concerning their greatest needs, it addresses a wide variety of employment and training needs which range from labour shortages in some areas to the requirements of lower skilled and disadvantaged Canadians who would otherwise have little hope of ever entering the labour market. The flexibility of this new approach to the employment needs of all Canadians ensures that particular community and local needs will be addressed.

• (1740)

Briefly, the Canadian Jobs Strategy is a blueprint for revitalizing Canada's labour market. Currently it has six programs which have been created to meet immediate needs and to offer a framework for national action. They are not the final solution, but they are just specific and pressing problems.

Skills Investment, the first program, helps workers whose jobs are threatened by changing technology. The second program, Job Entry, helps young people and women to get their first job.

With respect to the challenge thrown out by the Opposition, it is worth noting that with the job entry programs in the last fiscal year some 47 per cent of the moneys was distributed to the non-profit sector. So far this year distribution is running at 57 per cent, hardly indicating that the motion has validity.

The third program, the Job Development Program, offers meaningful assistance for the long-term unemployed. Just looking at this program, we can see also that the motion is flawed. In the last fiscal year 63 per cent of the moneys under this program went to the non-profit sector, 28 per cent to the private sector and 9 per cent to the municipal sector. This year, so far, we are running at 54 per cent to the non-profit sector with a decrease in the private sector to 18 per cent and an increase in the municipal sector to 28 per cent, exactly what the motion would suggest we are not doing, namely, putting money into non-profit and community organizations. Fourth is the Innovations Program which stimulates the search for new initiatives. Fifth is the Skill Shortages Program which ensures that critical skill shortages are alleviated. Sixth is the Community Futures Program which offers help to workers in communities facing chronically high unemployment, plant closures or massive lay-offs. So far, Madam Speaker, 90 communities have been selected. There is an obvious commitment by the Government to communities to give communities a voice in their own futures, exactly what the Hon. Member's motion is suggesting. I think the Member should be applauding us for doing what we are doing rather than suggesting in some way that we have been negligent.

Let me turn now to the agreement that the Minister of Employment and Immigration (Mr. Bouchard) and the Minister of National of National Health and Welfare (Mr. Epp) have concluded with their colleagues in all the provinces and territories on initiatives that will assist social assistance recipients to move to self-sufficiency. After all, most of the non-profit organizations around are concerned with those on welfare. Obviously there have been major initiatives to help those on welfare.

We tend to forget that social assistance recipients represent a significant portion of unemployed Canadians. In the past, their participation in federal employment programs has not been representative of their share of the jobless. The agreement that we have signed with the provinces and territories is intended to provide social assistance recipients with the opportunity to participate fully in the Canadian Jobs Strategy. Moreover, the initiatives in this agreement should be more responsive to the needs of individuals at the community level.

One initiative in the agreement states that participation levels for the social assistance recipients will be set in the Canadian Jobs Strategy. As a result, Canadians having serious difficulty in entering the labour market can expect improved job and training opportunities from the increased access to programs in the Canadian Jobs Strategy. This initiative is a major step forward for disadvantaged Canadians.

In addition, another feature of the agreement provides the provinces and the federal Government with the ability to divert resources that would have been used to maintain a person on social assistance to work experience and training programs.

In the February, 1986 Budget, the Minister of Finance (Mr. Wilson) announced that the federal Government would provide $100 million a year for this agreement for the next three years and that this would be matched by the provinces. To date, three provinces have signed agreements; British Columbia, Saskatchewan and Newfoundland. As well, we have developed a national evaluation strategy to provide a cost benefit analysis framework so that we may determine which programs work best during this three year experimentation process rather than just throwing money at the problems, as the previous Government did, and not assessing the worth that is produced.

Other measures in the federal-provincial agreement have also been initiated to make existing programs more responsive to individual needs. One measure deals with changes to the guidelines to the Canada Assistance Plan, a major program in the Department of National Health and Welfare which supports Canada's network of social assistance and social services. While the program meets its basic task of maintaining persons who are on social assistance, it will now provide improved tools to assist those persons in getting off social assistance and into long-term employment. This agreement goes a long way toward minimizing disincentives to work or training for social assistance recipients. The changes to the CAP guidelines permit provinces to allow social assistance recipients to keep some of their social assistance benefits in addition to their training allowances.

This initiative has provided three important achievements. First, we are spending the money smarter. The money is not just going to help maintain an individual on social assistance, but to enhance the employability of that individual. Second, we are aiding the poorest of the poor and helping them to become employable. Third, we are working in excellent harmony with our provincial counterparts and in community organizations which are most concerned with the poor.

As the Hon. Member can see, the Government is committed to helping unemployed Canadians receive training and find useful and productive jobs. Moreover, this commitment is based on a flexible strategy, that is, one responsive to individual and community needs. As well, these programs are targeted to those regions that are hardest hit and those Canadians that are most disadvantaged. This Government recognizes its role in helping these Canadians and has responded to it by establishing a job strategy that keeps pace with a continually changing labour market and does so with simple, realistic, effective programs that develop our most important resource, the people of Canada.

[*Translation*]

Mr. Gilles Grondin (Saint-Maurice): Madam Speaker, I just wish to add a little weight to the proposal made by my friend the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart). You will certainly understand why I would not readily support what my hon. colleague was asking for the organizations which had been made by this Government in the job creation field and especially for those from non-profit organizations.

Madam Speaker, you will understand that I, for one, think that one of the basic points raised by my friend the Hon. Member for Montreal—Sainte-Marie was dealing less with job creation than the assurance that non-profit organizations could benefit fully from programs offered by the Government. As a matter of fact, even though I was not then a Member of this House, I had the opportunity to work with organizations in my region, and the basic problem which we faced this summer was that, with the change in eligibility criteria, non-profit organizations in the region were penalized and could not find programs or were unable to find projects which would have allowed them to create a few jobs, to develop and to survive because, without the financing of the federal Government, these organizations would have great difficulties in surviving.

Madam Speaker, I also want to point out to the Parliamentary Secretary that, unfortunately, the federal Government and Quebec have not signed any agreement for training. This absence of an agreement causes problems for the non-profit organizations which would like to apply for training programs.

The examples mentioned by the Parliamentary Secretary are more closely concerned with the Toronto region, while we are proposing programs for all of Canada. As for me, I am more interested in dealing with programs for young people.

• (1750)

If we look at an assessment of the Challenge '85 program prepared by the Department of Employment and Immigration, we find for instance that only 33 per cent of the jobs giving work experience in the field of study of young people were found in the private sector. Generally, the non-profit sector has had more success in creating new jobs than the private sector.

Analysis of the program also confirms that many jobs, especially in the private sector, would have been created in any case, even without the support of Government subsidies.

Madam Speaker, although my hon. friend from Edmonton stated that many programs were being offered to non-profit agencies, 300 agencies in this country have joined together to form a coalition, and they have indicated they were being affected by most of the cutbacks in the federal Challenge '86 program. This program is of course concerned with providing jobs for young people.

In fact, although it had a budget of $215 million in 1985, the Challenge program's budget for this year is $180 million. To everyone's surprise, it was the non-profit sector that absorbed most of the cutbacks, over 95 per cent, although that sector was given the best evaluation last year. And the private sector, which did not do as well as expected in the summer program last year, suffered only minor cutbacks. If we put this in percentages, about 40 per cent of Canada's non-profit organizations have been affected by this measure.

I think that although my hon. friend was enthusiastic about the Government's decision to promote programs that would benefit all Canadians, the fact remains that at least 300 agencies have protested these cutbacks.

When all is said and done, there were concrete results in British Columbia: out of 20 Vancouver organizations sponsoring youth summer camps, eight had to abandon their projects, two kept operating with budget cuts of 50-odd per cent, and one with budget cuts of about 20 per cent. This prompted the Little Mountain Neighborhood House executive director to say that indeed this Government is inspired by a philosophical trend whereby social services have much less priority, and ever larger funds are given to the private sector rather than to non-profit organizations.

Madam Speaker, I should point out as well that this year 65 per cent of the Challenge '86 budget was allotted to the public sector and non-profit organizations in British Columbia. Last year, the proportion was up to 75 per cent. The federal Government made job creation by the private sector one of its priorities, even though, as I said, the evaluation of the program Challenge '85 that was done by the Department of Employment and Immigration showed that the non-profit sector was generating more jobs than the private sector.

Closer to us, about a hundred groups have protested against the cuts in Challenge '86, pointing out that last summer's $34 million cutbacks deprived nearly 115,000 canadians of the services they had enjoyed in previous years. Summer camps for underprivileged young people and assistance programs for senior citizens especially were affected.

Finally, before I conclude I would like to bring to your attention, Mr. Speaker, certain figures which reach beyond the statistics that may be used regularly by Government Members to justify or show a measure of job creations, because we note from year to year that programs or budgets allotted by the Government keep decreasing. Taking for instance the budget for Challenge '86, there were $180 million for job creation, of which $127 million went to the major components Summer Employment and Job Experience. The Challenge '85 budget included $205 million for job creation, $163 million of which were used for Summer Employment and Job Experience. This means there was a $25-million cutback for 1985-86.

Under Challenge '85, non-profit groups produced twice as many jobs throughout Canada as the private sector. And the distribution of the 29,170 jobs, jobs generated in Quebec under Challenge '85 was: 50 per cent with the non-profit groups, 40 per cent with the private sector, and 10 per cent with the municipalities.

All this, Madam Speaker, goes to show that this Government's commitment to reducing the reliance on non-profitable organizations as compared with previous years is a policy which is very bad in itself and which condemns the federal Government's current action. I therefore support the proposal put forward by my colleague for Montreal—Sainte-Marie, which is to go ahead with the best projects submitted, whether they come from non-profit or profit groups, provided they give an opportunity to young people in a given region to work and acquire job experience.

Mr. Clément M. Côté (Lac-Saint-Jean): Madam Speaker, I just could not begin my remarks the way the Hon. Member for Saint-Maurice (Mr. Grondin) did and say that I will try to give more weight: you will understand that it would be difficult for me to give more weight, but I will try to set the record straight, Madam Speaker.

On the one hand, the Hon. Member for Saint-Maurice (Mr. Grondin) stated that in the Greater Toronto area, under Challenge '86, more money had been given to the private sector than to non-profit organizations. Well, I hope that the Hon. Member can use a pencil to jot down a few figures. In the Greater Toronto area, some $6,195,672 were given to the private sector, compared with $9,829,757 to non-profit organizations.

I should like to add something to what the Hon. Member for Yorkton—Melville (Mr. Nystrom) said concerning job creation for women. Madam Speaker, may I say that compared with the former program, there has been an increase from 36 per cent to 45 per cent in the number of jobs for women.

The objective sought by the Hon. Member for Montreal—Sainte Marie is quite commendable, that is for the Canadian Government to give more to non-profit organizations and to

the most needy. Where the Hon. Member for Montreal—Sainte-Marie gets off the track is when he asks the Government to scrap the present policy on job development and return to the previous system. He mentioned a while ago the riding of Lac-Saint-Jean. Let me say, madam Speaker, and I could deal with that for an hour or even more, that in my riding, the new program made it possible this year to increase the number of recommended projects by 28 per cent. I wish I could have dealt more with this program which is quite welcome back home, because it is very helpful to the unemployed, the needy, and the non-profit organizations, contrary to the former program.

The Acting Speaker (Mrs. Champagne): The hour provided for the consideration of Private Members' Business has now expired.

Pursuant to Standing Order 42(1), the item is dropped from the Order Paper.

Pursuant to the Order adopted on Wednesday, November 26, 1986, the House is now suspended to the call of the Chair.

[*English*]

SITTING RESUMED

The House resumed at 8.35 p.m.

MESSAGE FROM THE SENATE

The Acting Speaker (Mrs. Champagne): I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill C-27, an Act to facilitate the continuation of the business of the Bank of British Columbia, without amendment and with observations.

THE ROYAL ASSENT

[*English*]

The Acting Speaker (Mrs. Champagne): Order. I have the honour to inform the House that a communication has been received as follows:

Royal Assent

Rideau Hall
Ottawa,

27 November, 1986

Sir,

I have the honour to inform you that the Honourable Antonio Lamer, Judge Puisne of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate chamber today, the 27th day of November, 1986, at 8.25 p.m., for the purpose of giving Royal Assent to certain Bills.

Yours sincerely,
Léopold H. Amyot
Secretary to the Governor General

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

Madam Speaker, the Honourable Deputy to the Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

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

[*Translation*]

And being returned:

• (2040)

The Acting Speaker (Mrs. Champagne): I have the honour to inform the House that when the House went up to the Senate Chamber the Deputy Governor General was pleased to give, in Her Majesty's name, the Royal Assent to the following Bills:

Bill C-27, An Act to facilitate the continuation of the business of the Bank of British Columbia—Chapter No. 47, 1986.

Bill S-2, An Act to implement conventions between Canada and the Kingdom of the Netherlands and Canada and Japan and agreements between Canada and the People's Republic of China and Canada and the Republic of Malta for the avoidance of double taxation with respect to income tax—Chapter No. 48, 1986.

It being 8.47 p.m., pursuant to an Order made on Friday, November 7, 1986, this House stands adjourned until 11 a.m. Monday, December 1, 1986, pursuant to Standing Order 3(1).

The House adjourned at 8.47 p.m.

HOUSE OF COMMONS

Monday, December 1, 1986

The House met at 11 a.m.

[*English*]

BUSINESS OF THE HOUSE

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, there have been some general discussions this morning among House Leaders. I believe that Your Honour will find that there is a disposition to let the Government's time allocation motion under Government Notices of Motion stand for today. I wish to seek that clarification before we proceed.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I would have thought that what I suggested to my colleague in person just moments ago would have been sufficient. However, that is the case.

Mr. Speaker, I wonder if I could ask if you have already called Tabling of Documents? If so, I would seek the unanimous consent of the House to revert.

Mr. Speaker: I have already called it. Does the Hon. Member have the unanimous consent of the House to revert to Tabling of Documents?

Some Hon. Members: Agreed.

Mr. Speaker: Tabling of Documents.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

GOVERNMENT RESPONSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 106(8), I have the honour to table, in both official languages, the Government's response to five petitions, Nos. 332-9 to 332-13 inclusive.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have several petitions from Canadians living from the East to the West Coast who ask that whereas the Government of Canada has imposed a retaliatory tariff on imported books in the English language which has limited the access of Canadians to literature and information; and whereas the tariff has little negative effect on the publishing industry of the United States yet penalizes Canada's consumers, book publishers, booksellers, distributers and Canada's culture; and whereas rising book prices have placed a certain strain on the book acquisition programs and policies of our nation's public and specialized libraries, the petitioners pray and call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries in respect to free trade negotiations.

OPPOSITION TO PROPOSED CHANGE TO PATENT ACT

Mr. Rod Murphy (Churchill): Mr. Speaker, I have the honour to present yet another petition. Pursuant to Standing Order 106 the petition has been certified by the Clerk of Petitions. It deals with the matter of the generic drug laws. In the petition the people from Lynn Lake, Manitoba, indicate that they too are opposed to the Government's attempt to raise the price of drugs in order to appease the Americans in the free trade talks. The petitioners are worried about the increase in prices for drugs and hope that the Government will reject the proposal to change Canadian drug laws.

Mr. Derek Blackburn (Brant): Mr. Speaker, I too have the pleasure to present a petition from several residents of the Winnipeg area who also protest the Government's attempt to change the Patent Act which they feel will result in an increase in the cost of drugs and medications.

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, I have the duty and responsibility to table a petition signed by many residents of Winnipeg, Manitoba. The petitioners call upon Parliament to oppose and reject the proposals which will increase prescription drug prices for Canadians. They feel that the proposals to change the Patent Act relating to prescription drugs will not only increase drug prices but that they will also unfairly hurt Canadians whose health needs require the purchase of prescription drugs. In fact, these changes will result in higher costs to provincial Government drug plans. They call upon Parliament to reject this legislation.

Mr. Simon de Jong (Regina East): Mr. Speaker, I also wish to present to Parliament a petition signed by numerous Canadian citizens who call upon the Government not to proceed with the legislation extending patent rights* to

multinational pharmaceutical firms. The petitioners urge Parliament to maintain the existing Act as is.

• (1110)

Mr. Jim Fulton (Skeena): Mr. Speaker, I have the honour and duty, pursuant to Standing Order 106, to present several petitions from Canadians who are concerned about the proposed changes to generic drug laws. They are concerned that the new legislation will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy necessary prescription drugs. Since this will also cause higher costs to provincial drug plans, the petitioners humbly pray and call upon the House to reject these proposals which will increase prescription drug prices for all Canadians.

[*Translation*]

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have here a petition signed by thirty people from the province of Manitoba, concerning the price of pharmaceutical products and the impact of the Government's proposed legislation, which will be to increase the price of drugs. Mr. Speaker, these people are particularly concerned that concessions made by the Government to the Americans in the context of the free trade talks will have the effect of putting a heavy financial burden on Canadians who are ill, and petitioners are therefore seeking to retain the existing legislation on the price of drugs.

[*English*]

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I have the honour and duty to present a petition which was sent to me by the Parkside Golden Age Club Incorporated, Parkside, Saskatchewan, and most of the signatories of the petition are members of that club. They ask the Parliament of Canada to reject proposals which might increase the cost of prescription drugs and that Parliament reject entirely the changes to the Patent Act.

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I have a petition from a number of residents of my riding who point out that changes to the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers, that these changes will hurt Canadians who require prescription drugs on an ongoing basis and will increase the costs to provincial government drug plans and that this is another concession to the United States in the free trade negotiations. These petitioners call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians. I am glad to see that the Minister is here listening to the presentation of these petitions.

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, I too have a petition from a number of citizens of Canada who protest this dastardly and terrible piece of legislation that will penalize senior citizens and force up the price of drugs. I am proud to present this petition on behalf of these ordinary people of Canada.

Mr. Speaker: Order. The Hon. Member is presenting a petition with a certain degree of enthusiasm. The Chair would remind the Hon. Member that it is not an occasion to make a long speech but just to describe what is in the petition.

Mr. Waddell: Thank you, Mr. Speaker. They feel strongly about this one so I will file this petition.

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I will try to control my enthusiasm a bit. I have several petitions to present to the House as well. It is very much the case, as these petitions suggest, that right across Canada there is swelling opposition to what is happening to the patent legislation. The first of these petitions comes from Alberta. The petitioners indicate their strong opposition to the certain increase in drug prices which they see in the future. The second petition comes from Manitoba and makes the same point. It also indicates that the petitioners feel very strongly that this action is tied as a concession to the free trade talks with the United States.

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, I will restrain myself from exposing my strong emotional feelings in exercising the honour to submit petitions from several citizens of the Cities of Windsor and Saskatoon. The petitioners are protesting the Government's intention to amend the Patent Act and are asking the Government to withdraw the legislation and listen to the people of Canada with an attentive ear, not an ear that hears the voice of the President of the United States in determining Canadian policy.

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, today I have the responsibility and privilege of presenting a petition from citizens of my riding who are also opposed to the initiative of the Government manifested in Bill C-22. I think it might be instructive for the House to know that citizens of Dryden, Devlin, Mine Centre, Emo, Fort Frances, Thunder Bay, Rainy River and La Vallée have all signed this petition calling upon the Government to reject the proposals which will increase prescription drug prices for Canadians.

[*Translation*]

Canadians throughout my riding and throughout the country object to this disastrous piece of legislation.

[*English*]

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is my pleasure to present a petition on behalf of a number of residents of western Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that your Honourable House will therefor provide a remedy. The remedy they seek is for the Government and Parliament to reject the changes to the patent drug Act that would result in significant increases in the price of prescription drugs for ordinary Canadians.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 17, 22, 23, 26 and 28.

[*Text*]

CMHC—HOUSING PROJECTS APPROVED IN VICTORIA—HALIBURTON

Question No. 17—**Mr. Scott (Victoria—Haliburton):**

1. Since September 4, 1984, have any housing projects been approved by CMHC in the constituency of Victoria—Haliburton and, if so (*a*) how many (*b*) what was the total (i) federal (ii) provincial contribution?

2. Which government has the authority to publicly announce approval of these projects by CMHC under the current federal-provincial agreement in the Province of Ontario?

Hon. Stewart McInnes (Minister of Public Works): I am informed by Canada Mortgage and Housing Corporation as follows:

1. (*a*) Four housing projects have been approved by CMHC in the constituency of Victoria—Haliburton since September 4, 1984. (*b*) (i) and (ii) The total maximum annual subsidy contributions for these projects was:

Federal	— $ 344,190
Provincial	— $ 162,159

2. Under the terms of the federal/provincial agreement in Ontario signed on February 28, 1986, project publicity is made jointly by the federal and Ontario governments. The joint news releases are issued to the media by the Province.

CANADA WORKS PROGRAM—FUNDS FOR MATAPÉDIA—MATANE

Question No. 22—**Mrs. Killens:**

1. Did the Department of Employment and Immigration allocate grants to the constituency of Matapédia—Matane under the Canada Works Program (Phase II - 1985) and, if so, in each case, in what amounts?

2. In each case, what is (*a*) a description of the projects submitted and the (i) title (ii) name and address of the sponsor (*b*) was the list of projects accepted and the (i) amount of the grant (ii) number of jobs created?

Hon. Benoît Bouchard (Minister of Employment and Immigration): 1. and 2: See reply to question No. 21 tabled this day.

CANADA WORKS PROGRAM—FUNDS FOR RIMOUSKI—TÉMISCOUATA

Question No. 23—**Mrs. Killens:**

1. Did the Department of Employment and Immigration allocate grants to the constituency of Rimouski—Témiscouata under the Canada Works Program (Phase II - 1985) and, if so, in each case, in what amounts?

2. In each case, what is (*a*) a description of the projects submitted and the (i) title (ii) name and address of the sponsor (*b*) was the list of projects accepted and the (i) amount of the grant (ii) number of jobs created?

Hon. Benoît Bouchard (Minister of Employment and Immigration): 1. and 2: See reply to question No. 20 tabled this day.

SALE OF DE HAVILLAND AIRCRAFT CORPORATION

Question No. 26—**Mr. Kaplan:**

Is the Government aware of any liabilities or potential liabilities arising from sales of products by de Havilland Aircraft Corporation, which continue to be the final responsibility of the taxpayers of Canada because of the sale of the corporation to Boeing Commercial Aircraft Company and, if so, what are they?

Hon. Barbara McDougall (Minister of State (Privatization)): Every company incurs real obligations and exposes itself to potential liabilities in the course of doing business. De Havilland was no exception to this rule, and in the high technology world of aerospace these liabilities are potentially much more serious.

The arrangement with Boeing is, in this regard, a positive element in the sale of de Havilland. If de Havilland had not been sold to Boeing, the Canadian taxpayer would have been exposed to the full weight of the various obligations and potential liabilities incurred by de Havilland. However, as part of the sale of the company to Boeing, the Government was able to negotiate an arrangement which significantly reduces the exposure of Canadian taxpayers to these risks. For Boeing, assumption of a portion of the risks associated with de Havilland is, in effect, part of the price that is being paid for de Havilland, and is in addition to the $90 million in cash, the royalties, and the commitment to place up to $325 million in new work in Canada.

CBC—BROADCASTING OF SPEECH FROM THE THRONE

Question No. 28—**Mr. Wilson (Swift Current—Maple Creek):**

1. Did the Canadian Broadcasting Corporation provide coverage of the October 1, 1986, Speech from the Throne and, if so (*a*) what cost was budgeted (*b*) what were all direct and indirect actual costs (*c*) how many CBC employees were directly and indirectly involved?

2. Were any persons who were not CBC employees on contract for the occasion and, if so (*a*) how many (*b*) for what period of time and at what cost?

Hon. Flora MacDonald (Minister of Communications): I am informed by the Canadian Broadcasting Corporation as follows:

1. Yes. The October 1, 1986, Speech from the Throne was broadcast live by the CBC French and English radio and television networks

On all four networks, the Speech from the Throne was included in news specials that had been produced to cover the events associated with the opening of the second session of Parliament, and to provide some reaction to material contained in the Speech from the Throne.

Television coverage of the events was provided by a single technical team. That team was assembled by the English television network, and it provided pool coverage to CBC French television and other Canadian broadcasters (CTV, Global, TVA and Quatre Saisons).

(*a*) There was no separate, special budget allocated for coverage of the opening of the second session of Parliament and the Speech from the Throne. Instead the costs involved

were covered by the regular budgets allocated to news specials for the various radio and television services.

(*b*) The direct and indirect costs of the four news specials are components of over-all program costs, and it has not been customary to require the CBC to provide such details of its internal management and administration. The background to this custom is explained in detail in the reply to question No. 2530 answered November 6, 1975. It should be noted, however, that pool costs were recovered from other participating Canadian broadcasters.

(*c*) There were 91 CBC employees directly and indirectly involved with production of the four news specials for the CBC networks as follows: English television 52, French television 27, English radio 7, French radio 5.

2. No.

[*English*]

Mr. Speaker: The questions as enumerated by the Parliamentary Secretary have been answered.

* * *

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, if Questions Nos. 20 and 21 could be made Orders for Returns, the Returns would be tabled immediately.

Mr. Speaker: Is it the pleasure of the House that Questions Nos. 20 and 21 be deemed to have been made Orders for Returns?

Some Hon. Members: Agreed.

[*Text*]

CANADA WORKS PROGRAM—FUNDS FOR RIMOUSKI—TÉMISCOUATA

Question No. 20—**Mrs. Killens:**

1. For 1984-85 and 1985-86, did the Department of Employment and Immigration allocate funds to the constituency of Rimouski—Témiscouata, under the Canada Works Program and, if so, in what amounts?

2. In each case, what (*a*) was the list of projects submitted and the (i) title (ii) name and address of the sponsor (iii) description of the project (iv) amount of the financing (*b*) according to the latest figures available, was the (i) list of projects accepted (ii) amount of the grant (iii) number of jobs created?

Return tabled.

CANADA WORKS PROGRAM—FUNDS FOR MATAPÉDIA—MATANE

Question No. 21—**Mrs. Killens:**

1. For 1984-85 and 1985-86, did the Department of Employment and Immigration allocate funds to the constituency of Matapédia—Matane under the Canada Works Program and, if so, in what amounts?

2. In each case, what (*a*) was the list of projects submitted and the (i) title (ii) name and address of the sponsor (iii) description of the project (iv) amount of the financing (*b*) according to the latest figures available, was the (i) list of projects accepted (ii) amount of the grant (iii) number of jobs created?

Return tabled.

[*English*]

Mr. Lewis: Mr. Speaker, I would ask that the remaining questions be allowed to stand.

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

CANADAIR LIMITED DIVESTITURE ACT

MEASURE TO ENACT

Hon. Barbara McDougall (Minister of State (Privatization)) moved that Bill C-25, an Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith, be read the second time and referred to a legislative committee.

• (1120)

She said: Mr. Speaker, I am rising today on behalf of the Government to introduce to the House for its second reading the Canadair Limited Divestiture Authorization Act, Bill C-25. The Government is proud to table Bill C-25 to conclude the sale of Canadair to Bombardier of Montreal. This legislation will provide the authority to carry out the final step in turning Canadair back to the private sector where its potential as a dynamic, competitive company can best be achieved.

A decision to sell Canadair to Bombardier was based on the principle of maximizing the social and economic benefits for all of Canada, and not simply of maximizing the selling price. I would like to describe to you in some detail the privatization process of Canadair. I would like to show the House that this divestiture was carried out with sensitivity to the concerns of the many interested parties, that it achieves a fair return for taxpayers, and that it creates the best environment for a strong and competitive company which is capable of sustaining growth and creating more secure employment prospects.

In assessing the terms of the sale, I would ask Canadians to take two factors into account. First, the purchase price. We have been seeking the maximum economic benefits for the country. This may not always mean the highest price. Second, Canadians must realize that no sale could recoup the billions of dollars already expended on Canadair.

In the early 1980s, after having owned the company for more than five years, the Government took the regrettable but necessary step of financially restructuring Canadair. This was done at significant cost to the Canadian taxpayer, but it only treated the symptoms. The difficulties facing this company could not be solved by financial restructuring alone.

[*Translation*]

Operating in a very competitive industry, Canadair was frustrated in its attempt to remain in the forefront of a rapidly expanding aerospace industry.

Considering this background and after careful study, the Government decided to sell Canadair.

This decision was made because we concluded that maintaining the Government's participation would restrict Canadair's prospects for the future.

[*English*]

In October of 1984, the Government announced that Canadair was for sale. Mr. Paul Marshall, President and Chief Executive Officer of the Canada Development Investment Corporation, co-ordinated the marketing and financial analysis necessary before recommending to Government a prospective purchaser for Canadair. The search for appropriate buyers was based on sound business principles. The criteria for evaluation by the financial advisers included the following characteristics: proven managerial, technological, marketing and manufacturing capabilities; established financial depth; and industry experience.

[*Translation*]

The CDIC's objective was to select buyers who would develop the assets of a competitive aerospace enterprise with a view to the export market, further develop aerospace technology in Canada, maintain employment prospects in Canada and support regional development priorities.

[*English*]

By early 1986, the groundwork had been laid to start a final bidding process. On February 6, 1986 bids were invited from the six interested parties. They included Bombardier Inc., Canadian Aerospace Corporation, Candian Aerospace Technologies Ltd., a consortium led by Fleet Aerospace Corporation, IMP Limited, and Magna International Inc.

The financial advisers then opened negotiations with the six interested purchasers by providing the additional technical and financial information on Canadair. The team of financial advisers actively worked with the bidders to negotiate final improvements in the submissions. The CDIC board closely reviewed the proposals and recommended Bombardier as having the offer with the superior bid.

The last step of this lengthy and thorough process included a review of the CDIC recommendation by the Ministerial Task Force on Privatization. After reviewing the recommendation and the supporting financial analysis, and after additional study of the proposal by the Government's own financial adviser, the Ministerial Task Force decided to pursue the Bombardier offer.

[*Translation*]

We also carefully examined the financial background and growth capability of each of the buyers concerned. Again, I want to make it clear that during their scrutiny of this sale, the Ministers not only considered the price and the advice of financial experts, but also the economic and social benefits.

We also examined the consequences of liquidating the company and of maintaining Government ownership. After considering these options and Bombardier's offer, we are convinced we made the best possible decision for the company's future and that of its employees.

[*English*]

On August 18, together with my colleagues, the Hon. Michel Côté, the Hon. Robert de Cotret, and the Hon. Marcel Masse, I announced the signing of the letter of intent to sell Canadair to Bombardier.

The terms of the Canadair sale to Bombardier are complex, and have been arrived at only after months of detailed negotiations and careful considerations. I am pleased to provide you with highlights of the agreement my Government has entered into with Bombardier. I have also provided the Hon. Members with a supplementary information package to help in their understanding of this sale, and in preparation for a speedy passage of Bill C-25. The terms of sale address a number of important employee issues. Mindful of the importance of gaining the confidence of Canadair's workforce, Bombardier has agreed to offer participation to all Canadair employees in Bombardier's existing employee stock purchase plan. Bombardier welcomes the desire of workers to buy into the company, and to participate in the future of Canadair.

[*Translation*]

Bombardier undertakes to maintain the manufacturing operations and the headquarters of Canadair in Quebec.

[*English*]

An important feature of the agreement with Bombardier is that Canadair will keep the world product mandate for current products and their derivatives. However, through the CDIC, the Government will retain the ownership of the advanced Challenger technology. The Government will licence this technology to Canadair for future annual royalties, which are estimated to amount to $173 million.

Upon closure of this transaction, the Government will receive an immediate cash settlement of $120 million in payment for the shares of Canadair. In addition, the Government will receive $100 million of special shares of Canadair Bombardier Inc. to ensure that Canadair's working capital is dedicated to the further development and to the future of the corporation. A further $50 million of special shares are being issued, which will have the effect of increasing Canadair's research and development, stimulating the development of export markets, and increasing the use of Canadian supplies. Furthermore, Bombardier has committed itself to submitting a plan to increase the level of Canadian content in the Challenger aircraft program.

It is obvious from this long list of sale arrangements that benefits will flow not only to Canadair and its employees, but also to the aerospace industry in Canada and to all Canadians.

[*Translation*]

Mr. Speaker, we believe that Bombardier will provide Canadair with the kind of innovative management that has made it a leader in the transportation technology sector, both in Canada and on international markets, and thus give Canadair the new direction it needs to compete effectively.

[*English*]

By joining up with Bombardier, Canadair will benefit from a sound management capability for improved performance and growth; through a sound business strategy, efficient operation backed by strong marketing skills; and a sound financial base to finance the extensive capital requirements entailed in new product development.

• (1130)

The Bombardier offer of purchase not only provides the Government with an immediate cash return, but it also provides many benefits and advantages to Canadair. The alliance with Bombardier will reinforce Canada's capacity to develop effectively as a leading aerospace manufacturer.

In sum, the purchase of Canadair by Bombardier creates a merger of Canada's technology and skilled workforce with Bombardier's management expertise and international marketing experience.

This partnership will provide Canadair with the opportunity to improve its ability to compete in global markets, to provide the best possible future for Canadair's employees, and to make a continuing contribution to the Quebec and Canadian economies.

We firmly believe that the return to the private sector of a company like Canadair is in the best interests of the company and its employees. It is private resources which can best be engaged in the business of designing, producing, and marketing aircraft. That is why we propose to privatize Canadair.

It has been a great honour and pleasure for me to begin debate on second reading of Bill C-25. For the good of Canadair, for the good of Canada, for the good of Quebec, for the good of its workers, and for the good of its suppliers, I recommend the unanimous support of all Hon. Members for speedy passage of Bill C-25.

Some Hon. Members: Hear, hear!

[*Translation*]

Mr. Jacques Guilbault (Saint-Jacques): Madam Speaker, I welcome this opportunity to speak to Bill C-25, and first of all, I would like to say that we on this side of the House welcome this legislation. In fact, my only criticism would be that the Government has taken so long to bring this Bill to fruition. The Government announced its intentions in October 1984, and subsequently the whole process was left to languish which had a number of adverse effects including that of creating a climate of uncertainty which did not help Canadair. During all this time, there were repeated visits by Canadair's competitors which did not lead to any subsequent purchase offers, and which may have harmed Canadair commercially in its attempts to sell certain products on foreign markets. I will comment in detail later on, with quotes from a number of business enterprises who tried to use these visits to get ahead of Canadair.

In any event, to get back to the positive side, I can say we are delighted that Bombardier came out the winner in a competition against only one other company in the final stages, namely, Canadian Aerospace Technology, the Dornier Webster group. We are delighted Bombardier won, because first of all, Bombardier is a Canadian company. The Government was careful to avoid its previous mistake when it sold de Havilland to a foreign company, namely Boeing. Bombardier is a Quebec company, it is one of ours, and I am sure that across the country, people appreciate the fact that a Canadian company is purchasing Canadair, and especially in Quebec, in the Montreal area, because Bombardier has proved its mettle in large-scale production. It started with snowmobiles, followed by locomotives, and is now getting involved in the aerospace industry, a sector that is even more important. We want to offer our best wishes to Bombardier, which has the competence and the experience required to manage big projects, and the marketing skills to compete on a world scale. Bombardier is in an excellent position to manage Canadair's operations and to maintain it as a profit-making enterprise.

Bombardier also has a definite advantage because Canadair's technology is going to stay in Canada. And this time, the Government made sure the technology would belong to all Canadians, which represents a considerable improvement over the previous privatization operation involving de Havilland, which was purchased by Boeing. In that case, purely Canadian technology is now in the hands of a company that belongs to investors who reside in the United States. So in fact the Government is correcting a mistake and taking a more enlightened approach in this second aerospace industry major privatization process.

Needless to say Bombardier is striking a good deal as well because Canadair happens to be on solid financial ground. Canadair now reports profits for 1984, 1985 and even for this year, after experiencing serious financial difficulties in recession years 1982 and 1983, as did most other aerospace corporations throughout the world. Indeed Canadair began recovering in 1984 and posted profits of $6 million that year, and $27.6 million the year after. In other words, it turned into a profitable operation. It is still too early to categorically state that in 1986 Canadair operated in the black because the year is not over yet, but Canadair officials are talking in terms of profits of about $23.8 million. So the Government is privatizing a company which is quite healthy, in spite of some Government's mistakes, in my opinion.

As I said earlier, the privatization process took so long that prospective buyers were able to visit Canadair facilities and gain access to what is known as sensitive data in the trade. As a matter of fact, in an attempt to take full advantage of the

situation, some firms like Gulfstream wrote to interested Challenger buyers and pointed out that privatization was taking too long and did create an atmosphere of uncertainty.

Madam Speaker, I have here a memo from Gulfstream Aerospace Corporation whose head office is located in Savannah, Georgia, in the United States. On July 23, 1985 Mr. H.L. Humble wrote this to Mel Simon & Associates:

[*English*]

With your involvement in the investment business, I have to ask if your pending purchase of the Canadair CL-601 is really best for you? CDIC's plan to sell Canadair is public knowledge. When that happens, to whom will you look for support? Spares? And what will be the effect on your long term investment in that product?

We can offer new Gulfstream III's now and Gulfstream IV's downstream, and we know who will be there to fully support your investment.

I cite the memo to explain that Gulfstream and others had access to confidential and sensitive information about the operations of Canadair, which they later used to their advantage and to the detriment of Canadian workers and Canadian technology. One wonders how Canadair was able to survive and to show profits in 1984-85 despite the fact that other competitors had inside information which they were trying to use to their advantage.

• (1140)

[*Translation*]

In May 1985, Canadair board directors felt that this way Gulfstream might too easily acquire strategic data and unanimously refused to let Gulfstream have confidential information such as lists of clients, marketing plans, research projects, customer service programs, future projects, in short a host of details which any company dealing with a competitor would rather keep under wraps.

However, CDIC officials in Toronto chose to reject Canadair management objections and forced them to release all this information to their Gulfstream competitor. Armed with this information, Gulfstream did not waste any time and, as early as July, sent Canadair customers a harmful telegram—I just quoted it in English—in which it claimed that Canadair would be unable to offer support services on products and spare parts.

Madam Speaker, the Toronto press does not usually spring to the defence of Montreal business firms, but in this case it did speak up to denounce the situation. But again for the second and third times, as recently as August 1985, CDIC officials directed Canadair to play ball with Gulfstream experts. The rest is history: having laid their hands on all Canadair strategic data, Gulfstream management confirmed the fears of the Canadair board of directors and, finally, last October 4, announced rather contemptuously that they had decided not to buy Canadair. Of course Gulfstream had not really set their sights on Canadair, all they wanted was to obtain trade secrets which might eventually be useful to them.

To come back to the letter of intent between Canadair and Bombardier, even there, everything is not perfect.

If I may, Madam Speaker, I would like to refer to the study commissioned from the Salomon Brothers firm, which had been asked to review this agreement and to comment the proposed sale. In particular, Salomon Brothers had been asked to comment, first, the process used by the state and its outside advisors to sell Canadair, and second the adequacy of the Government's assessment of the two bids received by the CDIC.

One of our concerns is that there has been repetition of a mistake made in the de Havilland takeover. Once more, the Canadian public will be responsible for any possible increase in the insurance premiums which Bombardier Canadair Inc. might have to pay.

Indeed, the Salomon Brothers report said the following:

The only important provision in the Bill that neither promotes Crown objectives nor conforms to traditional commercial practice is that which provides for risk sharing should insurance become "economically impracticable to procure". The general notion of this provision results from precedent set in the de Havilland transaction. In de Havilland the Crown was at risk for a portion of insurance cost increases, even if de Havilland could afford to pay them. Here, the Crown is at risk only if the insurance becomes unobtainable at an economically practicable cost.

I do not see why, when the state sells a profitable corporation, as I said earlier, Canadian taxpayers should be asked to pay for increases in an insurance cost which should, from now on, be borne by Bombardier, which has taken over Canadair.

Madam Speaker, Canadair is one of the major employers in the Montreal region, with 4,000 employees at the present time. Through you, Madam Speaker, I would like to ask a few questions to the Government and the Minister who is sponsoring this Bill.

First, there is the employment issue and the fact that 4,000 workers are worried about their jobs. The Minister was very vague about this earlier when she said that one of the objectives of privatization was to make jobs more secure. However, she gave us very few details. If we look at clause 7 of the letter of intent, on page 4, we find an open door for laying off employees. If I may quote this short paragraph in the letter of intent, it says the following:

Bombardier is committed to maintaining existing levels of employment at Canadair subject to cyclical shifts and sound business practices, and will pursue new programs and opportunities so that the level of employment at Canadair and its suppliers will increase.

We should not be taken in by such a vague paragraph. The phrase "subject to sound business practices" means that there will be a rationalization and that, to increase profitability or to adjust the management practices of Canadair to those of Bombardier, the management could easily decide to lay off some of the employees. Now what is very important in my view is to make sure that those 4,000 people will have a job.

The paragraph included in the Letters of Intent is a speculative commitment to maintaining existing levels of employment, but with two major qualifications, being cyclical changes and sound business pratices. This in the final analysis means that the paragraph is no guarantee at all that the 4,000 people working for Canadair will be kept in their jobs.

Second, there is the matter of research and development. We on this side of the House believe that research and development should remain in the Montreal area. There again, if one reads the Letter of Intent, this is not clear.

As for the Minister he indicated that Bombardier has agreed to maintain manufacturing facilities and the company Headquarters in Quebec. This is at least something. But, we also happen to know that the place where research and development work is done is also very important. If you go back to page 3 of the Letter of Intent, this is what you will see:

> The existing R&D capacity of Canadair will be enhanced to maintain Canadair as a complete aircraft company with ability to compete in commercial and defence markets.

But there is no indication whatsoever as to where specifically those R&D activities will be carried out. This is wishful thinking, some sort of a vague promise that they will try and increase research and development, but without specific details of course.

Another matter of concern to Canadair workers, who will now be transferred to a new employer, Bombardier, has to do with the question of guarantees regarding their pension funds. On that matter the Letter of Intent includes some guarantees in general terms. This is spelt out in two lines only on page 2, Item 5, and reads as follows:

> Amounts currently in the Canadair pension plans will be for the sole benefit of Canadair employees.

We could hardly expect anything less. What is not stated, however, because details are lacking, is whether Canadair employees who are to be transferred to Bombardier will have a pension fund that will be as generous as their former one. This is what employees are concerned about. They know the funds will be to their sole benefit, but they do not know what the new provisions will be and how they could be affected upon retirement. Those are questions I am asking the Minister.

In any event, as I said, on this side of the House we will support quick passage of the legislation. We wish Bombardier good luck with that major takeover. It is our hope that privatization will benefit all those involved—Bombardier, the Canadair employees, the Canadian aerospace industry—and that it will also benefit residents of the Montreal area by providing jobs for many years to come, and that finally all Montrealers, who for years have been so proud of Canadair, may now count on Bombardier-Canadair Inc., which will the name of the new company, to continue as one of the major employers in the area and one of the mainstays of the Canadian aerospace industry.

With that in mind, we wish Bill C-25 and Bombardier-Canadair Inc. the best of luck.

• (1150)

[*English*]

Mr. Ian Waddell (Vancouver—Kingsway): Madam Speaker, it is a great pleasure for me to give my first speech as NDP critic for privatization. I see the smiling Minister across the floor. She is the second woman Minister I have been critic of in this Parliament, the first being the former Minister of Energy, Mines and Resources. According to the press, both are rising stars. That gives me particular pleasure. It is always more fun being critic of a rising star than the other way around. I hope the Minister's star will continue to rise because, goodness knows, the Cabinet needs to have at least one or two rising stars in a group of generally falling stars.

I know the Minister has to leave soon to give a speech. I guess she will have to read all of my words in *Hansard* later. I believe the Minister is also responsible for the status of women. I was just wondering if she had considered the irony in that generally the Civil Service and Crown corporations have a better record on employment benefits and all kinds of things for women than those in the private sector. She might look at that and we will come back to it in some future debate. She may have a bit of a conflict there.

We in the NDP are opposed to this Bill for three reasons. First, it has been brought forward for ideological and not for sound economic reasons. The Conservatives original strategy for dealing with the aerospace industry was to combine de Havilland and Canadair into one super aerospace Crown corporation. That was in 1984. Now, in 1986, the strategy is the complete opposite, that of privatization. The Conservatives have been carried away with radical right-wing ideology, something that is out of step with the Canadian tradition.

Second, it is obvious to me that there is no clear plan and goal for privatization. I must tell the Minister that she gave a pretty weak speech on privatization. I hope she will pay more attention to her next one. We heard a lot of rhetoric but not one reason why this Crown corporation should be privatized. Surely the people of Canada, if not the House of Commons, are entitled to reasons for selling these Crown corporations. The Minister might consider the rationale of different Conservative policies. Her Government had Petro-Canada spend $866 million in 1985 to buy 1,800 service stations and four refineries from Gulf Canada. That was expansion of a Crown corporation. Now, if I am to believe what the Minister said, for ideological reasons the Conservatives are privatizing a Crown corporation. On the surface they are inconsistent policies. For example, the policy on Petro-Canada is to increase Canadianization and make it more efficient and effective. I can understand that. However, what policy is the Government following in privatizing this corporation? There was nothing in the Minister's speech. She gave no reason at all. "General public policy" is not a reason.

The nature of the deal itself is the third reason why the NDP opposes the Bill. It is a distress sale. It is like selling one of your Crown jewels for a pittance.

Mr. Blenkarn: Some jewel.

Mr. Waddell: Yes, considering the Government has put about $2 billion in—

Mr. Blenkarn: That is right, some jewel.

Mr. Waddell: —this company and is now giving it away at fire sale prices. My colleague, the Hon. Member for Essex—Windsor (Mr. Langdon), will analyse this sale in some detail, as will some of my other colleagues. My colleague from Prince Albert (Mr. Hovdebo) will be speaking on how we in the NDP view the use of Crown corporations and the sound and sensible economic reasons for maintaining—

Mr. Blenkarn: Including white elephants.

Mr. Waddell: Perhaps the Hon. Member should listen and at least come up with a theory, as opposed to mere rhetoric, as to why the Government is selling Crown corporations.

Let me deal with a little bit of the history of Crown corporations. The Government's privatization campaign is not a response to public pressure. Rather, it seems to stem from a neo-Conservative ideology which I think is at odds with Canada's history. Crown corporations go back to the construction of the Lachine Canal in 1921. That was our first public enterprise and it was undertaken by the Government of Lower Canada when a private firm involved failed. We have seen the same pattern throughout Canadian history. Our Crown corporations have been a binding force for a small population in this vast country which is next door to the most powerful country in the world. We have had our reasons for Crown corporations. They have been justified by the need to provide essential services, develop national resources, operate public utilities, bail out private sector firms, or pioneer in new fields. They were established not only for a public presence but also a Canadian presence in areas where the Americans might well have otherwise stepped in. Canadair is an example. I believe it was 1976 when that company was bought from General Dynamics for $48 million to prevent closure of an important plant in Montreal, protect jobs and research and development in the vital aerospace industry.

We have had good reasons for utilizing Crown corporations and the NDP believes there must be equally good reasons for selling Crown corporations. It is incumbent upon the Government to tell us why. It is not in our tradition and the Government has no mandate to sell these Crown corporations. As a matter of fact, research has shown that people with incomes over $50,000 a year in the private sector hate the public corporations and want the Government to sell them. In many cases they want to feather their own nests because they will benefit from the sale.

This is not the Thatcher Government. It is not the Reagan Government. Canada is different. The Crown corporation is part of the Canadian tradition. We have 233 provincial Crown corporations and 464 federal Crown corporations. That includes the two largest non-financial enterprises in Canada, and 37 more are ranked in the top 500 corporations in this country. I think *The Toronto Star*, in an editorial on July 8, 1986, put it very well, as follows:

> There is certainly a case for privatization, but only where a reasonable balance between public purpose, accountability, and flexibility cannot be achieved. But where that balance can be realized, crown corporations should not be sacrificed to an ideology that denies so much of what this country has attained.

The Minister said nothing in her speech to alleviate these fears. To use a legal term, the onus of proof of the benefit of privatization is on the Government. We in the NDP are not necessarily against privatization. We are not saying in every case we should not privatize; we are saying you have to have sound economic reasons for it. We want to know what they are in this case.

• (1200)

The Conservatives had a strategy for the aerospace industry. That stratey is contained in a news release dated August 27, 1984. It is a statement by the MP for Etobicoke Centre (Mr. Wilson) on the need to establish a Crown corporation for the aerospace industry. He said:

> As taxpayers we have a large investment in Canadair and de Havilland. Our objective is to get our money's worth for this investment, in terms of employment sales and development.

Who could argue with that? He continued:

> We will set up a separate Crown corporation for Canadair and de Havilland with a mandate for the development of the aerospace industry and not merely financial control. This organization will be responsible for developing in conjunction with the aerospace strategy so that Canadair and de Havilland will become commercially viable and will continue to be so into the next century.
>
> We will increase aerospace expertise in this new corporation so that the management are not merely bureaucratic financial wizards, but people with hands-on experience and a thorough knowledge of the aerospace market. In particular, the Chief Executive Officers of both Canadair and de Havilland will sit on the board.

During the election campaign of 1984 the Member for Etobicoke Centre, who is now the Minister of Finance, was proposing a Conservative policy of amalgamating Canadair and de Havilland into a more efficiently managed super Crown corporation. That was the strategy. However, the Member for York—Peel (Mr. Stevens), a right-wing ideologue, took over the portfolio and put the Government on a path of privatization. That goes directly against the policy enunciated by the present Minister of Finance on August 27, 1984.

The goals of privatization have never really been outlined by the Government. The closest I could find is in the budget papers of May, 1985. In those papers at page 26 under Rationalization and Privatization of Crown Corporations and Other Federal Investments there are six points mentioned. I draw to your attention point number four:

> Crown corporations will not be sold at distress prices merely to transfer them quickly to the private sector.
>
> A large deficit and normal fiscal prudence dictate that the privatization program should proceed at a measured pace with careful consideration of all the issues, not the least of which is the receipt of a fair and reasonable price for each asset.

In my view this is a distress sale. The Government fattened up Canadair prior to the final sale. At the very moment the CDIC began the bidding process, the Government approved $30.9 million in DIPP assistance for the production of the CL-227 systems and another $20 million for Canadair participation in a joint venture with West Germany on the CL-289 for a total of $50 million. Canadair will be eligible for more DIPP money; $14 million to improve the CL-215 water bomber, $10

million for modifications to the Challenger, and $5 million for new equipment. That is approximately $30 million in grants which have not been announced but are assumed.

We are creating a system like that of the Americans which, of course, is what the Government does all the time. We are creating a defence industry which is supposed to be private, but is in fact subsidized by the Government without government control through a number of grants and contracts. Canadair was given the contract for the $1.7 billion F-18 jet fighter instead of the Winnipeg consortium after much debate in the country and this House. That is a guaranteed $50 million per year for 20 years. That is not a bad deal. More important, the Canadian taxpayer will continue to assume Canadair's long term $1.2 billion debt, the annual interest payments on which exceed the cash price of $120 million which the Government is getting from the sale.

I will review those figures. combardier is paying $120 million which is less than the $300 million liquidation value or the $224 million book value or the $300 million to $400 million estimated technology value, in addition to getting $50 million in federal grants in January, $30 million to come, unspecified export financing, a $1.7 million defence contract, no financial obligation related to Canadair's debt or outstanding liabilities, plus profits of $20 million in 1985 and $2.8 million in the first quarter of 1986. That is not bad for a $120 million investment and the equivalent of $20 million in royalty payments.

That is why I say the Government of Canada is giving this company away, that this is a distress sale. What kind of economic policy is that? That is why I say this is an ideological policy. Economic good sense has been clouded.

We are concerned as well about jobs. Mr. Normand Cherry and the workers in the machinists union fought hard to preserve jobs in their industry in Montreal. However, we are still not happy with the job guarantees in the memorandum of understanding because we do not believe they have any legal force. With regard to research and development, the Government has worked out a system whereby Bombardier stays honest by way of special shares, but no such guarantee exists for jobs. The job statement reads as follows:

> Bombardier is committed to maintaining existing levels of employment at Canadair subject to cyclical shifts and sound business practices, and will pursue new programs and opportunities so that the level of employment at Canadair and its suppliers will increase.

As ever, Madam Speaker, this statement is only as good as the paper it is written on and Bombardier's record as a good corporate citizen. We will have to ensure that the jobs stay in Montreal.

I would like to speak about privatization, as the Minister should have. She owes this House a statement about the Government's goals on privatization. There has been much confusion and rhetoric on privatization. There has not been much public support, except perhaps from the *Financial Post* and a few other sectors which support privatization. A number of people are lining up at the trough for a piece of the new privatization action. I will not comment in detail, but I await the report of the inquiry into the affairs of the former Minister of Regional Industrial Expansion with respect to the dollar-a-year people who are advising the Government about privatization and then having involvement in the companies which are buying these crown corporations at distress prices. That will be worthy of debate later. We will have to await that report.

There are side issues related to privatization. Contracting out is tied in with privatization and is an issue across the country. Another issue is deregulation, which is itself a form of privatization. This will increasingly become an issue. To some people privatization means the sale of all shares of a government corporation. To others it means selling only a portion of the shares, and others would give the shares away. In any case, I think we need more definition from the Government. We need to approach the big question. Why should a government-owned corporation be privatized anyway? The Minister says that it is for the good of Canada, but that is not enough. What are the reasons?

• (1210)

I suggest that the Minister should read a speech given by Professor John Langford to the Institute for Research on Public Policy at its conference on privatization. Professor Langford is Professor of Public Administration at the University of Victoria. He attempted to analyse the reasons for advocating privatization.

One belief is that privatization will remove the state enterprise threat to the mixed economy. The premise is that governments now own too much of the economy. How much state enterprise in some industrial sectors is significant or insignificant? The fact is that state enterprise accounts for only about 12 per cent of the economic activity in Canada. This is not out of line with the situation prevailing in a number of other successful industrialized countries. That refutes the argument that there is too much state enterprise.

Another reason given in support of privatization is that it will create new jobs, new investment, a renewed economy and a rationalized private sector. While that may sound promising, there is not much historical evidence in this area. The experience in my Province of British Columbia with privatization suggests that it will not lead to any economic miracle. There was no economic miracle as a result of privatizing the BCRIC shares in British Columbia. In fact, it might lead to a series of corporate takeovers in which private giants swallow public giants. As the Prime Minister (Mr. Mulroney) said: "I have yet to see a takeover that created a single job—except for lawyers and accountants". Privatization could simply lead to further corporate concentration.

Another thought is that Crown corporations demoralize or damage the private sector by draining off available capital and competing unfairly. Let us consider the special prerogatives of some Crown corporations. They have access to capital at government rates, legal and tax immunities, closer access to the policy process, and ability to avoid paying dividends. While

those are advantages, what about the disadvantages? Crown corporations must pursue money-losing national interest objectives, sometimes carry heavy debt loads, and deal with a complex and bureaucratized shareholder, namely, the Government of Canada or the provincial Government. In this instance, the argument is balanced and it is difficult to tell which is better.

It is suggested that privatization will lead to enhanced competition. How will this happen? In the case of de Havilland and Canadair, there is no real competition. Some of the candidates for privatization will be sold to monopolies.

It is suggested that public corporations do not make as efficient use of the factors of production as private firms. I could stand here and say that Dome Petroleum, Massey-Ferguson, and Maislin Trucking are examples of bad private sector corporations, just as there are bad corporations in the public sector. It depends upon which corporations one focuses to see winners and losers.

Another argument in support of privatization is that it will have a positive impact on Government. First, privatization can be used to get rid of the public corporations whose mandates are irrelevant to wider policy objectives. In this case, instead of arguing that Crown corporations are inefficient, the line is that they are ineffective. However, how do we decide if the mandates of public corporations are irrelevant if we cannot find a clear mandate statement for them? Perhaps they should be given a clear mandate and be made publicly accountable. Perhaps they should be reformed rather than eliminated, *per se*.

Professor Langford says that the most pronounced hostility to public corporations and the most pronounced support for privatization comes from people in managerial and supervisory positions making more than $50,000 per annum.

This is essentially the first debate on privatization that we have held in the House. The Minister gave a very disappointing speech today because she did not deal with some of those issues.

Mr. Mantha: Yours is beautiful.

An Hon. Member: She is a rising star.

Mr. Waddell: There is a difference between giving a public relations speech by reading the notes from bureaucrats, and actually showing some understanding of the issue. This issue needs to be debated in Canada. We should not try to focus on the neo-Conservative ideology behind this issue, but on the economic realities. This applies to my Party as well as the Liberal Party. We cannot oppose the sale of all Crown corporations, but we can, as responsible politicians and political parties, say that we want to know why the Government supports privatization. Is it to protect jobs in Montreal, in this case? If so, job protection is weak. Is it to gain money for the Government? As I have pointed out, this is practically a distressed sale. Is it a matter of economic planning or future development in the aerospace industry? Previously, the Conservatives wanted a super Crown corporation by combining de Havilland and Canadair. Now they have sold de Havilland to an American corporation. Where is the planning?

While it may be more beneficial to sell to a Canadian corporation in this case, than to an American corporation, where is the expertise in Bombardier? It is a good corporation, but where is the expertise in international marketing of aircraft and aerospace parts? The Government gave that expertise for the rationalization of the sale of de Havilland to Boeing. The Government's policy is riddled with inconsistencies.

We are opposing the Bill for three reasons. First, the Bill is based on ideological and non-economic grounds. Second, there are no clear goals for privatization of this Crown corporation, indeed for any other privatizations proposed by the Government. Third, the nature of the deal itself is a distressed sale of a fattened Crown corporation, practically given away to the private sector with inadequate job guarantees for the workers. That is why we oppose this Bill.

[*Translation*]

Mr. Guy Ricard (Laval): Madam Speaker, it is an honour for me today to deal in this House with the privatization of the Canadair Corporation and its sale to the Quebec-based Bombardier Corporation. I am pleased also to see that the Liberal Party is supporting this sale as well as this Government bill. I am not surprised to see that the New Democratic Party is against it, for its position is well known: it is always against any legislation which is not biased in favour of the unions. No wonder, therefore, that it is against this particular bill.

Madam Speaker, any Quebecer worthy of the name—I know several—can only rejoice when he realizes that the only Quebec airplane manufacturer will remain in Quebec, that it will employ a skilled workforce from Quebec, that it will keep its technology in Quebec while selling its production on the international market.

Let anyone propose a better arrangement than this and I am willing to analyze it. Although those who oppose the economic development of Quebec may say that the Government made a political decision when it selected Bombardier as buyer for Canadair, the fact remains that Quebec is and will always be interested in its technological development, and the private sector, together with its government partners, will do everything it can to achieve this aim.

Madam Speaker, we should not forget that Montreal and its metropolitan area has always been recognized as Canada's aeronautic and aerospace hub. That does not mean that there are no similar activities elsewhere in Canada. Quite the contrary: Canada is well-known the world over as being at the forefront of the aeronautic development. However, one should remember that over 50 per cent of all the jobs in the aeronautic industry are in Quebec, and more specifically in the Montreal region.

Why Montreal, Madam Speaker? Because the Montreal region has the airports and infrastructure necessary for

increasing the economic activities in this area. Moreover, foreign corporations have opened shop there because they have faith in the capacity of the Quebec labour force and the opportunities offered to them. Indeed, it should be recognized that over many decades, successive Governments have contributed to the aeronautic development of Canada. But we should not overlook the fact that the present Conservative Government is making every effort to maintain this momentum and open up new markets abroad.

• (1220)

Madam Speaker, the Quebec people are proud people. They are proud of their roots, proud of their aspirations and especially proud of its Government which respects its ability to pay. It is important for the Government of Canada that the Quebec people should preserve their pride. It is important for the Government of Canada that the Quebec people should be treated with the same interest as other Canadians elsewhere in this country. It is especially important that the national wealth should be shared equally throughout Canada. However, the most important point remains the respect which the Federal Government should have for all regions in the areas of investments and transfer of technology.

Much too often we have seen in the past the setting up of industries in locations based on the mere recommendation of a Minister acting under the pressure of influential businessmen groups.

Quebecers still remember being conned when the contract was awarded to build F-18 airplanes. They will remember it for a very long time.

Madam Speaker, I should like to come back for a moment on the privatization as such. In his economic statement, the Minister of Finance had indicated his intention to privatize a number of Crown corporations with the sole purpose of eliminating the competition in which the State was involved through these corporations with the private sector. I suggest this decision must have been a good one, for the provinces as well as the Government of the United States are planning to do likewise.

Even though the Opposition is trying to prove otherwise, the Canadair Corporation is not being privatized to make up for the financial mistakes of the past. It is returned to the private sector for the sole purpose of creating the best possible future for the corporation and its employees.

While not taking into account past mistakes, it is nevertheless important to remind the House that the Canadair Corporation was bought from General Dynamics in 1976 for $46 million. It operated at a loss every year until the spring of 1984, when the Government of the time decided to soak up its $2.4 billion deficit with the money of Canadian taxpayers. From that date on, it has shown signs of recovery and declared a profit of $16.8 million in 1985 on sales of some $227 million. During that same period, from 1976 to 1984, the number of jobs went from 7,200 to 4,800, for a net loss of 2,400 jobs, demonstrating again that in the private sector, small and medium-size businesses create more jobs than the public sector.

Now, Madam Speaker, you will ask me: Why sell a company which has finally come around to making profits? The answer is simple. Canadair is a company that manufactures aerospace equipment, a high tech business selling sophisticated products on the international markets. The sale is consistent with the privatization policy of the Government. One of the objectives of that policy is to improve the management of all Crown corporations and to privatize those in which the Government no longer needs to be involved in order for the objectives of our public policy to be reached. This pragmatic approach enables the Government to improve its financial management and to create within the nation a stable climate favourable to private entreprise.

I would also like, Madam Speaker, to speak briefly about the process used by the Government to privatize Canadair. The Hon. Member for Saint-Jacques (Mr. Guilbault) said earlier that selling the corporation took a long time. However, let me explain the process used by the Government.

As soon as it was asked to privatize Canadair, the Canada Development Investments Corporation (CDIC) went through the following steps:

In co-operation with the management of Canadair and officials of the DRIE, two different levels of information were collected. A public information kit was made available to all parties concerned and a privileged information kit containing further details was provided to potential buyers who had to prove their financial capacity and sign a statement of confidentiality.

The CDIC hired the services of a consortium made up of the firms Burns Fry Limited (Canada), Merrill Lynch Capital Makets (United States) and S.G. Warburg & Co. Limited (U.K.) which was entrusted with the mandate of financial adviser for the purpose of selling Canadair.

The financial advisers prepared other information kits and in co-operation with CDIC contacted some 150 interested parties around the world.

Approximately 25 applicants did show sufficient interest for proceedings to be continued. Some of them visited the plant and discussed matters with the management of Canadair.

By the end of January 1986, six groups had stated their interest and negotiations were launched with each one of them.

On June 6th, the CDIC board of directors met and each of the interested groups which had filed proposals made its submission. Later on, the board of directors asked CDIC to further negotiate with two of those groups, Bombardier Inc. and Canadian Aerospace Technologies Limited because in the board's opinion their offers were well above the others.

Discussions were held later with representatives of Bombardier and Canadian Aerospace Technologies Limited to set aside the items considered unacceptable to CDIC and to have

both groups improve on their respective offers. The revised offers were received on June 17.

On June 20, three days later, the board of directors met once more and, after hearing explanations from Burns Fry's officials on behalf of the DRIE's financial advisers and officials, the board recommended that the Government accept Bombardier's offer. That is how the offers were considered, Madam Speaker. Nothing was hidden, no tricks-complete straightforwardness and integrity prevailed throughout those negotiations.

Approximately a year and a half elapsed between the Minister's announcement and the sale of Canadair. This is a far cry from the actions of the previous Government, which supported it for eight years.

Aside from that, Madam Speaker, I would like to tell the House what were this Government's concerns with respect to the offers to purchase.

During the negotiations, the Canadian Government has required more than a checkbook to hand over ownership of Canadair. The Government demanded that the transaction ensure a good balance between the priorities of the state and the initiatives of the private sector.

The Government assessed the bids of potential buyers based on three criteria:

A healthy management capacity;

A solid financial basis; and

Contribution to the maintenance and development of a viable and dynamic manufacturing aerospace industry in Quebec and Canada.

Why was the Bombardier bid given preference, Madam Speaker? Simply because it was the best, both economically and technically. The price of the sale includes many important components:

The Canadian Government will receive a cash payment exceeding $120 million for the Canadair shares.

The Government will remain the owner of the *Challenger* technology and grant a usage permit for this technology in exchange for future annual royalties which Bombardier has evaluated at $173 million. This is a major point, Madam Speaker.

The third point is that the Cartierville airport grounds will be sold at their market value, which has been assessed at $11.5 million.

The Government will also receive special shares worth $100 million and other special shares worth $50 million to promote an increase in research, development, export and Canadian contents.

Finally, the Government will receive a special dividend of $3 million as well as part of the amount paid to Canadair once its dispute with one of its suppliers has been settled.

Madam Speaker, that is an outline of the contents of that transaction. It is not as bad as some doomsayers have hinted. On the contrary, we believe that it is a very good deal, for Canadair and Bombardier also have made the commitment to meet the following sales conditions: Bombardier will maximize the Canadian content in the Canadair products; the present research and development capacity of Canadair will be increased to make Canadair a real aircraft manufacturing company able to sustain the competition of commercial markets and the defence equipment market; and to answer the question raised earlier by my colleague from the New Democratic Party, Canadair employees will be eligible to participate in the Bombardier employee share purchase plan. There are more conditions, but I just wanted to mention those, Madam Speaker.

That is what the Government and the Bombardier company have committed themselves to. Contrary to what some people have been suggesting, we had no intentions to stab anybody in the back.

Madam Speaker, when some Opposition Members use scare tactics in linking this privatization with the CF-18 maintenance contract with possible layoffs and a technology transfer, this is all I can say: You know just as well as I do, that the CF-18 maintenance contract is totally unrelated with the sale of Canadair. You know that it was awarded on the basis of merit to industrial bidders, and that it makes up for the disgraceful action by the previous Government with respect to the spinoff of the CF-18 manufacturing contract.

As to the loss of jobs and the technology transfer, Madam Speaker, let me remind you of the scare tactics used by some Members, and especially the Hon. Member for Ottawa Centre (Mr. Cassidy), during the debate on the sale of de Havilland. Believe me, I am very much in a position to know. In 1986, de Havilland had record sales, as a group of Canadian carriers ordered 42 Dash-8 for a total value of $400 million, bringing the company's firm orders and purchase options to a combined total of 132 aircrafts. This means two and a half years of work. Here is, ladies and gentlemen of the opposition, what the sale of de Havilland has meant. You scared the population without cause and I wonder why you did it.

To conclude, Madam Speaker, I would like to emphasize that this transfer of a Crown corporation to the private sector proves, beyond any doubt, that the Conservative Governement is committed to giving this sector of our economy the place it should have. It wants to eliminate the competitive imbalance between the private and the public sectors and to encourage the private sector to demonstrate its initiative and ability to invest in advanced technology, and research and development.

Madam Speaker, my speech would not be complete without some quotes from people affected by this transaction. Patrice Bleau, a Canadair employee: "We must develop new markets, and I think this sale will help." From Laurent Beaudoin, President of Bombardier: "We are very proud of this transaction, because it fits in with Bombardier's development plans." From Normand Cherry, of the aerospace workers union, who

unlike the young Member of the New Democratic Party in his comment earlier, said: "This augurs well." And he is the union president. From Jean-Luc Bélanger, a Canadair employee: "I think it means the jobs are going to stay here. I trust Bombardier." From John Turner, the Leader of the Official Opposition:

[*English*]

—"In general terms, we favour the deal".

[*Translation*]

And finally, Mr. Speaker, one last quote: "If they say that the City of Montreal has pride of place, then the Government led by the master hand of Brian Mulroney stands for equality and common sense". That quote, Madam Speaker, is mine.

• (1230)

[*English*]

Mr. Kaplan: Madam Speaker, I would like to take a few moments to discuss the subject. I have a great interest in the Government's privatization program. I do not accept as a principle of ideology that privatization is always good or preferable.

I regret very much that the Government is so dominated by the philosophy of privatization that even the administration of the parole service is being turned over, not to professionals but to volunteers in the private sector. I believe it is a big mistake to approach social problems or economic issues with an ideological prejudice that prevents us from examining the advantages and disadvantages of various forms of ownership.

During the last election campaign the Opposition, as it was, came up with a very attractive proposition for the aerospace sector. The Government, as are the Governments of many other countries, was involved in the aerospace sector and owned de Havilland Corporation in Toronto, a company which manufactures propeller aircraft, and Canadair in Montreal, a company which manufactures jet aircraft.

The Canadian people were promised that if the Conservatives formed the Government, a company called the National Aerospace Company, if I recall correctly, would be formed. This company would be offered to Canadians as shareholders in three categories. Some of the shares of the company would be offered to the industrial sector so that it could be taken over by corporations like Bombardier which is a very good corporation. It would be possible as well for a miniority position to be taken by an excellent aircraft company from the United States, like the Boeing Corporation. Another bloc of shares in this company were to be offered to employees of the corporations that were being taken over by the new venture and the third group would be offered to the public. That was an excellent idea. It was attractive politically and made a lot of sense.

I think there has been an incredible betrayal of the Canadian people. The Conservatives had an excellent and popular concept, one which I myself would have supported, as would my colleague who sits beside me. When he was President of the Treasury Board, he also discussed in a very positive way an evolution of the ownership of Crown corporations. Instead of making the slightest effort to get that project going, the Government immediately announced that these corporations were for sale to the highest bidder on a distress basis. In other words, the Government said that a willing purchaser would not have to give fair market value for the corporations because the Government was desperate to sell. As the months went by, it showed more and more desperation so—

The Acting Speaker (Mrs. Champagne): Order. I would like to remind the Hon. Member that he seems to be getting into debate. Other Hon. Members are seeking the floor to ask questions of the Hon. Member for Laval (Mr. Ricard). The Hon. Member may wish to put an end to his speech at this time.

Mr. Kaplan: Madam Speaker, I am very sorry. I thought that I had been recognized for debate. I would intend to seek the floor, and perhaps the normal time allotted for questions and comments might be given back to the Hon. Member. I had not intended to fill his 10 minutes that way.

• (1240)

[*Translation*]

Mr. Langdon: Madam Speaker, I have a few questions for the Hon. Member for Laval (Mr. Ricard). My first one is: Why is there a difference between what the Government said about de Havilland and what it said here about Canadair? In the case of de Havilland, they said it was necessary to have a company that would help de Havilland with its marketing problems. They also said they had to find a company that could provide de Havilland with the technology. But now, it seems there is something different. There is a suggestion that the sale to Bombardier is supposed to help Canadair complete and that their technology is supposed to help Canadair. Aside from those considerations, is it a successful deal? That is my first question.

My second question is about what the Hon. Member failed to mention about the price. We as Members of this House must be able to evaluate the issues, and specifically the price factor. However, there was nothing in what the Hon. Member said to enlighten us. I would like to know whether the Hon. Member believes that the price, which is much lower than the assessed value indicated in the company's report . . . Should we as Members see that as a problem?

Mr. Ricard: Madam Speaker, first, I wish to thank the Hon. Member for Essex—Windsor (Mr. Langdon) for asking these two questions. He asked about the difference in the position taken by the Government in the case of the de Havilland and Canadair transactions. I do not think that there was any difference in our approach to these two transactions. In the case of de Havilland, we had an airplane manufacturer which was unable to sell its products, and Boeing was the best choice as purchaser since it both manufactured and sold airplanes.

In the case of Canadair, it was successful in selling its products, but it no longer needed the support of the federal Government and was in direct competition with the private sector. It was therefore decided that both Crown corporations should be privatized.

I do not believe that there were any differences in views, strategies or procedures in the case of de Havilland and Canadair. Both transactions comply with the comprehensive policy developed by the Canadian Government since our coming to power, and we are going to respect this policy. We are going to keep the technology in Canada. In the case of de Havilland, if we look at sales to date and those anticipated for the next four years, I do not believe that there can be any talk of any loss of employment or lack of technological transfers since we are keeping both jobs and technology in Canada.

The same is true for Canadair. Bombardier has made a commitment to maintain the number of jobs at Canadair. It has also made a commitment to invest in research and development and to keep its technology in Canada. To my mind, all this is very coherent and easy to understand.

The other question asked by the Hon. Member dealt with the price for which Canadair will be sold compared with its book value based on the evaluation of those responsible for analyzing the balance sheet of Canadair.

When we call for tenders to sell something and invite 150 companies to bid on a project of this magnitude, it is obvious that all of the 150 bidders are not stupid. Although similar bids may be submitted, we must admit that these people analyzed the financial standing of the company, met with officials and looked at the corporate books, all of which told them how much the company may have been worth and just where it stood in terms of goodwill. Having weighed all such factors and compared prices, they made an offer which was accepted by the Government. Therefore I fail to see why we should be concerned only with the price issue since both Government and CDIC officials found the offer acceptable.

[*English*]

The Acting Speaker (Mrs. Champagne): On debate, the Hon. Member for Saint-Henri—Westmount (Mr. Johnston).

Hon. Donald J. Johnston (Saint-Henri—Westmount): I will not debate at length, but I would like to make a few points with respect to this sale, and a few points with respect to privatization as seen from my perspective, and I think the perspective of most of my colleagues on this side of the House.

I remind Hon. Members that when Canadair was acquired in the mid-1970s, the Liberal Minister of the day said that it was the intention of the Government to return Canadair to the private sector at some appropriate time in the future. That philosophy and that policy had never been abandoned by the Liberal Government. In fact, in 1980 when I was President of the Treasury Board, the then Prime Minister, Pierre Elliott Trudeau, gave me the privatization mandate.

One of the companies that we looked at at the time was Canadair. Studies had been done with respect to Canadair and other corporations. But as history has now shown with such clarity, it is pretty difficult to embark upon any type of sensible privatization, especially during a period of economic decline such as we had experienced in the early 1980s.

Madam Speaker, colleagues, and fellow Members, the overriding principles of any privatization scheme are that it is in the best interests of the Canadian taxpayer; that it is a sensible commercial transaction pursuant to which Crown corporations are disposed of; that there is no longer, for example, a national interest which would require that such corporations be retained by the Crown. Those are the type of principles which guided me in my thinking as I looked at the privatization mandate.

I have never been ideologically driven with respect to Government intervention through Crown corporations. Crown corporations have and continue to serve very important needs of this country, both at the provincial and federal level.

Need I only remind some of our Conservative friends from western Canada of the extent to which the then considered right wing Government in Alberta intervened in many sectors of the economy through Crown corporations. So there should be no ideology in this debate. We should look at this as hard-headed politicians trying to do our very best for the Canadian taxpayer. How will technology be preserved? How will jobs be maintained? How will highly skilled jobs be increased in number? What effective return will be realized by Canadian taxpayers?

• (1250)

I have looked at certain parts of the transaction, and there is one in particular to which I should like to refer.

[*Translation*]

It is right there under our noses, if you will, and I am referring to the risk which will remain for at least roughly fifteen years, if I have the correct dates here. Madam Speaker, this may turn out to be an extra load on the shoulders of Canadian taxpayers.

[*English*]

I am speaking about the issue of product liability. I have noted that, at the request of the Government, Salomon Brothers was apparently assigned the task of evaluating the extent to which Bombardier's offer for Canadair complied with generally recognized business practices. I understand that Salomon Brothers concluded that the form of risk sharing in respect of insurance premiums did not comply with such business practices. In fact, I have here what Salomon Brothers allegedly reported, that the only important provision in the letter of intent of Bombardier that neither promotes Crown objectives nor conforms to traditional commercial practice is that which provides for risk sharing should insurance become economically impracticable to procure. The general notion of this provision results from precedents set in the de Havilland

transaction. Of course Canadian taxpayers would like to know the potential cost of this provision.

Under the product liability provisions of the particular transaction we see that if insurance becomes impracticable to procure, Canadair and the Crown—and the Crown means taxpayers of the country—will share cost in the following proportion: years one to five, Canadair 10 per cent and the Crown 90 per cent; years six to ten, Canadair 40 per cent and the Crown 60 per cent; and years eleven to fifteen, Canadair 70 per cent and the Crown 30 per cent. Only after year fifteen will the potential liability of Canadian taxpayers be eliminated.

[*Translation*]

Madam Speaker, I am concerned about the fact that our Conservative friends and the Conservative Government are taking an approach dictated by ideological principles more than by trade considerations and criteria. There lies the difference I want to emphasize in our approach—when we were in Government and responsible for privatization—and that of the present administration.

Madam Speaker, we have every reason to be quite worried because there are other Crown corporations which the Government would like to put on the block. More important still, the critical question is this: Are these sales really and basically in the interest of Canadians?

[*English*]

That is the point to which I return. I have always believed that when a corporation has served its purpose in terms of national interest, indeed it should be a candidate for privatization. The ownership of it can then be with those Canadian shareholders who truly want to participate directly in the activities, in the future, and in the profits of the corporation. We must bear in mind that when a company is privatized, Governments remain substantial partners in any case through the operation of the income tax system. We, the taxpayers of Canada, are always there with an interest in every profitable corporation.

Let us not let ideology dictate which companies should be sold and the terms and conditions of those sales. Let it be common sense and the interests of Canadian taxpayers which guide our thinking in that regard. That is the message I should like to leave with the Government today.

Mr. Blenkarn: Madam Speaker, I have a question for the Hon. Member for St. Henri—Westmount (Mr. Johnston) dealing with product liability insurance. He will note, in going over the documentation, that Canadair is required to pay all insurance costs except if insurance becomes unobtainable. Then the risk is split on a declining basis over 15 years. He will know that the Government, as owner of the corporation, presently has to carry all insurance risk. When there is a very difficult time with product liability insurance, obviously the effect of his suggestion would be that the Government would have to take over all companies to cover their insurance. He knows that that is not practical. The real question is, would he say that the position for his Party is that because of the possible insurance risk the deal is a bad deal and that Canadair should not be privatized?

Mr. Johnston: Madam Speaker, I usually find that my friend speaks with somewhat more clarity and more lucidity than that comment. I heard him say that I am suggesting the Crown should assume product liability for all corporations. That is what I heard the Hon. Member attribute to me. There was no such suggestion at all.

When a company is disposed of in a normal commercial transaction indeed it is rare, as the Salomon Brothers pointed out, that the vendor should continue to assume the insurance cost on product liability if it becomes impracticable for the purchaser to obtain that kind of coverage for a period of 15 years. Certainly it is understandable that the vendor should be prepared to assume responsibility in respect of certain contingent liabilities which exist by reason of events that precede the sale. Here we have a continuing obligation on the taxpayers of Canada to assume a risk for a period of up to 15 years. At least that is how I understand the comments of Salomon Brothers.

If my friend has some additional details which can satisfy us that that is not the case, then I should very much like him to bring them forward. If he can cite other precedents in the private sector where major takeovers of this kind have occurred and the vendor has continued to guarantee the availability of insurance on a profitable basis to the purchaser, I should like to have those precedents as well. If he were able to produce them, I might be more satisfied that there is some commercial precedent in the private sector for such transactions.

Mr. Thacker: Madam Speaker, the position of the Liberal Party in respect of the privatization of Canadair is not clear. We know that members of the NDP will vote against it. They would rather see taxpayers throwing in another $1.4 billion to $2 billion, as they already have. It will be fun campaigning; they want taxpayers to continue pumping billions of dollars into the company rather than privatizing it which would cut their losses. What is the position of the Liberal Party? Is it in favour of the privatization or not?

Mr. Johnston: Madam Speaker, I thought the Hon. Member for Lethbridge (Mr. Thacker) was in the House when I made my comments. I thought I explained that in fact when Canadair was acquired the Government or the Minister of the day said that it would hopefully be returned one day to the private sector. That policy never changed. Canadair was transferred to the investment holding company created by the Crown in order to facilitate privatization upon the right terms and conditions at the appropriate time.

[*Translation*]

The Acting Speaker (Mrs. Champagne): Order, please. It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

DISARMAMENT

POSITION OF LIBERAL PARTY

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, at its convention over the weekend the Liberal Party took strong positions for nuclear disarmament and arms control. In Priority Resolution No. 11, the Liberal Party asked Canada to seek a multilateral, verifiable disarmament treaty together with a policy of non-interference by superpowers in the internal affairs of other nations. In Priority Resolution No. 12, we resolved that the Canadian Government should stop testing of the Cruise missile in Canada. In Priority Resolution No. 34 we resolved that the Canadian Government should move immediately to make Canada a nuclear-free zone, to support a comprehensive test ban treaty, and to oppose completely the star wars proposal.

Considering the recent willingness of the superpowers to examine these proposals seriously in Geneva and Iceland, now is the time for our Government to take a more committed and aggressive position on these issues.

* * *

ST. LAWRENCE SEAWAY

ANNOUNCED ALLOCATION OF FUNDS TO REPAIR WELLAND CANAL

Mr. Allan Pietz (Welland): Mr. Speaker, on Friday the Minister of Transport (Mr. Crosbie) announced the allocation of $175 million for the rehabilitation of the Welland Canal. This demonstrates the federal Government's commitment to one of the most important transportation systems in the world, namely, the St. Lawrence Seaway, of which the Welland Canal is a central component. The Seaway has played a vital role in the development of Canada's economy, particularly with respect to the transportation of western grain.

Last year the Welland Canal faced a crisis situation with the unexpected blow-out at Lock 7. I have spoken often in this

House on the need for upgrading the Canal. The Government has responded. Hundreds of new jobs will be created in the Niagara Peninsula. The Minister of Transport's announcement clearly indicates the Government's commitment to the future.

* * *

UNITED NATIONS

NEW CALEDONIA INDEPENDENCE RESOLUTION—CANADIAN SUPPORT URGED

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, the United Nations will be voting this week on a resolution which could lead to the independence of New Caledonia. Past Liberal Governments and the present Conservative Government have failed to support this move toward creating a self-governing nation. Canada must change its vote. It is not enough to abstain. We must vote yes.

New Caledonia has been fighting the French colonial presence since 1853. Without a peaceful settlement in sight, it is now clearer than ever that Canada must take an active role in urging France to decolonize. Canada's close sisters in the Commonwealth, Australia, New Zealand, and Fiji are taking the lead in promoting independence for New Caledonia. Canada should join with those and other nations in this effort. We can start by voting yes at the United Nations.

* * *

WINTER OLYMPICS

OPENING OF OLYMPIC PARK

Mr. Gordon Taylor (Bow River): Mr. Speaker, Canada's Olympic Park is beautiful to behold. Created specifically for the 1988 Calgary Olympics, I am sure it will thrill every Canadian and every participant from other countries.

It was my pleasure last Saturday to represent the Minister of State for Fitness and Amateur Sport (Mr. Jelinek) at the first pre-Olympic ski-jumping competition held in the park. As I watched the skiers start their run, momentarily disappear and then suddenly reappear, flying high in the sky like huge eagles and landing beautifully on the slope, I was proud of the Canadians who designed and built this splendid facility. As I presented the unique Canadian trophies to the top three skiers representing East Germany, Czechoslovakia, and Norway, I could see in the future a Canadian standing on the top podium receiving the first place trophy because Canadian youth, when they have equal facilities, stand shoulder to shoulder with the best athletes in the world.

Thank you, Mr. Minister, the Canadian Government, the Calgary Olympic Committee, and the Canadian people for this beautiful park.

S.O. 21

SPORTS

CANADIAN FOOTBALL LEAGUE—GREY CUP WON BY HAMILTON TIGER-CATS

Ms. Sheila Copps (Hamilton East): Mr. Speaker, I know that you would not want me to break the Standing Orders, nor would the Hon. Member for Edmonton North (Mr. Paproski), nor would the Hon. Member for York South—Weston (Mr. Nunziata), by congratulating the Tiger-Cats. I will not break the Standing Orders.

• (1405)

It was a great weekend for Liberals. It was a great weekend for Canadians. Most of all, it was a great weekend for the people of Hamilton.

I just happen to have a hat which I will not wear in the House because it is again a violation of the Standing Orders. However, I plan to deliver it personally on a red Liberal platter to the Hon. Member for Edmonton North (Mr. Paproski) who has promised to eat it as his part of losing our bet. The weekend shows Canadians that the greatest team in football is the Hamilton Tiger-Cats and the greatest come-back team in politics is the John Turner Liberal team.

Oskee wee wee.

Oskee wa wa.

Holy Mackinaw

Tigers and Turner eat 'em raw!

Some Hon. Members: Hear, hear!

Mr. Speaker: I know Hon. Members will understand, as Speaker, and being from the west, that I had to get this over with.

Some Hon. Members: Oh, oh!

* * *

THE SENATE

CALL FOR REFORM

Mr. Alex Kindy (Calgary East): Mr. Speaker, it is time for Senate reform. Canadians from all regions are tired of an appointed Senate being able to block the legislation of those elected to represent them in Ottawa, the Hon. Members of this House of Commons.

Canada being a confederation of provinces, regional interests must be represented effectively in Ottawa on an equal basis. Therefore, Senate reform which would include elected Senators equal in number from each province would remedy the feeling of alienation that eastern and western Canadians have toward Ottawa. Only then would they become equal partners in the decision-making process taking place in Ottawa. I urge the Government to seize the opportunity for constitutional negotiations with the provinces and bring in an elected, equal, and effective Senate.

Some Hon. Members: Hear, hear!

* * *

ADMINISTRATION OF JUSTICE

JAILING OF NEWFOUNDLAND NEW DEMOCRATIC PARTY LEADER

Mr. Jim Fulton (Skeena): Mr. Speaker, the courts in Newfoundland have chosen to jail Peter Fenwick, the provincial Leader of the NDP, for two months. His crime was to walk a picket line with workers in Newfoundland.

Members of the Legislature, like Members of Parliament, are elected in a free and democratic process by Canadians who put their trust in them. The duty of elected leaders is to challenge society to make changes seen to be in the best interest of the men, women and children they represent. In our society judges are appointed by the Government in power. The police who lay the charges and the Crown attorneys who prosecute them are directed to do so by the Government in power. Courts are held in respect only so long as justice is done and seen to be done.

Peter Fenwick walked the picket line for 15 minutes before his arrest. For that he will spend two months in jail. Surely this is unjust in a free and democratic—

Mr. Speaker: Order. Hon. Members will realize that it is often the obligation of Members to criticize a law, but it is equally an obligation not to attack the—

[And the Leader of the Opposition having entered the Chamber.]

Some Hon. Members: Hear, hear!

Mr. Speaker: The Right Hon. Leader of the Opposition (Mr. Turner) has just entered the Chamber and received a courteous and warm response which the Speaker joins in extending to him.

As I was saying a moment ago to the Hon. Member for Skeena (Mr. Fulton), it is often the obligation of Members of Parliament to criticize a law. However, Members also realize it is not their place to castigate a court or judge or the decision rendered under a law. The Hon. Member has made his point.

• (1410)

[*Translation*]

CANADIAN NATIONAL RAILWAYS

LAY-OFFS IN NEW BRUNSWICK

Mr. Albert Girard (Restigouche): Mr. Speaker, at this time last year, I was advised by CN officials that we would be losing jobs in Campbellton, in my constituency. This year, CN is doing away with 20 more jobs in New Brunswick, 11 of which will directly involve people from Campbellton. CN is not even trying to save those jobs, and I rise in this House today to publicly condemn CN management for the incompetence and lack of concern shown in announcing right before Christmas this piece of bad news to the heads of those 20 families. Such an announcement will certainly shatter the holiday spirit and the joy that usually prevails in families at this time of the year.

I am outraged at that kind of action and I certainly hope that CN, as an arm's length corporation, will do something to end without delay such an unacceptable and unbearable situation.

* * *

FOOTWEAR INDUSTRY

SITUATION IN CANADA

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, one year ago today the Government implemented its disastrous policy on the abolition of footwear import quotas.

Men's footwear imports have jumped by nearly 50 per cent since then. Footwear imports from Southeast Asia in particular have gone up from 63,000 to 213,000 pairs, 38 per cent more. Last year the Shoe Manufacturers' Association of Canada did predict that serious unemployment would be the result of Government abolition of footwear imports. The Government got away with it by claiming, and I quote: "This decision would lead to savings of half a billion dollars for Canadian consumers".

Canadians are now facing the truth. More than 1,000 jobs have disappeared in this sector, and one of the three industries in my riding, Alexandria Footwear, had to lay off two-thirds of its workers.

Four times since last July members of the Shoe Manufacturers' Association of Canada have been denied the privilege of a meeting with the Minister for International Trade (Miss Carney). She claims that she does not have time.

If the Government keeps on refusing to meet with these manufacturers, we will lose the remaining 20,000 jobs in this industry.

S.O. 21

PHARMACEUTICAL INDUSTRY

BILL C-22—POSITION OF QUEBEC GOLDEN AGE FEDERATION

Mr. Gilbert Chartrand (Verdun—Saint-Paul): Recently, Mr. Speaker, the nearly 200,000 elderly people who belong to the *Fédération de l'âge d'or du Québec* voiced their unqualified support for Bill C-22 concerning drug patents. In their letter to the Minister of Consumer and Corporate Affairs (Mr. Andre), these citizens expressed their view that the adoption of Bill C-22 would greatly spur research on a number of still uncurable diseases which strike the elderly in particular.

Elderly residents of my riding and of Quebec can no longer stand being manipulated. They did not believe the silly predictions of Opposition Members who, without ever referring to the purpose of the Bill, have been brandishing the spectre of higher drug prices. Older Canadians know that the new legislation will be a boon to drug research and that very soon they will benefit from discoveries to be made by this revitalized industry.

* * *

[*English*]

PHARMACEUTICAL INDUSTRY

OPPOSITION TO AMENDING PATENT LAW

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I want to share with Members of this House the views expressed by one of my constituents on a very important issue to be dealt with here. She says:

> I am a senior citizen 76 years of age and I am taking life-giving medication every day (15 pills) totalling a cost of approximately $400 per month. I am told I am to be on these drugs for the rest of my life. So needless to say my pension cheque goes almost entirely on keeping me alive on pills let alone food, which now becomes secondary.
>
> Even with the Pharmacare program in effect, this would not alleviate the problem. It takes 6-8 weeks to process the rebate—
>
> Time and time again the elderly and the struggling families with children or even young people who must take drugs are the ones that this federal Government has put the burden on. Maybe it's time to change the make-up of the federal Government quickly. I sincerely trust you voice my feelings along with the many others on this serious issue.

* * *

TRADE

SUPPORT FOR CANADA-UNITED STATES NEGOTIATIONS

Mr. John A. MacDougall (Timiskaming): Mr. Speaker, I wish to comment on the recent agreement reached by our Government with the provinces which has successfully halted the flow of millions of dollars in taxes to the United States. As a Member from northern Ontario, I feel it is vital for the Canadian Government to correct the injustices of our established trade system and realistically approach the protectionist

forces to the south of our border. The Conservative Government is committed to this end.

In light of the contradictions aired within the Liberal Party this past weekend on the issue of trade with the United States, no Member across the way can criticize the Government for its steady and consistent trade initiatives.

The people of northern Ontario want firm action. They do not want the rhetoric of the Liberal Party. The 15 per cent punitive duty placed on softwood lumber imports by the United States would cripple the forest industry. Northern Ontarians and the Government realize that. We will continue to act for the betterment of the industry and the country.

* * *

• (1415)

NUCLEAR ARMAMENTS

LIBERAL PARTY RESOLUTION OPPOSING CRUISE MISSILE TESTING

Mr. John Nunziata (York South—Weston): Mr. Speaker, nothing is more important than a powerful idea whose time has come. Last weekend, rank and file members of the Liberal Party from St. John's, Newfoundland, to Victoria, British Columbia, passed important resolutions calling on Canada to put an end to Cruise missile testing and to declare Canada a nuclear-free zone. In so doing, our Party sent a clear message not only to our fellow Canadians, but to the world. Peace and nuclear disarmament are too important to be left to the superpowers, and the survival of the planet is more important than Canada's commitment to NATO.

As more and more people are coming to realize, it is sheer madness to contribute to the nuclear arms race. As a middle power, Canada has a significant role to play. We have an unique opportunity to show some leadership and independence in the fight for peace. It is neither responsible nor necessary for us to follow the United States in a lock-step down the road to Armageddon.

The Liberal Party spoke last weekend and the message was eloquent. We owe peace to the children of Canada.

* * *

WESTERN GRAIN STABILIZATION ACT

FINAL CROP YEAR PAYMENT TO FARMERS

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, last Thursday the Minister of State for the Canadian Wheat Board (Mr. Mayer) announced the final payment of $279 million under the Western Grain Stabilization Act for the 1985-86 crop year.

Close to 80 per cent of prairie grain farmers participate in this voluntary program which they fund jointly with the federal Government and which assists them when net cash flow from grain and oil seeds falls below the past five-year average.

This spring an interim payment of $580 million was made. Together with the final payment, this means farmers will receive a total of $859 million, the largest pay-out in history.

This is another in a long line of federal government initiatives to help Canadian agriculture. It is further evidence that this Government will spare no effort in seeking to protect the interests of Canada's farming community in the face of unfair pricing and subsidy practices conducted beyond our borders.

ORAL QUESTION PERIOD

[*English*]

PHARMACEUTICAL INDUSTRY

AMENDING LEGISLATION—EFFECT ON DRUG PRICES

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker—

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): Mr. Speaker, all I can say in response to Hon. Members is thank you, but I do not really recommend the experience.

Some Hon. Members: Oh, oh!

Mr. Turner (Vancouver Quadra): My question is directed to the Prime Minister. The Canadian Consumers' Association, senior citizen groups right across the country, provincial Governments, and indeed even Doctor Eastman himself are all concerned that with the present legislation before the House, drug prices will rise in Canada. Surely he must realize that there are hundreds of thousands of Canadians who are having trouble paying drug prices at their current rate, without his Government bringing in legislation that will prompt higher prices. Will he do something about that?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, on behalf of all government colleagues and I believe all Members of the House, may I convey to the Right Hon. Leader of the Opposition our genuine congratulations on his achievement over the weekend.

Some Hon. Members: Hear, hear!

Mr. Mulroney: In regard to the question raised by my right hon. friend, the Government's legislation is designed to accommodate that concern and to generate new capital for research and development. We believe the Government has put forward a balanced and thoughtful approach.

Mr. Turner (Vancouver Quadra): Mr. Speaker, I think the Prime Minister is trying to lure me into a different tone, but I do appreciate the generosity.

• (1420)

MINISTER'S STATEMENT

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the Minister of Consumer and Corporate Affairs said recently on the CBC radio program, *Sunday Morning*, the following:

> There has been pressure on Canada since 1969 to change that law and it costs us a lot. Because when you go down to talk about anything, acid rain, you know, lumber, talk about anything and this has been going on a long time, this is raised.

Why would the Prime Minister make drug prices and the pharmaceutical industry part of the bargain with the United States? Why would he knuckle under to American interests and inflict higher prices on our pensioners, our older people and our sick?

Some Hon. Members: Hear, hear!

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, there is no knuckling under. There is no inflicting of higher prices on anyone. I think my right hon. friend knows that. As I have said, it is a balanced and, we think, progressive package consistent with the requirements of an industrialized country in competition with other countries around the world and desirous of establishing our share of that research and development industry here.

I have not read the transcript to which the hon. gentleman refers, but the Minister has given, in other circumstances, assurances in regard to prices that I hope will satisfy my hon. friend. They are intended to ensure that the less well-off in our society do not in any way suffer and that the prices will not rise to affect them.

Mr. Nunziata: We don't trust you.

[*Translation*]

REQUEST THAT GOVERNMENT WITHDRAW LEGISLATION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the Prime Minister's opening comments were most generous and I appreciate that.

Perhaps he could be as generous to the ill and the aged in Canada. In the circumstances, could he ask his Minister to withdraw the Bill that will affect the price of drugs?

[*English*]

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, the right hon. gentleman must recognize that the manner in which he puts his question does not cover the full aspect of the matter having to do with the very best and newest drugs in Canada and that Canadians can also have access to and research in those drugs.

I want to indicate to the Hon. Member as well that it is not quite as clear in terms of senior citizens. The *Fédération de l'Age d'Or du Québec* has come out strongly in favour of the Government's legislation. I think we should recognize that as well.

POSITION OF MULTINATIONAL CORPORATIONS

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, my question is for the Prime Minister. Is it not true that the major reason the U.S. Government pressured the Canadian Government to change the Patent Act with respect to pharmaceuticals is that U.S. multinationals fear that other industrialized countries will adopt the Canadian system forcing generic competition as the model legislation in the world?

Some Hon. Members: Hear, hear!

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, the answer is no, it is not only the United States. It includes France, Britain, and other countries in Europe especially. I say to the hon. gentleman that we want the very best health care system, inclusive of technology, and one of the major technologies is with respect to new drugs. We as Canadians expect the very best, and we should have the very best.

If I were to ask the Hon. Member to name a drug developed in Canada over the past 50 years from inception he could not give me one.

An Hon. Member: Insulin

Mr. Epp: Insulin was developed 64 years ago, which is proof of the reason why we have to change this Act.

Some Hon. Members: Hear, hear!

GOVERNMENT POSITION

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, perhaps the Minister of National Health and Welfare can answer this question. Why is it that his Government has totally disregarded every one of the major recommendations of the Eastman Report and has gone far and beyond the recommendations in that report, and you have succumbed, you have knuckled under—

Some Hon. Members: Order, order.

Mr. Speaker: Order, please.

Mr. Frith: Thank you, Mr. Speaker. I apologize.

The question I want to ask, which is the more important one is this. Why is it that the Government has knuckled under to the interests of foreign-dominated multinationals without any concern for the interest of Canadian workers and consumers?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, none of the charges is correct. The Minister of Consumer and Corporate Affairs has just announced a $70 million program in Dalhousie and Memorial Universities. It is that type of research we want at Dalhousie, in Montreal, in

Ontario, and in the West. There are young Canadians who want to do that research.

• (1425)

Let us look at the example of cyclosporin. We all applaud when a successful transplant operation takes place. Other people have developed this technology and I am saying that we, as Canadians, can develop some of those drugs as well. It is about time that we recognize that, stand up and take some credit for what we do.

REQUEST FOR PRODUCTION OF COST IMPACT STUDIES

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Prime Minister, but before I ask it, please excuse me. I have sent my personal congratulations to the Leader of the Opposition. I wish to say now, on behalf of all my colleagues, that we do congratulate him most sincerely on coming through a tough personal experience of which all political leaders know something. We wish him well, and I am sure he will understand if we say that we wish that all his future happiness be strictly personal.

On to other matters. I would like to ask the Prime Minister about the change in the drug legislation being contemplated by the Government. I met with senior citizens and druggists in Toronto, Hamilton, and Windsor on the weekend. Without exception, they urged the Government to withdraw the present legislation. Given that, will the Prime Minister produce the studies that provide evidence of the reduced costs described by the Minister in the press release that was sent out on the weekend? Will the Government at least come clean and provide those studies so that the House may look at them?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, this is a question that was asked of me in writing by the NDP health critic and we responded at that time. It is within the jurisdiction of the Minister of Consumer and Corporate Affairs, and the Minister of Consumer and Corporate Affairs has said very clearly that he would like to get this matter into committee because that is where the discussions should take place and the facts should be assessed. Let us allow the parliamentary process to work. Bring the matter to committee so that the Hon. Member may get results.

REQUEST FOR PRODUCTION OF ALL STUDIES

Hon. Edward Broadbent (Oshawa): Mr. Speaker, what the Minister has said is not the case. He has refused to produce the studies, saying that they are cabinet documents. I am referring to a new set of studies. I am directing my question to the Prime Minister who preached open government. Considering that the Minister has refused to produce the earlier studies done on the impact of this Bill and that he put out a press release on Friday referring to additional studies, will the Government please come clean, be honest with the people of Canada and give us all the studies now?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, the Government of Canada is being honest. The Government has looked at this matter very clearly. In the health care system there is always a balance between the ability to pay and the ability to have the very best and the very newest.

Day after day I hear Members saying in the House that we need more money for universities and more opportunities for our young people to do research. This is one way we can do that. Surely the best way to look at the details of this, as all Hon. Members with experience in the House know, is to take this matter to committee where these studies or other facts as the Hon. Member likes to portray them can in fact be investigated and examined.

[*Translation*]

REQUEST THAT MINISTERIAL STUDIES BE MADE PUBLIC

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Prime Minister, who promised the Canadian people open government.

Last week, the Minister refused to publish the departmental studies. This is another example of departmental studies being withheld.

I want to ask the Prime Minister: Does the Government intend to disclose these studies for the benefit of the public? Where is this open government?

• (1430)

[*English*]

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, it's the same question, and the same answer applies. I can only ask the Hon. Member to do the thing that every parliamentarian understands. When a matter has been debated in the House, it goes to committee for full examination.

* * *

CANADA POST CORPORATION

SUPERMAILBOXES—COST OF REPAIR

Mr. George Baker (Gander—Twillingate): Mr. Speaker, we all know about the national blitz to inspect thousands of superboxes last Monday and Tuesday, and the repair of over 300. Today we have another national blitz. It is called a security retrofit of all the superboxes across Canada, although last week in the House the Minister assured us the mail was safe. I ask the Minister if he has any estimate of what it is costing to transport the technicians to every corner of the country, pay for their hotel rooms, their labour, and so on for the second time in a week to repair those supermailboxes? Would the Minister agree that it would be much cheaper to restore door-to-door mail delivery?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, first of all, I would like to point out that the Government has asked Canada Post to become self-sufficient by 1987-88 while at the same time improving service. Meanwhile, Mr. Speaker, the Corporation has submitted a corporate plan. We have analyzed the plan, and it does indeed meet these two objectives. We are satisfied with the decision made by Canada Post.

[*English*]

LOCK AND KEY COMBINATIONS

Mr. George Baker (Gander—Twillingate): Last week a superbox could be opened without a key. The Government says that it has corrected that. We now learn today that a key will open a whole bunch of superboxes. Superboxes become Pandora's boxes for this Government. Can the Minister confirm that because there was only a limited number of lock and key combinations purchased for superboxes, Canada Post will now have to change all the locks on every superbox in the country? Is it not cheaper to restore door-to-door mail delivery?

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, I am told that in certain regions it takes a crowbar to open these supermailboxes, so that certainly represents security, Mr. Speaker.

* * *

PHARMACEUTICAL INDUSTRY

AMENDING LEGISLATION—PRESS RELEASE LINKING NAMES OF OUTSTANDING PERSONS

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is for the Right Hon. Prime Minister who will know that this morning the Minister of Consumer and Corporate Affairs circulated a very partisan press release to all Members of Parliament linking the names of Terry Fox, Steve Fonyo, and Rick Hansen with the Government's Bill changing the Patent Act. Does the Prime Minister of Canada believe that linking these three outstanding Canadians to a Bill that the Government is introducing is an appropriate use of their names?

An Hon. Member: Did you get their permission?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, all of us applaud the work of those three Canadians who, in their various ways, have advanced medical research. What I think is important in the area of health is that Canadians want and expect to have the very best of health care. We have a choice to make as Canadians, and that is we either purchase almost entirely new technology from abroad, or develop some of it in Canada. I am suggesting to the Hon. Member that that balance is important. I am absolutely convinced that Canadian research can lead—

Mr. Speaker: Order, please.

USE OF INDIVIDUALS' NAMES

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my supplementary question is again directed to the Right Hon. Prime Minister. Does the Prime Minister think it is appropriate to use the names of great Canadians like Terry Fox, Steve Fonyo, and Rick Hansen in support of the initiative of this Government which will result in a significant increase in prescription drug prices? Does the Prime Minister believe it is appropriate that these individuals who have pursued fund raising for medical research are now having their names used in support of this government legislation?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I have not seen the document to which my hon. friend refers. I will be happy to look at it, because there would be no intention of associating anyone with a proposal or a piece of legislation without his or her authorization, so I will examine it very carefully, and I will reply to my hon. friend.

* * *

TRADE

UNITED STATES DUTY ON CANADIAN SOFTWOOD LUMBER

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, my question is for the Minister of International Trade. In her absence, I will direct it to the Secretary of State for External Affairs. Over the weekend an External Affairs official in a briefing arranged by the Minister himself was reported to say that the federal Government no longer believes that it can win its lumber case against the Americans. Therefore, it has abandoned its decision to fight through every possible legal channel. Is this defeatist position now the official position of the Government? Have we indeed abandoned the recourse that we have through the American tribunals and the international tribunals to fight against the softwood lumber case?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I believe that the Hon. Member is misquoting the official he is purporting to report. Perhaps when he rises again he might indicate to us whether, as the official spokesman on trade matters for the Liberal Party, he speaks for the position they adopted on Saturday morning, or the different position they adopted on Saturday afternoon, or the different position they adopted on Sunday morning.

Mr. Axworthy: Mr. Speaker, since the Hon. Minister is seeking information, I will advise him that I speak for the position on the resolutions that I proposed and were passed at the convention.

Mr. Broadbent: Where were you at Cabinet, Lloyd?

Some Hon. Members: Oh, oh!

Mr. Speaker: Order, please. I would ask that all Hon. Members refrain from extending the enthusiasm of the weekend throughout the entire Question Period.

GOVERNMENT POSITION

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, my supplementary is for the same Minister. Can the Minister explain to the House why the Government is not scheduled to make representations to the Commerce Department's public hearings which begin this week on the softwood lumber case? Has the Government indeed abandoned its position? Why is it not appearing before the public hearings when all other parties to this bid will be appearing there and the case will be judged based upon these representations? Why are we not in front of that tribunal making the case for Canada?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the position of the Government of Canada supported by the vast majority of the provinces, and certainly very actively by the spokesmen of the labour union involved in this issue, is to try to seek an arrangement that will bring stability to the Canadian forest industry and stop the possibility of our losing literally hundreds of millions of dollars. Insofar as public debates and hearings are concerned, I am quite prepared to arrange immediately a public hearing so that we can learn the views of the Member for Saint-Henri—Westmount on the position put forward on trade by the Member for Winnipeg—Fort Garry.

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PHARMACEUTICAL INDUSTRY

REQUEST THAT PRIME MINISTER MEET WINDSOR RETIREES TO DISCUSS AMENDING LEGISLATION

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, my question is directed to the Right Hon. Prime Minister. During the period when the Government was considering the deindexation of old age pensions the Prime Minister met with senior citizens, to the benefit of his edification and the withdrawal of that legislation. My question to him is simply this. There are some retirees coming from Windsor and other cities who would like to discuss the Patent Act with him. Will he meet with them tomorrow?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, I know that the Minister of Consumer and Corporate Affairs has met with various groups that have views on this Bill.

Mr. Orlikow: Like the drug companies?

Mr. Epp (Provencher): Not only the drug companies. I have met with senior citizens. I have met with the drug companies and senior citizens, and I have met with others. So I say to the Member for Winnipeg North Centre, yes, we will meet with those groups, and we are willing to have discussions with them as well. There is always a balance between trying to protect the ability to have access to drug plans, as well as the balance on the other side for research and development, so that Canada can be at the leading edge of health technology.

• (1440)

POSITION OF SENIOR CITIZENS

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, I think there has been some mistake. My question was directed to the Prime Minister. Will he meet with retirees and senior citizens, or should we have a little old lady guard the front door of the House to accost him as he was accosted last time to have the Government consider the interest of Canadians, rather than constant obsequiousness in the face of American pressure?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, that kind of proposition is preposterous and is very dangerous because people of all ages expect the best health care. I have letters from people who want new drugs. New drugs help to save lives. Let us get on with it and start having some optimism about ourselves, our country, and our future.

* * *

COMMUNICATIONS

VOLUNTEER FIRE DEPARTMENTS—RADIO LICENCE FEES

Mr. Gerald Comeau (South West Nova): Mr. Speaker, my question is for the Minister of Communications. Some time ago I made representations to the Minister on behalf of the volunteer fire departments of Canada. It had been proposed by her Department that volunteer fire departments be required to pay individual licensing fees for their two-way radios. This would have added substantial costs to the operations of the volunteer fire departments. Has the Minister been able to resolve the matter and continue the previous practice of charging one licensing fee?

Hon. Flora MacDonald (Minister of Communications): Mr. Speaker, I thank the Hon. Member for South West Nova for his representations on this issue. Indeed, I have received representations on the issue from a number of other Members. I should like to advise him and the House that I have decided to defer for the time being any changes to the regulations as they apply to radio licence fees for municipalities and volunteer fire departments.

Some Hon. Members: Hear, hear!

Miss MacDonald: These changes are quite separate and distinct from those included in Bill C-3 which applied to federal and provincial agencies and Crown corporations. They will be proceeded with. However, the changes as they affect municipalities and volunteer fire departments will not be proceeded with.

* * *

[*Translation*]

NUCLEAR ARMAMENTS

SALT II TREATY—GOVERNMENT POSITION

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, my question is directed to the Prime Minister. Thursday I put a question to the Secretary of State for External Affairs about the cruise missile tests and the SALT II Treaty. In response, he stated that the Prime Minister had advised President Reagan that it would be better for the world if the United States met the commitments it made under SALT II. Mr. Speaker, the President does not seem to have heeded this wise counsel. Could the Prime Minister advise President Reagan that Canada does not intend to proceed with the cruise missile tests until the U.S. Government decides to meet its obligations under the SALT II Treaty and the ABM Treaty?

Right Hon. Joe Clark (Secretary of State for External Affairs): This question was asked and I answered it on Thursday afternoon. Canada believes it was a mistake on the part of the United States not to observe the SALT II Treaty. We have advised them accordingly several times, most recently in a personal letter from the Prime Minister to President Reagan. However, we have NATO commitments in connection with the cruise missile tests, and we intend to respect those commitments. I deeply regret the fact that on the weekend, the Liberal Party rejected the commitment signed by Mr. Trudeau and also rejected Canada's membership in NATO.

[*English*]

CANADA-UNITED STATES AGREEMENT

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, if I am not mistaken, the testing of the Cruise missile comes under a bilateral agreement of February, 1983, with the United States. Paragraph 23c of the undertaking reads:

> Either Government shall reserve the right to cancel, suspend, postpone or terminate any specific test and evaluation project, if in its opinion, any unforeseen imperative circumstances should so warrant.

Surely the breach by the Americans of their obligations under SALT II would constitute such an eventuality if the Government so elected to stop testing the Cruise missile.

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I noted with interest and dismay the position of the Liberal Party on the weekend in respect of our capacity as a country to fulfil our obligations to NATO as it regards—

Some Hon. Members: Oh, oh!

Mr. Blackburn (Brant): It is not a NATO agreement.

Mr. Fulton: You need another briefing, Joe.

Mr. Speaker: I know Hon. Members would want to hear the Minister.

Mr. Clark (Yellowhead): I was dismayed at the agreement of the Liberal Party with regard to its vote on a nuclear free zone to reject Canada's obligations under NATO in so far as the protection of Canada is concerned against some 300 Soviet submarines in our waters. I also regret the concern—

Mr. Blackburn (Brant): In whose waters?

Mr. Ouellet: Where are they?

Mr. Clark (Yellowhead): I also regret the action of the Liberal Party now in suggesting that we have no obligation to contribute to the collective defence of NATO, an obligation which we have accepted. Unhappily the nuclear deterrent remains a reality in the world. This country cannot opt out of our obligations. This Government does not intend to walk away.

REQUEST FOR HALT TO CRUISE MISSILE TESTING

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, the Minister seems to be reading the briefing books of the past Liberal Government. Would he just answer one or two straightforward questions on the issue? Does the Government yet recognize that there is a link between the breaching of the SALT II limits and air-launched Cruise missiles? Does it see the link about which we are talking? If so, why does it not do the honourable thing and dissociate us from the breach of the SALT II limits and cancel air-launched Cruise missile testing?

Right Hon. Joe Clark (Secretary of State for External Affairs): There is an area of profound disagreement between the New Democratic Party and now the Liberal Party which has joined it, and the Progressive Conservative Government. Somehow or other the Liberals and New Democrats believe it is honourable to break agreements and to say that other people should defend freedom but we will only talk about it, and then back away from the obligations which those involvements entail.

Ms. Jewett: The Minister is apologizing for the American breach of the SALT II treaty; that is what he is doing. His own colleague, the Minister of Communications, when she was External Affairs critic, pointed out that it was not a breach of NATO—

Mr. Speaker: Order, please. The Hon. Member will put her question.

Oral Questions

MINISTER'S POSITION

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, is the Minister prepared to recognize that growing numbers of Canadians oppose Cruise missile tests, are alarmed at the breach of arms control agreements, and want Canada to be a nuclear weapons free zone? Does he recognize those facts?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I know there is a great deal of concern in Canada about the inherent danger of living in a nuclear world. That is why Canada is doing everything we can to encourage arms control agreements which would move toward a reduction of that nuclear danger. One way to stop arms control agreements would be for a prominent member of the Western Alliance to turn its back on the Alliance, to turn its back on Europe, and to turn its back on the United States. That is what Mr. Gorbachev would like to see happen. That is not what this Government would like to see happen.

Some Hon. Members: Hear, hear!

* * *

• (1450)

CANADIAN JOBS STRATEGY

RE-ENTRY PROGRAM—TRAINING OF WOMEN

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, my question is for the Minister of Employment and Immigration. There is growing evidence that under the Canadian Jobs Strategy Program women seeking equality in the workplace are being let down. As a matter of fact, women who want to train for non-traditional work are not being covered. Under the Re-entry Program, 76 per cent of the female participants are being trained for traditional low paying jobs, and thousands of others do not qualify at all. Would the Minister recognize this deficiency in the Canadian Jobs Strategy Program and re-introduce the 30 per cent priority which was for women training for non-traditional work, which priority his Government abolished earlier this year?

Miss MacDonald: It is 42 per cent.

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): As I see it, Mr. Speaker, the jobs strategy results prove that we have achieved some of our objectives. More than 350,000 of the 610,000 jobs created in this country in the last two years were for women.

It is obvious that, through the various elements of the Jobs Strategy Program, the Government seeks to give women more opportunities to secure employment elsewhere than in what we traditionally refer to as low paying jobs.

However we cannot at the same time deny women the opportunity to look for jobs which, less well paid though they may often be, are open to Canadians generally.

Similarly, our employment strategy is to give women more opportunities to land better paying jobs.

First and foremost jobs are our concern, and it stands to reason that we will not prevent women from taking such jobs.

[*English*]

PRIVATE SECTOR TRAINING

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, the Minister has not answered my question. I was asking about women who want to train for non-traditional work. The movement is backwards with respect to these women. Only a very small percentage are able to qualify for training programs for non-traditional work under that program.

Would the Minister reconsider the Government's preference for training in the private sector as opposed to training in the institutional sector which, likewise, discriminates against women who want to train for non-traditional work? Would the Minister consider that?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I am trying to understand when the Hon. Member claims that we put more emphasis on private sector than on institutional training. Such is not the case at all.

I would suggest that the Government still invests 90 per cent of the funds in the institutional sector. I never gave instructions under which indirect purchases are to be made outside the institutional sector.

According to our agreements, institutions in some of the provinces take full responsibility for training. Of course, we intend to abide by these agreements.

* * *

[*English*]

UNEMPLOYMENT INSURANCE

FORGET COMMISSION RECOMMENDATIONS—COST TO PROVINCES

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Minister of Employment and Immigration. In reading the Forget Commission Report recommendations—and I understand the Minister had his copy on Friday—I have noticed that two particular recommendations, the annualization of the calculation of entitlements and the elimination of regional extended benefits, will cost Newfoundland $240 million in direct payments; Nova Scotia $140 million; New

Brunswick $230 million; Quebec $1 billion and B.C. $370 million.

Mr. Blackburn (Brant): One disaster to another.

Mr. Rodriguez: Will the Minister confirm these figures, and will he give us the assurance that these cruel and harsh recommendations will not be implemented?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Yes, Mr. Speaker, I did receive a copy of the Forget report last Friday. On that day I also indicated that I would make a statement in the House on Wednesday.

I should think that my colleague and I will probably have lots of opportunities to discuss the Forget report. Just to set the record straight at the outset, may I say it would be unrealistic to think that I might answer any question whatever about the Forget report recommendations before Wednesday afternoon.

[*English*]

REQUEST FOR MINISTERIAL ASSURANCE

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my supplementary question is for the same Minister. In view of the fact that the Minister has read the report—I have a copy of the report and I have read it—I am asking him to confirm the figures. If he is doing his job, he would confirm them. Will he confirm these figures now and give us the assurance that these cruel recommendations will not be put into effect?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I thought my answer was quite clear: I will not comment on the Forget report recommendations before Wednesday afternoon.

* * *

[*English*]

BANKS AND BANKING

SALE OF BANK OF BRITISH COLUMBIA—PROTECTION OF SHAREHOLDERS

Miss Aideen Nicholson (Trinity): Mr. Speaker, my question is for the Minister of Finance and it concerns the Government's decision to give the Hongkong Bank $200 million to buy assets of the Bank of B.C. including its shares valued at $63 million. Will the Minister explain why the Government made a precedent-setting decision to use the Canada Deposit Insurance Company to protect shareholders when its mandate is to protect depositors?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think that is precisely the reason that the CDIC did what it did. CDIC recognized that there was value in the bank at the time the decision was taken. It also recognized that the life of the Bank would not be very long without some action similar to what took place with the Hongkong Bank. In providing some support to the ongoing bank through the purchase by the Hongkong Bank, CDIC saved a considerably greater loss which would have ensued had the bank gone bankrupt or been liquidated. That is the basis for the decision by the CDIC.

SHAREHOLDERS' RISK

Miss Aideen Nicholson (Trinity): Mr. Speaker, the Governor of the Bank of Canada has confirmed that this $200 million payment is a grant, not a loan. I repeat: why is $63 million of it going to shareholders who knew when they bought those shares that they were taking a risk?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think the Hon. Member and I would agree that it was important to see the ownership of the Bank of British Columbia transferred to new owners. To do that required the CDIC giving some assurance to the new owner to protect the owner against losses that were potentially in the bank.

Mr. Blackburn (Brant): That is what you call free enterprise.

Mr. Wilson (Etobicoke Centre): Had the Bank of B.C. not being taken over by the Hongkong Bank, it is likely that it could have gone under, in which case the CDIC would have incurred much greater losses. The Hon. Member knows that the CDIC is empowered under its mandate to put in money to alleviate losses.

Mr. Blackburn (Brant): Always protect the bankers.

* * *

EMPLOYMENT

CANADAIR'S HIRING CAMPAIGN—CF-18 MAINTENANCE CONTRACT

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, I have a question for the Minister of Employment and Immigration. It concerns the anger in Winnipeg, the city where the CF-18 contract should have gone, about reports that Canadair is advertising abroad for engineers. Why in the response the Minister issued on Friday, presumably to these reports because he refers to recent press reports, did he not deal with the CF-18 contract in particular? Why is there no mention of the CF-18 contract in the Minister's response to those reports?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I did not refer to the F-18 matter. That is very clear. The authority to advertise or request services from abroad is open to everyone.

One thing is clear, the Department of Employment and Immigration to date has never authorized Canadair to recruit

foreign workers, and where we are convinced that all those jobs of whatever nature pertaining to the F-18, the CL-215 or whatever, can be filled by Canadians, there is no question of authorizing foreign workers to enter this country.

[*English*]

REQUEST FOR RE-EXAMINATION OF CONTRACT DECISION

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, could the Minister tell the House whether he has looked into the matter of why Canadair would need to advertise abroad? Was that matter looked into when the contract decision was being made? Can he give assurances to this House now that if Canadair does arrive at that position that this entire process will be looked into once again?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, this is hypothetical. Anything can be raised, anything can be suggested. It is easy to make that kind of suggestions to try and raise a non-existing problem. No foreign worker is authorized to work in this country for Canadair at this moment.

* * *

• (1500)

[*English*]

AGRICULTURE

CHILLED LAMB IMPORTS—EFFECT ON CANADIAN SHEEP INDUSTRY

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, my question is directed to the Minister of Agriculture. Western Canadian lamb producers and processors are being seriously affected by increased shipments of chilled lamb air-freighted from Australia and New Zealand. Is the Minister able to do something about it? In particular, can he approach the Governments of those countries and request voluntary restrictions on the amounts being shipped?

Hon. John Wise (Minister of Agriculture): Yes, we have, Mr. Speaker, but the Hon. Member will know that, given our obligations under GATT and existing legislation, there is no unilateral action we can take. Imports from Australia and New Zealand appear to be up about 77 per cent. However, on the brighter side, imports from the U.S. seem to be down about 35 per cent. The Canadian sheep industry is currently considering whether or not to launch a countervailing duty action. If the industry decides to do so, then of course we will assist them in the same way we assisted the Canadian Cattlemen's Association, the Canadian Pasta Association, and most recently the Canadian corn producers.

REFUGEES

DEPORTATION OF IRANIAN FROM UNITED STATES

Mr. Sergio Marchi (York West): Mr. Speaker, my question is directed to the Minister of Immigration. It concerns his Department's refusal to save the life of the 25-year old Iranian who will soon be deported by the U.S. to Iran. David Drysdale, of the U.S. Embassy in Ottawa, has just confirmed that Ottawa has refused to offer refugee status to this man. Why did the Minister's Department block the initiative taken by Canadians from Yarmouth, Nova Scotia, to sponsor this man? Is he not somewhat ashamed that recent department decisions have rewarded questionable candidates while people facing death have received the cold shoulder?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, it seems that the Minister of State (Immigration) was very clear on that matter last week. The young Iranian the Hon. Member is referring to has been living in the United States for eight years. The issue involves the U.S. Government and this applicant has not been deemed eligible to immigrant status under Canadian law. This question, therefore, should be addressed to the American Government. We have no business raising the question. He is not qualified to enter Canada as a refugee.

[*English*]

REQUEST FOR ISSUANCE OF MINISTERIAL PERMIT

Mr. Sergio Marchi (York West): Mr. Speaker, the Minister has the power to issue a ministerial permit for this man. It is not an American issue. Canadians have asked to sponsor this man and I would like to know, as would other Canadians, why he refuses to save this man's life? The ability to do so is vested in his Department. He has the authority. Will he not, with humanity and compassion, reach out and bring this individual to Canada?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, as we have told Hon. Members opposite on three occasions last week—and I have just done so once again—that individual has now been in the United States seven or eight years, and his case is still under review in the United States—he has not been deported from the United States to my knowledge—and he does not qualify. Besides, it is my view that the Minister's first obligation is to require or make sure that the case is acceptable under Canadian rather than American law.

[*English*]

NORTH ATLANTIC TREATY ORGANIZATION

LIBERAL PARTY CONVENTION RESOLUTIONS

Mr. Alan Redway (York East): Mr. Speaker, my question is directed to the Minister of National Defence. Over this past weekend the Liberal Party adopted as policy the declaration of Canada as a nuclear-free zone and the banning of Cruise missile testing. Would the Minister advise the House if policies of that sort would weaken Canada's commitment to NATO and NORAD—

Some Hon. Members: Oh, oh!

Mr. Redway: —and ultimately cause the withdrawal of Canada from NATO and NORAD?

Mr. Speaker: Order. Some questions are more leading than others. Perhaps the Minister would like to respond.

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, I was saddened to see the resolutions passed on the weekend—

Some Hon. Members: Oh, oh!

Mr. Beatty: —because it is very clear that anything which substantially weakens Canada's commitment to NATO would indeed weaken the Western Alliance and not contribute to the fulfillment of peace. I agree with the Leader of the Opposition who said, when he was Prime Minister, that if we are going to have any influence in working towards world peace we must first of all fulfil our commitments to our NATO allies.

Mr. Speaker: I would like to advise the Hon. Member for Ottawa—Centre that I have his notice of a question of privilege and will hear it shortly.

I would also advise the Hon. Member for Swift Current—Maple Creek that I have notice of his question of privilege and will deal with that in a few minutes as well.

I also might advise the Hon. Member for Skeena that I understand he has a point of order and I will get to that as well.

* * *

SPEAKER'S RULING

PETITIONS INTRODUCING PRIVATE MEMBERS' BILLS

Mr. Speaker: The Chair wishes to report to the House on a matter of some importance concerning petitions introducing laws, and I will read the ruling.

[*Translation*]

An entry in the *Votes and Proceedings* of November 17 recorded the presentation of a petition whose petitioners requested the tabling of a Private Bill. The entry indicated that the petition was presented pursuant to Standing Order 132, which provides a time limit for receiving petitions for Private Bills.

[*English*]

The Standing Orders relating to petitions were recently changed. However, no account was taken of the implications of those changes in relation to private Bills. The present Standing Orders dealing with petitions are Standing Order 106 and Standing Order 106(2)(g). They provide that a petition must contain at least 25 signatures. No distinction is made between petitions seeking redress of grievances and those requesting private Bills. On the face of it, therefore, the requirement of 25 signatures applies to all petitions including those relating to private Bills. It was for that reason that the petition in question was shown as having been presented pursuant to Standing Order 132 instead of Standing Order 106.

[*Translation*]

However, I feel the petition should have been presented pursuant to Standing Order 106, despite the requirement for twenty-five signatures. I suppose the fact that petitions for Private Bills are not exempted from this requirement is merely an oversight.

[*English*]

I do not believe it was the intention of the House to deny any individual or group the right to petition for a private Bill by reason of the failure to obtain 25 signatures. I am therefore ruling, until such time as the House decides otherwise, that the requirement of 25 signatures does not apply to petitions for private Bills, but that the other provisions of Standing Order 106 do apply. Presentation of all petitions will thus continue to be governed by Standing Order 106.

[*Translation*]

I suggest that the Standing committee on Elections, Privileges and Procedure examine this problem in the course of its business and recommend amendments to the Standing Orders as appropriate.

* * *

[*English*]

PRIVILEGES

ALLEGED MISREPRESENTATION—PRESENTATION OF PETITION

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, I wish to raise a question of privilege rising out of Question Period on Tuesday last. My concern is that my action as a Member in presenting a petition on behalf of some of my constituents was the subject of misrepresentation by another Member in this House, specifically the Hon. Member for Beaches (Mr. Young).

The gist of what went on during my absence was that the Hon. Member for Beaches misled this House, and indeed

anyone observing the proceedings, as to my stand on Bill C-22, the amendments to the Patent Act. Indeed, others were misled and that is quite clear from a headline in *Le Droit* of the next day which read to this effect:

[*Translation*]

"Patent Act: three Tory Members joined the dissenters."

• (1510)

[*English*]

It is pretty clear that my name is being used in vain. I want to assure the House that I stand fully behind Bill C-22. I am perturbed that the Hon. Member, who I believe should know better, misrepresented my simple act of filing a petition on behalf of constituents. I believe there is a clear understanding in this House that Members have a duty to present petitions on behalf of their constituents. However, the fact that he presents a petition does not imply that he agrees with the contents in any way.

That is the point I wish to make, Mr. Speaker. I feel that my rights as a Member of Parliament have been abused by this process. I suggest that the Member for Beaches ought to issue a clarification and extend an apology to me and to the Member for Perth (Mr. Brightwell) who was likewise affected.

Mr. A. H. Harry Brightwell (Perth): Mr. Speaker, I want to confirm what the Hon. Member for Swift Current—Maple Creek (Mr. Wilson) has just said. I was included in this misrepresentation. I consider it a responsibility to file petitions for my constituents. I do not accumulate petitions to try to hold up action in the House. I do as I should, and I believe that I, too, deserve an apology and retraction from that Member.

Mr. Rod Murphy (Churchill): Mr. Speaker, the Hon. Member for Beaches (Mr. Young) is not here. He is on a nation-wide tour drumming up opposition to Bill C-22.

Some Hon. Members: Order.

Mr. Murphy: I believe that in the Member's presentation he followed the rules of the House. He mentioned that he had in his possession a letter from a Member of Parliament indicating that he opposed the legislation. He had the right to mention that in the House of Commons, as he did. He also had the right to mention that two Conservative MPs had received petitions and presented them on behalf of their constituents. Those petitions protested the legislation to change the Patent Act. I believe the Member for Beaches acted in accordance with the rules of the House and did not breach the privilege of any Member. If Members are upset that their actions were mentioned in the House of Commons, that may be something for them to worry about, but it is certainly nothing for us to worry about.

Mr. Wilson (Swift Current—Maple Creek): Mr. Speaker, if what the Hon. Member for Churchill (Mr. Murphy) says is correct, we should all be dreadfully concerned about the operation of this place. It is quite clear that during Oral Questions on Tuesday last a misrepresentation occurred. It is evident that the misrepresentation was heard widely because it was responded to by journalists. Journalists other than from *Le Droit*, which I mentioned, at least had the decency to call and seek clarification.

However, as a result of the misrepresentation by the Member for Beaches, which I trust was accidental, a headline was issued across the country suggesting that my stand was something it is not. I suppose that was an attempt to embarrass the Government. I suggest it was done in a sly and sneaky way to try to create an innuendo that I was somehow opposed to this legislation when, in fact, I am not.

Mr. Speaker: The Chair has listened carefully to the representations of the Hon. Member for Swift Current—Maple Creek (Mr. Wilson). The matter arose some days ago. I think Hon. Members will recall that the Hon. Member for Peace River (Mr. Cooper) rose and pointed out that Hon. Members often present, on behalf of their constituents, petitions of which they may not necessarily approve. The Chair is certainly not going to impute motives to the Hon. Member for Beaches (Mr. Young), but it is clear that what the Hon. Member for Beaches said on that day caused a misunderstanding and that that misunderstanding has been picked up by the media to the embarrassment of Hon. Members. The Hon. Member for Perth (Mr. Brightwell) has also made his position clear. I listened with care to the intervention of the Hon. Member for Churchill (Mr. Murphy) whose interventions are, of course, always helpful.

I believe the proper ruling in this case is to point out that there is a difference between a question of privilege and a grievance. Hon. Members here have heard a grievance. Hon. Members have indicated that they hope the cause of that grievance was not intentional, and that, of course, would be the hope of the Chair as well. This perhaps gives an indication of how careful all Members ought to be in saying anything which could leave a suggestion that an Hon. Member's position is different than what it is in fact.

Therefore, the Chair must rule that this is not a question of privilege. It is a grievance. I thank all Members for their interventions. I hope Hon. Members will be careful not to create a situation which will necessitate the Chair hearing such representations as these in the near future.

ALLEGED WITHHOLDING OF INFORMATION—SALE OF BANK OF BRITISH COLUMBIA

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have a question of privilege concerning my rights as a Member of Parliament which arises out of discussions we had in this House last Wednesday and Thursday about the Government's Bill relative to the takeover of the Bank of British Columbia by the Hongkong Bank. This is the earliest opportunity I have had to raise this question. The Minister of Finance (Mr. Wilson) is here. I am sorry that the Minister of State for Finance (Mr. Hockin), who was involved in the passage of the Bill, is not, but I am sure my comments will be relayed to him.

I intend to raise this issue with the Committee on Privileges and Elections because I think it raises very serious questions about information which Members of the House of Commons had on which to make a decision on that Bill.

At the request of the Government the Opposition Parties agreed that that Bill would be passed in two days, and an order of the House was given unanimous consent which effected a deadline for the passage of that Bill, whether or not we were satisfied with the information made available.

In the House the Minister of State repeatedly insisted that this was basically a private deal, that the Government was simply passing a Bill to facilitate the sale. He stated: "It was not the Government that was involved in these discussions. It was the Canada Deposit Insurance Corporation". He called it "a private transaction". He said that the CDIC was making "some prudential decisions relative to the bank". He suggested that certain questions which we had should be put before the Canada Deposit Insurance Corporation, the British Columbia Government or the Bank of British Columbia which, of course, was not open to us because of the limited time to which we had agreed. He referred to this as a private transaction. When asked directly for an estimate of the losses if the bank had been liquidated he stated: "No one knows that", and did not respond to questions about how much the potential loss had been calculated to be.

I am raising this question of privilege because I read in *The Globe and Mail* the next day a detailed report of answers to many of the questions I and other Members of the House of Commons had put in this House to which we had been unable to get satisfactory answers during committee stage the previous day. At the very time that we were raising questions with the Minister of State for Finance substantial answers to those questions were being given to the Senate Banking Committee. I have been unable as yet to get a transcript of that committee hearing, although I requested it last Friday, but according to press accounts the Department of Finance was aware as long ago as October of 1985 that there were a significant number of problem loans in this particular bank.

The information we had, which was public, was that the bank was deemed to be sound at that time. While we were told that the Finance Department of the Government was a facilitator of this issue, the Senate was being told that the six chartered bank presidents had been called to a secret meeting with the Governor of the Bank of Canada, of which the Department of Finance was surely aware, and that the Department of Finance had been involved in two frantic weeks of negotiations and work in British Columbia in order to pull the deal together. While we were denied any detailed report on the bank's financial situation, the Canada Deposit Insurance Corporation was giving an estimate, again of which the Government was surely aware, that the losses would have been $600 million had liquidation gone forward.

• (1520)

We sought documentation with respect to the Government's judgment that the Hongkong Bank was the best and only deal. Information was promised privately but was not forthcoming in any way, yet the evidence reported in the press indicates that that information does exist and portions of it were put to the Senate Banking Committee while we were here in Committee of the Whole being stonewalled by the Minister of State for Finance.

We asked about the information the Government had and we were not informed that there were at least three further inspections by the Inspector General of Banks between October, 1985 and the time that the Hongkong Bank transaction was finally underway. We asked in the House when the Government learned that the Bank of British Columbia was not sound. The Minister of State for Finance made no mention of misgivings that arose in 1985 or of those three further inspections, nor of the meeting with the six chartered bank presidents.

If this Bill had come forward in the normal course of events and had taken several weeks or months to work its way through the House, it would have been at least possible for the Opposition Parties to have sought some of that information from the street, from relevant parties and so on. We did not have the time to do so. We acted in good faith in accepting the Government's request that the Bill be adopted at the earliest opportunity. I do not believe that we were treated in good faith, when information was being given to the Senate that was being denied to us both in response to private requests and in response to questions in the House of Commons.

I point out that in its message back to the House, as appears in *Votes and Proceedings* for November 27, the Senate reported that the Committee's examination left partly unanswered the question of why the shareholders of the Bank of British Columbia are to receive $63.5 million plus additional recoveries which may raise the total compensation to nearly $100 million, when the Bank of British Columbia, as evidenced by the CDIC advance to its purchaser, was not viable. That question was very much on our minds, but we were given very vague and general answers.

I suggest that if the Government is asking Members on all sides of the House to co-operate on a matter of urgency, it has an obligation to share all the available and relevant information. That was not done in this case. Had this Bill gone forward in the normal way, it is the right of the Government under our parliamentary system—deplorably so—to refuse to impart that information. However, if it seeks special co-operation from the Opposition Parties I think it has a special responsibility to be fully co-operative. It was not in this particular case.

That is why I believe this matter should be referred to the Committee on Privileges and Elections. I intend to bring it before that committee and I would seek your co-operation, Mr. Speaker, in supporting a referral of the matter to the Standing

Committee on Privileges and Elections. I believe that my rights as a Member, as well as the rights of all Members, particularly those in the Opposition, have been impaired by the actions and omissions on the part of the Government with respect to this particular piece of legislation.

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I listened with interest to the Hon. Member's comments. I am sorry that he feels this way. But let me say to him that at no time have I tried to withhold from him information on this particular deal. As he knows, he and his colleague, the Member for Kamloops-Shuswap (Mr. Riis), and I met for some time last Wednesday morning. I was not in attendance during Committee of the Whole last Thursday afternoon when questions were asked, so I cannot comment on that specifically. However, I draw to his attention that the purpose of the Bill was not to discuss the remuneration, the role of CDIC or anything like that. The purpose of the Bill was to discuss the amendments to the Bank Act which affect the position of the shareholders under this particular transaction.

I believe that the Minister of State for Finance (Mr. Hockin) has indicated to Opposition Members that he is prepared to meet with the Finance Committee and discuss this particular transaction and any elements relating to it.

I listened to the questions that the Hon. Member said were not answered. I do not recall not answering those questions—perhaps they were not put. There were committee meetings in the other place that were arranged by the Senate Finance Committee, so that obviously more questions would be asked during the course of the day as a result of that committee meeting. However, I do not believe that this is a question of withholding information in any way. That was not the attitude or the way in which the Government dealt with this matter.

I repeat that the Minister of State for Finance has agreed to appear before the Standing Committee on Finance and Economic Affairs to respond to any questions that Hon. Members wish to put on the broader element of the transaction with the Bank of British Columbia and the Hongkong Bank of Canada. However, I believe that every question addressed to us on the specific nature of the Bill was answered.

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I rise on the same question of privilege. Many of us in the House are not always familiar with all the procedures of the House. When we receive a report back from the Senate, as we did on Thursday, why are the observations on that Bill made by the Senate not read into the record of the House at that time? We had to go back to *Votes and Proceedings* on the next day or days following to find out what the Senate had to say about Bill C-27. Is this a custom or tradition? Why do Members of the House have to wait until we see *Votes and Proceedings* the next day to find out what the Senate said about a certain Bill?

Mr. Speaker: We will return to the question of privilege in a moment. I want to say to the Hon. Member for Ottawa-Vanier (Mr. Gauthier) that the Chair will look into that matter and report back.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I believe our position was properly covered by the Minister of Finance (Mr. Wilson), but I want to add two points. First, it seems to me from listening to the question of privilege by the Hon. Member for Ottawa Centre (Mr. Cassidy) that he is concerned about matters of debate concerning whether or not he and his Party were satisfied with answers they received to questions they put.

Second, while I do not want to nitpick or in any way prevent a Member from raising a question of privilege, I want to reiterate that while I believe the use of a question of privilege is a form of safety valve in the House, I believe that if a Member lays a complaint of a breach of privilege it should conform to Citation 81(2) of Beauchesne which states:

> A complaint of a breach of privilege must conclude with a motion providing the House with an opportunity to take some action.

After all, Mr. Speaker, that is what you are deciding, whether there is a prima facie case. In other words, has a prima facie case been made of a question of privilege which would, by and in itself, be proper to put before the House? While the Minister, who is not here, can review the Member's comments, in order for him to respond properly the Minister must have an actual motion so that we know exactly what privilege the Member is claiming has been breached.

Mr. Rod Murphy (Churchill): Mr. Speaker, first I want to respond to the Hon. Parliamentary Secretary. I believe he made that complaint a number of weeks ago in relation to another question of privilege. I do not believe it is necessary for a Member who raises a question of privilege to indicate a willingness to move such a motion at the end of his remarks. I do not believe that is a requirement with respect to a question of privilege. If I am correct, I believe Your Honour has indicated that in the past. Regardless of that—and you will of course deal with that in your response—the Hon. Member for Ottawa Centre (Mr. Cassidy) indicated in his presentation that he wanted the support of the Speaker and was quite willing to have the matter referred to the Standing Committee on Elections, Privileges and Procedure. I believe that we do have a bona fide case.

• (1530)

At the same time that the Hon. Member for Ottawa Centre, as reported in *Hansard* of last Thursday at pages 1600 to 1602 inclusive, was asking questions of the Minister of State for Finance (Mr. Hockin) and was being told that such information was not available, the Senate was receiving such information. I argue that the privileges of the House will be breached if the Government is willing to provide information to one House but not to the other. As the elected representatives of Canadians, we are certainly entitled to any information that the Government deems can be made public, information which

it deems it can give to the Senate and information which in fact it is denying the elected Members of the House of Commons.

In closing, I would ask Your Honour to look at the records of both Houses as well as those of the Senate Banking Committee to see if there is information which was being denied to us which was being asked for by the Hon. Member for Ottawa Centre. If that is the case, then I believe there has been a real breach, not only of the privileges of this House but certainly of the whole idea of parliamentary accountability.

Mr. Cassidy: Mr. Speaker—

Mr. Speaker: I was about to indicate to the Hon. Member for Ottawa Centre (Mr. Cassidy) that the Chair has probably heard enough on this point. However, if the Hon. Member wishes to say a few more words then the Chair will hear him.

Mr. Cassidy: Mr. Speaker, I will be brief. Of course, if you wish me to move a motion then I will do so.

Perhaps I can just bring to Your Honour's attention a couple of the specifics and the contrasts in what was being reported about what took place in the Senate at that time. I asked the following question:

Did the Government have specific information on the quality of the loan to the Bank of British Columbia that led it to judge that the expenditure—

Mr. Speaker: Order, please. The Chair suggests to the Hon. Member that the point he is now addressing may very well be pertinent. Would the Hon. Member be satisfied to send this information to the Chair through the Table Officers? The Chair has the points and has heard sufficient argument to deal with the matter. I will deal with it carefully and seriously and report back as soon as I can.

Mr. Cassidy: Thank you, Mr. Speaker. I will be glad to do that.

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POINTS OF ORDER

STATEMENT UNDER S.O. 21 RESPECTING SENTENCING OF PETER FENWICK

Mr. Jim Fulton (Skeena): Mr. Speaker, I seek clarification from the Chair regarding a motion from which I was reading during Statements by Members.

As Your Honour is aware, before I was elected to this place I was an officer of the court in British Columbia. One of the roles that I had as an officer of the court was to make recommendations in relation to sentence. In speaking today about the sentencing of Peter Fenwick, who is the Leader of the New Democratic Party in Newfoundland, I was not referring to the judgment of the court or of the learned judge. What I was referring to was Canadian tradition generally in terms of jail sentences. There are certain criteria in all the courts of Canada—provincial, federal and territorial—with respect to certain matters which should be taken into account when one is sentencing someone to jail. Certainly, the person has to be some kind of danger to society, or there must be the potential for considerable negative effect on individuals or on groups within society, if he is to be given a jail term. Jail is not a place generally in which Members of the Legislature or Members of this House are taken as a result of attending public functions, public duties, or, in this case, a picket line, where there are large numbers of their own constituents. In this case, Mr. Fenwick was on a picket line for just a few moments and was selectively chosen from the crowd and then selectively prosecuted. That is to what I was referring in my remarks.

Mr. Speaker: The Hon. Member raises a matter, of course, which the Chair views as one of concern. The difficulty that the Chair is in in this case, and in others, is that the Hon. Member was making a statement and that the Chair is not always able to know exactly what will come in a statement. The Chair is concerned about the distinction between Hon. Members being critical of the law and cognizant that the Chair has an obligation—and it is a tradition—to constrain Members whose comments may in fact be an attack or a criticism of a judgment exercised by a court. That is the dilemma that all of us as Hon. Members have to find our way through.

As I think I said to the Hon. Member for Burnaby (Mr. Robinson) some days ago, there is a distinction between criticism of the judge and a court and criticism of the law under which that judge or court may be mandated to act.

The other difficulty is that the Hon. Member is really now into an explanation of why the Hon. Member, and no doubt others, as has been reported—and the Chair is cognizant of that—may feel that a sentence meted out by a court under particular circumstances was not appropriate. The difficulty here is that the court is presumed to have all of the relevant information upon which it acts. All of that information is not here before us in this Chamber which, as some people have said and which has been historically considered, is the highest court of the land. As a consequence, it puts judges and courts in a very difficult position indeed if Hon. Members are in effect second-guessing the judgment of that court. I know that the Hon. Member did not intend to do that. However, I also know and take cognizance of the fact that the Hon. Member is not happy with what happened. That of course is the Hon. Member's right. However, the Chair feels in this case that perhaps it is enough to accept the intervention of the Hon. Member, and I made it very clear to the Hon. Member that I would hear him out at this time.

I would ask all Hon. Members to bear with the Chair in this difficult distinction between the undoubted right of Members of Parliament to criticize laws and the right that those who have to administer the laws not be subjected to attack for exercising what they are in fact mandated to do. I ask the Hon. Member to accept the sincerity of the Chair in this matter. I have taken note of it. I shall be, as I try to be, very

careful before I interrupt a statement of any Hon. Member, but there are times that the Chair can be in some difficulty. In this respect, if an Hon. Member has a statement which he or she wishes to make which may come close to giving the Chair some difficulty, then perhaps the Hon. Member could exercise greater care indeed.

Mr. Derek Blackburn (Brant): Mr. Speaker, I too rise on the same point of order. I have listened with care to your remarks. Are we to take it then that as Members of Parliament in this assembly gathered we cannot stand up on our own two feet and criticize the judgment of a judge or that we cannot criticize a sentence handed down by any judge in any federal or provincial court in the land?

Mr. Speaker: I think the response of the Chair is that there may be appropriate cases by notice and motion, or by other procedures, whereby such a procedure or such a criticism may be effected. Clearly, the Chair has to say that it is not the place to do it in Statements by Members. As I say, I am not in any way suggesting to Members that they should be limited in criticizing a law. However, I think Hon. Members can see the difficulty that the Chair is in because there are only a relatively few seconds for the Chair to determine whether the statement is within the rules or outside the rules.

• (1540)

Mr. Keeper: Mr. Speaker, I seek clarity. I understand you to be saying that a Member of Parliament cannot in this House criticize sentencing, whether it be too lax or too tough, a right which every Canadian exercises. Are we in this place then to have less rights than an ordinary citizen? What happens when legislation comes before the House designed to deal with sentencing? Are we to be restricted to the particular letter of the law? I would like some clarification on this issue. It sounds to me as though you are saying that we cannot criticize sentences handed down by courts.

Mr. Speaker: The Hon. Member for Winnipeg North Centre (Mr. Keeper) is repeating the difficulty the Chair and all Hon. Members have. The Chair is not ruling that there may never be a circumstance when a sentence or some other thing connected with a court ought to be criticized. The Chair is saying that during 60-second statements, Hon. Members would, I hope, be very careful not to trespass against the admonition which is traditional and historical and is contained in Citation 321 of Beauchesne's, which reads:

> All references to judges and courts of justice of the nature of personal attack and censure have always been considered unparliamentary, and the Speaker has always treated them as breaches of order.

The Hon. Member will know that the Chair did not treat the remarks of the Hon. Member for Skeena (Mr. Fulton) as being any serious breach of order at all, but the Chair is drawing to the attention of all Hon. Members the difficulty the Chair is in in these cases. There may well be other appropriate ways to raise the concerns of the Hon. Members for Churchill (Mr. Murphy), Skeena, and Winnipeg North Centre (Mr. Keeper) who may very well feel the need to raise them at another occasion. I think that deals with the matter as well as the Chair can deal with it at this point.

CORRECTION TO STATEMENT MADE DURING QUESTION PERIOD

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I rise on a point of order to correct the record. During Question Period, I said that there were some 300 Soviet submarines in our waters. I had intended to say that there were 375 Soviet submarines capable of entering our waters.

GOVERNMENT ORDERS

[*English*]

CANADAIR LIMITED DIVESTITURE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Mrs. McDougall that Bill C-25, an Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith, be read the second time and referred to a legislative committee.

Mr. Speaker: When the House rose at 1 p.m., there were five minutes remaining in the question and comment period following the speech of the Hon. Member for Saint-Henri—Westmount (Mr. Johnston). I will now recognize Hon. Members who wish to continue the question and comment period. However, the Hon. Member is not here. I recognize the Hon. Member for Sarnia—Lambton (Mr. James).

Mr. Ken James (Sarnia—Lambton): Mr. Speaker, on May 6 this year, I rose in the House to call attention to the expansion and growth experienced by de Havilland following its sale to Boeing. At that time, I pointed out that during the debate, the hue and cry and outrage voiced by opposition Members led many to believe that the days of de Havilland were numbered. This has been proven to be so far from the truth that it is ridiculous. Just as the hue and cry with respect to de Havilland did not produce the dying gasp of a company about to go belly up, the argument then with respect to—

Mr. Speaker: Order, please. I regret very much to interrupt the Hon. Member but I understand that the Hon. Member for Saint-Henri—Westmount (Mr. Johnston) entered the Chamber just as it was indicated to me that he was not here. He is in the Chamber and if it would be the disposition of the House, I think it would be appropriate to allow questions and comments if there is consent to do so, and we will hear the Hon. Member for Sarnia—Lambton (Mr. James) in a few moments. Is that agreed?

Some Hon. Members: Agreed.

The Acting Speaker (Mrs. Champagne): Questions and comments.

Mr. Blenkarn: Madam Speaker, the Hon. Member for Saint-Henri—Westmount (Mr. Johnston) said that it was the policy of the Government when it purchased Canadair to turn it back eventually to the private sector. He was asked earlier today if he thought that this was a good deal and that now was the appropriate time to turn Canadair back to the private sector. I wonder if he could give us his advice, as a former President of the Treasury Board, a key spokesman for his Party with respect to this matter and a Member from the Montreal area. Could he tell us if he feels that Canadair should at this point be turned back to the private sector or if he feels that we should continue to carry Canadair on as a Crown corporation.

Mr. Johnston: Madam Speaker, I said very specifically that with the right terms and conditions, the previous Government had agreed that Canadair would be returned to the private sector. It was not an ideologically-driven sale. It was a sale which was intended to preserve jobs, technology and Canadian ownership and effectively to allow the company to perform in the private sector and fulfil its original destiny as a major player in the Canadian aerospace sector.

I might add that the Hon. Member has now asked us on this side of the House for our advice as to whether this is a good deal or not after the horse has left the barn. I would be happy to accept that challenge as would my colleagues. We would be happy to be consulted about the deals that are done before they are delivered half baked before the House.

That being said, I raised a very specific point and I have not yet heard an answer from the Hon. Member. As I understand the comment of the Salomon Brothers, there is a contingent obligation on the people of Canada for product liability which lasts for 15 years and it lasts if the purchasing company is not able to obtain adequate or practical insurance coverage. Salomon Brothers have said that that is not normal in a commercial transaction. In my experience, it is certainly not normal. The Hon. Member for Mississauga South (Mr. Blenkarn) has yet to tell us whether or not he thinks it is normal, notwithstanding the fact that I asked him to comment on that specific point.

Having looked at the documentation that has been made available to me, I put it to the Hon. Member that we are not talking about product liability for aircraft or parts manufactured while the company was a Crown corporation, we are talking about future liabilities which may be incurred while the company is in the hands of the purchaser. I would ask my colleagues if that is normal in a commercial transaction. That liability which diminishes over time does not disappear until 15 years have gone by.

I know the Hon. Member is not honour-bound to answer my question. However, knowing the Hon. Member and his willingness to express his candid views, I look forward to hearing from him.

Mr. Blenkarn: Madam Speaker, I like the way the Hon. Member for Saint-Henri—Westmount bounces around and is afraid to come clean. Let us talk about insurance. At one time, the Hon. Member was a member of the Finance Committee which was studying financial institutions, and he knows the problems involved with liability and product insurance. He knows the concerns manufacturers have, particularly with a deal like this where $173 million more is at stake if planes cannot be sold and land has to be given back for the amount it was purchased for if planes cannot be sold for 20 years. Obviously, the buyer has to have some assurance from the Government that the Government will make sure that public liability insurance is available at realistic costs. That is the type of deal it is. Let us point out and make it clear that the buyer pays the cost of insurance. All that is happening here is that the Government is making sure that the insurance is available. Even if it is not available, there is a shared cost arrangement. So obviously, this deal cannot go forward. We cannot manufacture airplanes if we cannot insure them. We cannot be an exporter and developer of aircraft unless we can insure it. That is the type of responsibility that this Government is prepared to face, and face nose on.

• (1550)

I am surprised at the Member shilly-shallying around and afraid to come out clean and say whether or not he approves the deal. Would he rather keep it in the control of the Government, or would he rather sell it? Would he rather get on with the business of making aircraft, or does he want to keep on with socialism, more socialism, and more socialism?

The Acting Speaker (Mrs. Champagne): The time for questions and comments has expired. Do I have the consent of the House to extend the time?

Some Hon. Members: Agreed.

Mr. Johnston: First of all, Madam Speaker, I have answered the question many times that this Government, my Government, and previous Liberal Governments, have never been ideologically bound to either retain or dispose of Crown corporations. That point has been there. Canadair was one of the companies which was on the privatization list. But it seems to me that the Hon. Member has announced a new interventionist policy of his Government that states it is prepared to take responsibility for providing product liability insurance to the aircraft sector. This is a company now *qui traite à distance*. That means that the future products of this company will be insured by the Government of Canada, if it cannot be obtained elsewhere. I presume from that that the Government is probably entertaining doing this for other manufacturers as well, because the same principle would apply. In any high technology risk field, product liability is a problem. If it is going to be extended to Canadair, I presume the Government is also entertaining the notion of extending it throughout the industrial sector. We look forward to seeing the program when it is tabled in the House.

The Acting Speaker (Mrs. Champagne): Resuming debate. The Hon. Member for Sarnia—Lambton (Mr. James).

Mr. Ken James (Sarnia—Lambton): Madam Speaker, I will digress from the speech that I was going to make, and I will start off by alluding to the conversations and debate that have just taken place. I believe that the Hon. Member for Saint-Henri—Westmount (Mr. Johnston) was alluding to a letter of August 11 from Salomon Brothers, the last paragraph on page 3 which states as follows:

The only important provision in the LOI that neither promotes Crown objectives nor conforms to traditional commercial practice—

What he failed to go on and mention is that in the bottom of the paragraph it states:

Here, the Crown is at risk only if insurance becomes unobtainable at economically practicable cost.

In addition to that, he failed to mention other correspondence, which undoubtedly is in his possession, from Marsh & McLennan. This is a letter of June 24 to Mr. R. A. Delvecchio, Director, Aerospace Directorate, which states:

Dear Mr. Delvecchio:

RE: Product Liability Insurance - Bombardier/CAT Proposal

After reviewing the proposals as related to the product liability insurance we would comment as follows:

1. Bombardier Inc.

They have agreed to purchase insurance without any participation of premiums by the government. In the event the insurance may not be available they propose to share the cost of the claims with the government for a 15 year period on a sliding scale.

It goes on to state:

CONCLUSION

It is obvious from the foregoing that the Bombardier proposal is clearly superior in that it relieves the government of any on-going premium involvement or financial participation in deductibles. We feel there will always be insurance available in some form and therefore the proposals made by Bombardier and CAT in the event insurance becomes unavailable are academic.

The letter was signed by Mr. Dave F. Taylor, Senior Vice-President.

On May 6 of this year in the House I called attention to the expansion in growth experienced by de Havilland following its sale to Boeing. At that time I pointed out that during the debate the hue and cry and outrage voiced by the opposition Members led many to believe that the days of de Havilland were numbered. When this was proven to be far from the truth, I find it ridiculous that we are sitting here today listening to the same type of argument.

Just as the hue and cry with respect to de Havilland did not produce the dying gasp of a company about to go belly up, this argument with respect to the sale of Canadair does not hold water either. Privatizing Canadair will not make it close down. Rather, the opposite will happen, as happened in the case of de Havilland. Canadair will now have at its disposal the resources to be innovative and competitive in the market-place. Research and development is always the key to the success of any business venture in today's changing world markets. This will now be possible for Canadair under its new ownership arrangement. Jobs will not be lost. In fact, as previous experience should have taught the Opposition, jobs will be secured.

I wish to examine for a few moments the success of the sale of de Havilland. Since Boeing assumed control of de Havilland in January of this year, the turnaround of de Havilland has been resoundingly evident. On April 30 a major facilities improvement program at de Havilland was announced. The first phase investment was valued at $25 million. How's that for strength of commitment on Boeing's part? Boeing has given the go ahead to develop the new Dash-8 series 300. This is a major development program which will not only broaden the market potential of the Dash-8, but, what is most important, will generate more jobs in Canada. Boeing is further adding to de Havilland's family of aircraft by offering an additional 14 seats to the Dash-8-100 series. Since Boeing assumed ownership of this company, orders for the aircraft have increased so significantly that a launch market for this new aircraft has been provided.

In May of this year Boeing announced that its Winnipeg plant will produce fairings for the 747 super jet. The result is annual sales of $11 million in Canada over this move. But this is not all. Two hundred and fifty new jobs is the significant result. Forty per cent of this work will be subcontracted in Canada with de Havilland being one of the prime candidates for receiving a good portion of this work.

Although de Havilland is not suffering from a lack of significant work, because it certainly has a lot, record sales were made in June of this year. The company now has orders and options on hand for another 132 aircraft. These 132 aircraft represent about two and a half years of production as forecasted at the current production rates.

As I stated in the House in May of last year, no matter how far I stretch my mind, this record does not seem to me to be one that is the last gasp of a dying company. Through the transfer of ownership of de Havilland jobs have been secured and private initiative in this short space of time has turned de Havilland into a growing and innovative company. The strength of Boeing's commitment to de Havilland has been proven time and time again. When Boeing assumed control, announcements were made indicating substantial investments in de Havilland and increased employment opportunities at de Havilland as a result of the anticipated subcontract work for Boeing.

The facts speak for themselves. Boeing has honoured its commitment fully. We must applaud the Government for the initiative it undertook to find the best possible purchaser for the de Havilland plant. Given the same success of past sales, can we not assume that this Government is committed to finding and approving the best possible buyer for Canadair? Why does it always seem so difficult for the Opposition to accept the fact that this Government is committed to improving and strengthening the economy, and to providing new jobs for those Canadians who are unemployed, while at the same time assisting however possible in the acquisition of job

security? To my mind, the best source of job security is through private ownership and initiative.

The combination of management expertise and private sector initiative worked for de Havilland, and it will work for Canadair. Under continued Government ownership Canadair will become a very competitive enterprise. Given our serious attempts to reduce the federal deficit, Government can no longer justify or rationalize investing huge amounts of money into enterprises which can be better protected and developed through the private sector. Government cannot provide Canadair with sufficient funds for initiatives in research and development that are needed.

• (1600)

With the injection of private sector management and funds into Canadair, the company will enlarge and expand just as the de Havilland example has proven. The Government must be satisfied, though, in all respects that the purchaser is bringing to the transfer of ownership more than just money. The Government must be convinced that there is a workable combination which joins together Government priorities and private sector initiative. There are three main aspects of any potential purchaser which must be satisfied, or there will be no sale.

First, the purchasing company must exhibit a sound management capability. It must indicate an ability to help protect the company and to improve growth and performance with a sound business strategy, efficient operations, and solid marketing skills. Through the track record exhibited by Bombardier, it clearly has the ability and experience in management and marketing to fulfil this important role. Undoubtedly Bombardier can bring the drive and direction necessary to make Canadair a winner in this highly competitive industry.

Second, the purchaser must prove a strong enough financial base to handle not only the initial acquisition but also to finance the extensive capital requirements needed for product development. Once again Bombardier came out on top. According to the team of financial analysts—Burns Fry Limited, Merrill Lynch, Capital Markets and S. G. Warburgs and Company—which assessed the submissions for the purchase of Canadair, Bombardier exhibited the strongest attributes financially. Their report to CDIC indicated that Bombardier was in a superior financial position.

The third and final aspect which must be proven is the potential of the purchaser to make a major contribution to the maintenance and development of a viable and dynamic aerospace manufacturing sector. The purchase of Canadair by Bombardier creates an alliance of Canadair's technology and skilled workforce with Bombardier's management expertise and international marketing experience.

It is only logical and sound public policy for Crown corporations to be well managed. However, in cases such as de Havilland and Canadair, Government does not have the resources to make the firms as competitive as they should be. In many respects our continued ownership handicapped these companies for a number of years. We were unable to assist them in keeping up with the fast moving and highly competitive aerospace industry. It is imperative that Canadair make some important strategic decisions on programs like the Challenger and the water bomber. Selling to Bombardier at this time will nearly ensure their successes. At the very least the sale will ensure that the decisions will be commercially based and responsive to the demands of the market-place.

We are not looking just to increase our Government coffers with the sale. We are also looking for a method by which we can provide the most social and economic benefits for the country as a whole. This is not an abrupt or rash decision. The process involved is not only time lengthy but also intensive and very extensive. The terms of the sale are complex and not easily understood, I am sure. The terms of sale were arrived at only after months of negotiations by a large number of expert financial advisers to the Government. Obviously their suggestions, recommendations, and advice were carefully considered by Ministers in the decision-making process. As I have already stated, the CDIC employed the services of three independent investment firms to act as the main financial advisers in the sale.

The process of negotiation was conducted in an equitable and business-like fashion. However, clearly this business-like conduct must ensure that the Government of Canada pay heed to the shareholders—the Canadian people. CDIC and its financial advisers put the word out in 1985 that Canadair was being considered for sale. Some 150 potential purchasers were contacted, and interest was generated in the company by many of them.

The list of prospective interested and suitable purchasers was narrowed down to the six who submitted proposals for the purchase of Canadair. Based upon an extensive study to which I referred earlier, CDIC recommended to the Government the submission of Bombardier.

The six bidders submitted proposals, at which time prospective buyers were narrowed to two, one being Bombardier. Finally the proposals and the CDIC recommendation came before Government. After conducting its own review of the proposal and conducting its own financial assessment, the ministerial task force on privatization determined that its best option would be to support the Bombardier proposal.

Given the expert advice it received and the consideration put into the proposal, the Government whole-heartedly selected Bombardier. There is no mystery or closed doors surrounding the selection of Bombardier. When the sale was announced last August, the Government released an extensively detailed set of documents which described the entire transaction. Similarly, when Bill C-25 was given first reading, the Minister of State for Privatization (Mrs. McDougall) released details of all competing bids for Canadair. We as a Government are not seeking privatization to recoup our financial losses. There is no possible sale which could replace the moneys invested in

Canadair from the government coffers. Since the Government of the day purchased Canadair in 1976, a total of about $2.4 billion has been invested in loans and equity. Additionally, the original purchase price of $46 million was topped up with $120 million in DIPP payments.

Our primary motive is to ensure the best possible working environment and security of jobs for the employees of Canadair. This is our first and foremost consideration. Closing Canadair will not achieve this, nor will the continued infusion of limited government capital into the company produce job security or expansion. What is needed is the financial discipline, management expertise, and international marketing skills of Bombardier. These will ensure a secure and stable future for Canadair and its employees. Hon. Members must remember that it was always intended that Canadair and de Havilland be sold back to the private sector. Former Prime Minister Trudeau considered privatization. During his campaign, the Right Hon. Leader of the Opposition (Mr. Turner) used Canadair and de Havilland as examples of what can go wrong when Government tries to interfere in areas in which the private sector has a wealth of experience and initiative. He might be wishing he had not said that, after this weekend.

We must accept that the sale of Canadair to Bombardier is the best possible solution to the problems which plague the company. Canadair, under the directioan of Bombardier's experienced management, will be given the potential to develop as a leading aerospace manufacturer.

Also major benefits for the country will be realized through the sale. Bombardier has committed to assigning Canadair with its world product mandate for its main product lines. This will be invaluable in promoting a strong Canadian aerospace capability. Similarly, Bombardier will ensure maximum Canadian content in all existing and future products of Canadair.

The infusion of capital and experience into Canadair will enhance research and development to ensure its growth as an integrated aircraft manufacturer which can participate in major Canadian and international defence and commercial projects. This sale truly represents another example of the commitment of the Canadian Government to work hand in hand with the private sector for the betterment and security of all Canadians.

In closing, I should like to bring to the attention of the House a statement made by the Hon. Member for Vancouver—Kingsway (Mr. Waddell) earlier today. He made mention of the fact that the Hon. Member for Etobicoke Centre (Mr. Wilson) now the Minister of Finance made a statement in 1984 to the effect that the Government would set up a separate Crown corporation for Canadair and de Havilland with a mandate for the development of the aerospace industry. It appears that the Member has taken the statement out of context as was the case on January 16, 1986, in a regional development committee meeting when the same statement was brought up out of context by another Member of the New Democratic Party. In 1984, the Member said essentially that there could be a more suitable way to run de Havilland and Canadair if they continued under government ownership, not that they were going to continue.

• (1610)

Mr. Keeper: Madam Speaker, I have a question for my hon. friend as a member of the Government. I have a question that many Manitobans are asking. Was the awarding of the CF-18 contract by his Government to Canadair not a part of the original deal for the sale of Canadair to Bombardier? In other words, was the CF-18 contract used as a means to ensure the success of the Government's privatization policy? Otherwise, how else does the Member explain the awarding of the CF-18 contract to Canadair, particularly in light of the fact that Bristol Aerospace of Winnipeg won the bidding process and has access to something like $30 million worth of technology which Canadair appears to need to fulfil the contract? We now have the example of Canadair advertising abroad for engineers. What I would like to know from the Member, who is a representative of the Government, is whether or not the CF-18 contract was a part of the original deal to sell Canadair to Bombardier. If he claims that it was not, will the Government table all of the documents relating to the original sale so that any objective observer could evaluate the original deal to see whether the CF-18 contract was part of the original deal?

Mr. James: Madam Speaker, in response to the question put by the Hon. Member for Winnipeg North Centre (Mr. Keeper), the decision to award the CF-18 contract, as he knows, was made on its own merits and was completely independent of the decision announced in connection with Canadair being sold to Bombardier.

The Member did not mention this, but there was an offer of a royalty payment by Bombardier in its bid to purchase Canadair. That was not considered and it was made public by the Government that it was not considered and would not be considered. There were never any promises made to Bombardier. I do not think there have been any voluntary statements by anybody to that effect. I am sure we all understand why the question is being raised, but that is the case and I have no objective statements by anybody of anything different. I hope that answers the Member's question.

Mr. Johnston: Madam Speaker, my question relates to the issue that I raised during my brief comments earlier. I would like my hon. friend to tell me, if he would, whether he thinks there is a role for Government generally in supporting the costs of product liability insurance for those Canadian manufacturers who find it impractical or unduly burdensome to obtain such insurance in the market-place? I would like him in thinking about that also to reflect on the fact that in this contract, as I understand it, the Government of Canada or the Crown will remain responsible on a diminishing basis for a period of up to 15 years, and that this could include products introduced into Canadair by the new owners which are not currently manufactured by Canadair and will, of course, be

obviously new products. Could the Hon. Member tell us whether generally he thinks that is an appropriate response of the Government to the manufacturing sector, and if he does not, what justifies a provision of this kind in this particular contract?

Mr. James: Madam Speaker, I believe the Hon. Member for Saint-Henri—Westmount (Mr. Johnston) was listening when I read the letter from Marsh & McLellan, the most noted and experienced people in the insurance business. I will restate Marsh & McLellan's reaction. As the Hon. Member knows, there is a provision in the sale that there will be participation by the Government if insurance becomes unobtainable at an economically practical cost. Marsh & McLellan did say that it was a definite improvement from other agreements that Marsh & McLellan have examined because it only becomes unobtainable. We all know this has arisen because of the concern of liability insurance of insurance companies accepting insurance and then finding it at a somewhat inequitable cost. It raises concern and probably was of concern in finalizing the sale. I must go back and make reference again to Mr. Taylor's letter in which he said:

It is obvious from the foregoing that the Bombardier proposal is clearly superior in that it relieves the government of any on-going premium involvement or financial participation in deductibles. We feel there will always be insurance available in some form—

This is again from Marsh & McLellan who are recognized by the Hon. Member and all of us as being experts in the field. They said:

We feel there will always be insurance available in some form and therefore the proposals made by Bombardier and CAT in the event insurance becomes unavailable are academic.

Marsh & McLellan pointed it out as being academic.

Mr. Johnston: Madam Speaker, I have a supplementary question. I was interested that this very sophisticated contract has academic provisions in it. It seems to me that our time would be better spent dealing with concrete provisions that are likely to have application. I must say that I would be of the view that it is a very important provision in the contract. It raises a number of questions that I do not think the Hon. Member for Sarnia—Lambton (Mr. James) even attempted to address, namely, if he and I want to go into a high technology manufacturing business in Canada, aircraft, ground transportation, advanced technology, any area where there is a product which might give rise to product liability, and if the burden of insurance for product liability becomes so great, is the Government of Canada prepared to be the insurer of last resort? That effectively is what is being said in this contract, as I understand it. Does the Member think that a good idea? The Member very skillfully avoided answering that question but I would like to give him another opportunity to answer it.

• (1620)

Mr. James: Madam Speaker, under the agreement the Crown is to share insurance exposure if insurance is unavailable. People a lot more knowledgeable about the business than I am are saying that it is really academic. Whether the Hon. Member wants to dispute if it is academic or not, that is what Marsh McLennan is saying. The agreement also records that the insurance would be on a sliding scale basis, 90 per cent over the first five years, 60 per cent for the next five years, and 30 per cent for the last five years. As was pointed out, this is a lot more favourable to the Government than having to accept all the liability of Crown corporations it owned previously. If that ever did happen, although it is noted as being academic, that is certainly an awful lot better than the $2.4 billion which my hon. friend's Government made available to Canadair in the form of loans and equity investments after buying the company. I guess I can appreciate his concern about the spending of taxpayer's money, but I would also be interested in knowing about his great concern for those dollars being spent on Canadair when he was President of the Treasury Board.

The Acting Speaker (Mrs. Champagne): I will allow one short question from the Hon. Member for Prince Albert (Mr. Hovdebo).

Mr. Hovdebo: Madam Speaker, my intervention is by way of clarification. The Hon. Member suggested that the representations by our Party were taken out of context when referring to the statement by the Minister of Finance (Mr. Wilson) then known simply as the Hon. Member for Etobicoke Centre. The press release is dated August 27, 1984, and says nothing about divesting. The press release says:

We will set up a separate crown corporation for Canadair and de Havilland with a mandate for development of the aerospace industry and not merely financial control. This organization will be responsible for developing in conjunction with the Aerospace strategy so that Canadair and de Havilland will become commercially viable and will continue to be so into the next century.

That was a commitment made by the present Minister of Finance on August 27, 1984.

The Acting Speaker (Mrs. Champagne): The Hon. Member for Sarnia—Lambton (Mr. James) with a short answer, please.

Mr. James: Madam Speaker, I will attempt to be brief but it was kind of a long question or statement or whatever it was. In the committee hearing of January 16, 1986—

Mr. Hovdebo: After the election.

Mr. James: —the then Minister said this:

The reference you have there, Mr. Cassidy, is something that I think with all due respect you would have to admit has been taken out of context. It was made in connection with a much bigger, if you like, comment on the part of Mr. Wilson.

He then went on to say:

No, I am saying, Mr. Cassidy, you have taken something out of context and I think you will find that it was in the context—I do not want to put words into Mr. Wilson's mouth—where he was saying a more suitable way to run de Havilland and Canadair, if they are to continue in government ownership, would be under one entity, as opposed to two separate entities.

Adjournment Motion

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mrs. Champagne): It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Thunder Bay—Nipigon (Mr. Epp)—Co-operatives—Task force report—Government reponse. (b) Encouragement for co-operatives; the Hon. Member for York East (Mr. Redway)—Insurance—Liability insurance—Request reinsurance market be organized; the Hon. Member for Prince Albert (Mr. Hovdebo)—Agriculture—Assistance for grain producers. (b) Provision of funds.

GOVERNMENT ORDERS

[*English*]

CANADAIR LIMITED DIVESTITURE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Mrs. McDougall that Bill C-25, an Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith, be read the second time and referred to a legislative committee.

Mr. Steven W. Langdon (Essex—Windsor): Madam Speaker, it seems that each time Christmas arrives the Conservative Government wants to give evidence of its munificence to the corporate sector. Last year there was the tremendous giveaway of de Havilland. This year, in what is almost a repeat performance in celebration of the start of the Christmas season, we have before us this tremendous gift package for our approval. As much as I am in favour of Christmas, there are some more deserving candidates than Bombardier and Boeing Corporation. In looking at those two instances of what is frankly a gross sell-out of assets belonging to the people of Canada, it seems to me completely different arguments are being used to justify the two sales.

I would like to do something that I have yet to see done in this House by paying a tribute to Canadair, its management and workers. They succeeded in what was a very difficult situation. General Dynamics had sold them out. They faced a very difficult period of time in developing a new and important product, the Challenger, at great cost. They succeeded in carrying that plane through to successful development. That is a great example of the research and development we have to support, albeit at a lesser cost in the future.

Besides the Challenger, which is typically associated with Canadair, there is a tremendous amount of work, much of it highly sophisticated and very successful, which has taken place on pilotless reconnaissance planes. So much so that throughout the Western Alliance, Canadair is recognized as one of the leading producers of pilotless drones. In fact, shortly before the company was sold, it signed with the Federal Republic of Germany and with France a Memorandum of Understanding to proceed jointly with the pre-production phase of the Canadair CL-289 pilotless airborne reconnaissance system. This is just one example of the tremendous success which the engineers, technicians and working people at Canadair have succeeded in achieving over the difficult past 11 years.

• (1630)

I would now like to deal with the fundamental inconsistency in the argument made initially with respect to de Havilland and now with respect to Canadair. I am sure we all recall the compelling argument put forward with extreme force by the previous Minister of Regional Industrial Expansion with regard to de Havilland. The argument was that first we had to have world-wide connections to sell the aerospace products which we were producing in this country. Second, we had to have world-wide input of technology on which we could call in order to be successful in a very difficult high technology industry. The Government of Canada decided that the Boeing Corporation, with its world-wide marketing network and tremendous access to technology, was the best hope for de Havilland. In fact, the previous speaker referred to this at some length and made very much of it.

We now have a quite similar company, Canadair. The first suggestion being made is that there be no company brought in which has a world-wide network of aerospace marketing capacity. Second, there is no suggestion made that we must have technology available to the engineers and technicians at Canadair because they certainly will not get the world-wide capacity to market or the tremendous technological in-put from Bombardier.

I will read you an assessment of Bombardier, not from a trade union source, but from the Canadian Aerospace Corporation. It assesses Bombardier in the following terms:

> The management culture (at Bombardier) is also oriented towards the licensed manufacture of ground transport . . . . The capital intensive demands of aerospace research and development are simply not conducive to the heavy manufacturing culture at Bombardier. Bombardier then, has a tremendous political advantage over the other competing bidders, however they have not yet assembled the aerospace partners or capital required to make Canadair viable in the long term.

That is absolutely diametrically opposed to the argument made in the case of de Havilland. The Government cannot use one piece of logic to deal with one corporation and apply completely contradictory logic to another corporation if it expects the Canadian people to take it seriously.

The Conservative Member who spoke last used a phrase which indicated that the Government was not just looking to increase government coffers. I hope I have that quotation correct. Such a phrase in any speech is a sure tip-off that the taxpayers of the country are somehow getting squeezed, somehow getting skewered, somehow being pushed to pay a cost which should be paid by a private company. When

members of the Government say that they are not interested in getting a fair return or in increasing government coffers, that is the best indication that there is embarrassment on the government side about the low price achieved for the sale of this public asset.

I would like to illustrate for back-benchers just exactly what an appalling price they achieved for this asset. This asset did not belong to anyone other than the people of Canada. The poor price received represents a very serious cost to the taxpayers. The book value of this enterprise is undoubtedly much greater now, but at the time of the sale it was $224 million. Its estimated technology value was $300 million to $400 million.

Mr. Blenkarn: To whom?

Mr. Langdon: One of the Hon. Members asked "to whom?" I think the case of de Havilland indicates that that was a tremendous giveaway. Now that the giveaway has taken place, de Havilland is making tremendous amounts of money. Precisely the same thing will happen in this case. I remind Members and people across the country that this company is not a basket case. Last year it made profits. According to the Government's own CDIC, the company has prospects this year of making profits close to $30 million. Yet the total price in cash is $120 million. We get a dividend of $3 million and payment for an airport of $6 million. I am not quoting from some kind of left wing magazine, but from the Government's own documents. It states that the deferred cash payments at present value for the royalties are worth $20 million. The contingent payments for possibilities such as the CF-18 royalty amounted to between $8 million and $12 million. At the very most, it is a price which was well under the $150 million for a company which cost the taxpayers of this country over $2 billion to develop and now has a book value of at least $224 million. All of this is before the awarding of the CF-18 contract which of course makes the company tremendously more valuable.

• (1640)

Personally, I cannot believe that one would put a clause in the documents which we received that permitted payment of royalties in the event of the CF-18 contract being awarded while at the same time having absolutely no thought that the CF-18 contract would be awarded. If there was enough uncertainty to put it into the documents in the first place, then the sale should have been postponed until it was possible for the company to be sold as an entity not just with the Challenger, not just with the pilotless reconnaisance planes, but also with this tremendously lucrative CF-18 contract.

I believe the people of Canada have been hosed on this deal. They have certainly given a Christmas gift to Bombardier, a company which I respect, but one that frankly does not have the required technology and has absolutely no background with respect to the marketing of aviation products. It is simply illogical to marry this company and Canadair. It surely makes far more sense to follow the advice of the Minister of Finance (Mr. Wilson) whereby we would have been able to combine de Havilland and Canadair and create the base in this country on which to have a high-tech, effective, world class aviation company that would be able to market its products world-wide. The question of whether the company was in the public sector, private sector or a melange of the two was far less important than the question of getting the right deal for Canadian taxpayers, and far less important than getting a potential enterprise in this country that would give us a role in aerospace in the future.

While the question of price is absolutely crucial, there are two further points we must consider. First, I suggest to Members of Parliament from Montreal in particular that there is no serious guarantee of jobs in this agreement. Second, and perhaps even worse, there is no guarantee that this company will not be sold by Bombardier. That irresponsibility, combined with the price for irresponsibility, makes this perhaps an even greater Christmas gift than the de Havilland gift that was given last year.

[*Translation*]

Mr. Gérin: By way of a comment, Madam Speaker, I should like to suggest to the Hon. Member who has just spoken that he should have his speech printed and distributed in the Eastern Townships, in Quebec, where I am sure people would be delighted to read it and continue to do what they have done repeatedly over the past few elections, namely, to reject the New Democratic Party outright, because it is essentially a party which is against workers, against Quebec. What my hon. friend has just done is extremely unfortunate. He has just spoken against a region which needed and still needs this investment.

I just cannot understand his attitude. On the one hand, there are a number of members of this party, especially the other one from Ottawa who is sitting over there—who visit the province of Quebec and say: This is fine and dandy: we are going to do marvels in Quebec.

On the other hand, when they are called upon to support a Bill which would help a Quebec firm, they will not. You wonder what they would do if they were in power. What would Quebec get? What would you give to Quebecers? You speak on both sides of your mouth. I suggest this is not right. You should be honest with yourselves. But if you just cannot be honest, I will. I will see to it that your speech is published everywhere in Quebec and that the people keep it in mind until the next election. This way, you will be rejected in Quebec just as you have always been.

Mr. Cassidy: Madam Speaker, since I have just been quoted by the Hon. Member, I will offer my friend the Hon. Member for Essex—Windsor (Mr. Langdon)—

[*English*]

The Acting Speaker (Mrs. Champagne): Order. I think it would be right if the House will allow me to permit the

Member for Essex—Windsor (Mr. Langdon) to answer the question.

[*Translation*]

Mr. Langdon: Madam Speaker, it is a fine comment the Hon. Member has just made but it is also beside the point. He listened to what I had to say, but he forgot the most important things. For instance, what I suggested was that we should make sure that Canadians from coast to coast get a fair price for that corporation. It is a corporation in which all Canadians, those from my riding, from Quebec and from Western Canada have invested a lot of money; and now we have discovered that the Government has decided to give this corporation away as a Christmas gift. I, for one, feel that this is not something Canadians generally and Quebecers in particular want.

My second remark is that our country must have an aerospace industry which can sell its production everywhere in the world. We must have an aerospace corporation with the necessary technology to do that. There are two possibilities. We could give away a Christmas gift. That is a possibility. But the other possibility would be to set up a corporation made up of de Havilland and Canadair which could be a leader with all these technology advances which are so important in the aerospace industry today. We feel that is the most important thing. Personally, I think it would create more jobs. If the Hon. Member thinks—

• (1650)

[*English*]

The Acting Speaker (Mrs. Champagne): I think the Hon. Member knows that other Members have risen to ask questions. He may want to answer some of those. The Hon. Member for Edmonton—Strathcona (Mr. Kilgour).

Mr. Kilgour: Madam Speaker, will the Hon. Member tell us which of the 434 federal Crown corporations, if any, his Party would consider privatizing if his Party were ever to come into office?

Mr. Langdon: Madam Speaker, we would not take an ideological position on this question, unlike the position of the Government.

Some Hon. Members: Oh, oh!

Mr. Langdon: The Government has come into power with a single-minded pursuit of selling companies just for the sake of selling them. When we come to power, and I hope it will be soon, it will be with the purpose of getting the economy back on the rails again—

Some Hon. Members: Oh, oh!

Mr. Langdon: —creating regional fairness and establishing an industrial base right across the country. To achieve that end Crown corporations can help. We might find that some would not help—

Mr. Clark (Yellowhead): Which ones?

Mr. Langdon: —and we would be quite pleased to sell them. However, that would not be our preoccupation. Our preoccupation would be to build the economy, which should be the preoccupation of any Member of this House.

Mr. Lewis: Madam Speaker, I have just a short question which relates directly to building our national economy. A debate has been raised in our caucus with respect to whether or not the Hon. Member for Essex—Windsor (Mr. Langdon) is driven to work in a Honda, which is a foreign-made automobile, in an effort to avoid embarrassment to his colleague, the Hon. Member for Windsor—Walkerville (Mr. McCurdy), who drives to work in a Mazda RX-7. Both cars are built outside the country. Can the Hon. Member tell us how he is furthering our national economy by taking such actions?

Mr. Kilgour: You're blushing, Steve!

Mr. Langdon: Madam Speaker, the Hon. Member has sunk very low, I must say, to ask this type of question.

Some Hon. Members: Oh, oh!

Mr. Langdon: That is not my car. It is not a car in which I have any share. It happens to belong to someone who happens to drive me to work.

If Hon. Members would like to see the cars which I do own, I will point them to a 1976 Comet and a 1983 Mustang.

Mr. Cassidy: What about Jepson's car? How many Tories drive foreign cars? Let us conduct a census.

The Acting Speaker (Mrs. Champagne): Order, please.

Mr. Clark (Yellowhead): Are you a two-car Member of Parliament?

The Acting Speaker (Mrs. Champagne): Order, please.

Mr. Cassidy: Madam Speaker, I rise on a point of order. My Ford Mercury is parked in the parking lot. Madam Speaker, will you direct the Whips of all three Parties, and particularly the Whip of the government Party, to provide for the House, on the record, the results of a census to be taken with respect to all foreign cars driven by Conservatives to and from the House of Commons?

Mr. Fennell: That's a good idea.

Mr. Thacker: Madam Speaker, I rise on a point of order. The point is that the New Democratic Party does not appear to be sanctimoniously representing workers by driving foreign cars.

The Acting Speaker (Mrs. Champagne): Order, please. Members should know that these are not points of order, nor are they interventions on debate.

Mr. Cassidy: On a question or comment, Madam Speaker.

Mr. Langdon: Madam Speaker, I rise on a question of privilege—

[*Translation*]

Mr. Guilbault (Saint-Jacques): Madam Speaker—

[*English*]

The Acting Speaker (Mrs. Champagne): I will hear the Hon. Member for Saint-Jacques (Mr. Guilbault) first. I will then hear the question of privilege of the Hon. Member for Essex—Windsor (Mr. Langdon). The Hon. Member for Saint-Jacques has the floor.

[*Translation*]

Mr. Guilbault (Saint-Jacques): Madam Speaker, my point of order is more serious. The Hon. Member for Argenteuil—Papineau (Mrs. Bourgault), who should be the next to speak, is ready to rise. However, since there are only about two minutes left before 5 o'clock, could we have the consent of the House to call it 5 o'clock so that her speech will not be interrupted and she will not have to speak two minutes now and go on later?

I think that all Hon. Members would agree to that.

[*English*]

The Acting Speaker (Mrs. Champagne): I must hear the Hon. Member for Essex—Windsor first. I will then come back to the point of order raised by the Hon. Member for Saint-Jacques.

Mr. Langdon: Madam Speaker, if I am not mistaken, questions of privilege are to take precedence over points of order—

The Acting Speaker (Mrs. Champagne): The Chair had already recognized the Hon. Member for Saint-Jacques. The Chair has recognized and is now hearing the Hon. Member for Essex—Windsor. If he has a question of privilege, then I will gladly listen to it.

Mr. Langdon: Madam Speaker, it seems to me that the last intervention has raised a level of personal attack which is best left outside the House. It seems to me that if we are to continue to follow this course then the privilege of Members of this House will be very badly abused in the future.

Mr. Cassidy: Hear, hear!

Mr. Langdon: If that is to be the case, then, first, I want to express my regrets. Second, I wish to appeal to the Hon. Member to withdraw the comments which he has made.

• (1700)

The Acting Speaker (Mrs. Champagne): I will tell the Hon. Member for Essex—Windsor (Mr. Langdon) that the Chair does not think that this is a question of privilege. Nevertheless, I completely agree with the Hon. Member that this was not the type of language that should be used in the House, and it did not relate at all to the Bill that was being debated. At times, Hon. Members want to show that they have a sense of humour and they want to have fun. Unfortunately, they sometimes hurt other people's feelings. I am sure that this is not what was meant.

It being 5 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*English*]

EQUALITY RIGHTS

PROHIBITION OF DISCRIMINATION ON THE BASIS OF SEXUAL ORIENTATION

Mr. Svend J. Robinson (Burnaby) moved:

That, in the opinion of this House, the Government should implement the recommendations of the sub-committee on Equality Rights of the Standing Committee on Justice and Legal Affairs of the First Session of the Thirty-third Parliament:

(1) That the *Canadian Human Rights Act* be amended to add sexual orientation as a prohibited ground of discrimination to the other grounds, which are race, national or ethnic origin, colour, religion, age, sex, marital status, family status, disability, and conviction for an offence for which a pardon has been granted.

(2) That the Canadian Armed Forces and the RCMP bring their employment practices into conformity with the *Canadian Human Rights Act* as amended to prohibit discrimination on the basis of sexual orientation.

(3) That the federal government security clearance guidelines covering employees and contractors not discriminate on the basis of sexual orientation.

(4) That the *Criminal Code* be amended to ensure that the minimum age or ages at which private consensual sexual activity is lawful be made uniform without distinction based on sexual orientation.

He said: Madam Speaker, on October 25, 1985, the special committee of the House on Equality Rights unanimously recommended to the Government that change to prohibit discrimination on the basis of sexual orientation in Canada was long overdue.

[*Translation*]

The Committee had this to say: "We were shocked by a number of the experiences of unfair treatment related to us by homosexuals in different parts of the country. We heard about the harassment of and violence committed against homosexuals. We were told in graphic detail about physical abuse and psychological oppression suffered by homosexuals. In several cities, private social clubs serving a homosexual clientele were damaged and the members harassed. Hate propaganda directed at homosexuals has been found in some parts of Canada. We were told of the severe employment and housing problems suffered by homosexuals." Indeed, many of the individuals who appeared before us expressed the fear that their participation would jeopardize their jobs.

Madam Speaker, the social and legal affairs task force of the United Church of Canada said this in its presentation to the Committee: "Homosexual persons should not be excluded from the protection granted to all other citizens because the Government has neglected or omitted to extend the legislation which would provide such protection. Banning a group of citizens from society is a serious precedent. In a democracy, it is just as dangerous to let the public decide whether to include or exclude from recognition of their human rights any distinct group, whatever the time in history."

Madam Speaker, I wish to point out that the recommendations of the Committee were unanimous, which means that the five Conservative members, the Liberal member and myself, who had the honour of representing the New Democratic Party, shared unanimous views about these recommendations.

[*English*]

The Government responded to the unanimous recommendations made by the committee on March of this year. In its response, the Government took a courageous and forward-looking approach. It said:

The Government believes that one's sexual orientation is irrelevant to whether one can perform a job or use a service or facility. The Department of Jutice is of the view that the courts will find that sexual orientation is encompassed by the guarantees in section 15 of the *Charter*. The Government will take whatever measures are necessary to ensure that sexual orientation is a prohibited ground of discrimination in relation to all areas of federal jurisdiction.

The motion which is before the House today calls upon the Government to make that commitment a reality. It calls upon the Government to amend the Canadian Human Rights Act to include sexual orientation as a prohibited ground of discrimination.

I emphasize that this motion does not seek special rights for any group in society. We are not talking about special rights, we are talking about equal rights. There are those who say that these changes are not necessary in our society. I would like to use the brief time I have to mention a couple of examples of why indeed it is necessary.

I received a letter from the parents of a young woman who live in Priddis, Alberta. That letter reads in part:

Our 24 year old daughter is gay. She is a person of extremely high morals, a beautiful Christian woman—a person who cares greatly about her fellow man. She is currently working in a home for the handicapped . . . but will be returning home in two months to resume studies at the University of Victoria . . . All we are asking of our government is the dignity of including homosexuals under basic human rights protection.

In a further letter submitted to me, these parents said:

Our daughter has been brought up as a moral and responsible Christian woman. The omission in our laws of a protective category for sexual orientation seems to leave her and any other homosexual person in Canada no alternative but to lie about their orientation, or to tell the truth and face the loss of jobs and many other psychological stresses. As parents we see this situation as a grave injustice. We also see the exclusion of sexual orientation as a protected area as a condoning of the present discriminatory attitudes and practices.

That is an important point. It is not only changes in laws which are essential in society but it is changes as well in the attitudes and values which lead to discrimination and intolerance.

In Toronto recently, a young, deeply respected school librarian was brutally murdered by five teenagers in a park. A psychiatrist who testified at the trial of these teenagers stated that one of the factors that led to that violence was the subtle social permission to victimize homosexuals. This contributed to these people acting like a gang of predators the night the young man was murdered.

Similar social pressures are mounting in some quarters against persons with AIDS. It is important that we as a society and we as a Parliament say clearly that equality must be a reality for all and not just for some.

The Special Committee on Equality Rights heard from an 18-year veteran of the RCMP who told us that he did not have the courage to appear openly before the committee but he wanted the committee to recognize the impact of the present laws which held that a man of distinction who had served his country for many years could lose his job solely on the basis of his sexual orientation. This weekend, I met with a member of the Canadian Armed Forces who told me that he is deeply concerned that the Armed Forces will not in fact move forward to implement the recommendations of the Government and that it will use the excuse of operational effectiveness to deny equality to members of the Canadian Armed Forces. The Armed Forces itself estimates that there are 4 per cent of the members of the forces who are gay or lesbian. How can we tolerate the kind of pain and oppression to which they are being subjected as a result of the current policies? The impact in very real and personal terms of this denial of equality is a stark reality for too many Canadians.

• (1710)

I have received a letter from a young man who wanted to join the Armed Forces. He has pointed out the discrimination to which he was subjected. The letter in part states:

To all those people who oppose Bill C-225 this is who you are killing, not child molesters or prostitutes, but some of our nation's brightest, talented youth. How many more lives? What a shame, what a tragic loss. We are all responsible for their fear and despair.

Being condemned for something I have no choice in is just as evil as discrimination of the basis of colour.

I underline that point as well, Madam Speaker. We are not dealing here with a matter of choice. Some say that these people choose their orientation, therefore, they must not be protected under the Canadian Human Rights Act. The evidence shows clearly and beyond a shadow of doubt that that is not in fact the case at all.

Because my time is limited, and because I know that other Members wish to participate in this debate, I am going to close by calling upon Members to recognize the fundamental importance of equality for all in our society, including equality for gays and lesbians.

I wish to close with some lyrics from a very beautiful song by a song writer and poet named Ferron:

We are the children in the rafters,
We are the babies in the park;
We are the lovers at the movies,
We are candles in the dark.
We are changes in the weather,
We are snowflakes in July;
We are women grown together,
We are men who easily cry.
We are words not quickly spoken,
We are the deeper side of try;
We are dreamers in the making,
We are not afraid of why.

The time has come for equality for all.

[*Translation*]

Mr. Charles Hamelin (Charlevoix): Madam Speaker, in rising to speak to Bill C-212, I am breaching a taboo subject. The word taboo was brought back from Polynesia by Captain Cook in 1777—

An Hon. Member: It was Captain Bonhomme!

Mr. Hamelin: And the word taboo meant sacred, forbidden, and so forth. At this point I would like to quote an old friend of mine—it seems he was a homosexual—whose name was Seneca. He always said: "We all run away from ourselves".

I think there are some taboo subjects, Madam Speaker, which must be addressed directly today.

The purpose of today's Bill, which refers to sexual orientation, is to amend Section 2 of the Canadian Human Rights Act to include sexual orientation, although it already refers to equal opportunity without discrimination on the basis of race, national ethnic origin, colour, religion, age, sex, and so forth. And now they want us to add sexual orientation.

Madam Speaker, like most of the Members of this party, I believe that in Canada we must show the greatest possible tolerance and respect for differing views, but I would qualify this by saying positive views. In our society, we have passed so many laws that it has become a veritable disease. Our laws are merely a crutch for the freedom of mankind. Normally, we would not need laws. All the laws adopted by Parliament in the past, the laws we are adopting today and those we will adopt tomorrow, have been, are and probably will be, so many crutches to support the expression of our human freedom. We have a country where, unfortunately, although perhaps to a lesser degree than in other countries, the rights of the aggressor have overpowered the rights of the victim, where protecting the criminal has become more important than protecting the victim, where millions of dollars are being spent on criminals and nothing on their victims, because as far as justice is concerned, for instance, it is said that pain cannot be be quantified, and where allowing rapists their rights means that the victim is publicly humiliated and made to suffer in our courts. And today, we have another piece of legislation, an amendment which this time concerns sexual orientation. Now I think we have to speak out, in spite of our great respect for positive differences. Personally, I am afraid our society is becoming ultra-permissive. Sure, let sodomites, pederasts and proponents of bestiality become the custodians of our children! Why not? We are modern. We aren't afraid of taboos. Go right ahead! Let any idiot indulging in his unbridled sexuality get into the police force—we saw that in Quebec—and have fun with our children. Why not? It's a free country. We are a permissive society. Let's go! Let's be cool!

Madam Speaker, I want to say in the House today that Bill C-212, despite its virtuous appearances and good intentions, will not do. And it will not do because as it says in the text: — compatible with their duties and commitments to society. I do not believe that sexual preference has anything to do with rights and duties, at least as this would imply.

If we were to agree to this Bill tomorrow, any sexual pervert could use the provisions of the Act to defend the way he is and what he has already done or could do in the future in our society. I should say that I have a lot of respect for lesbians and homosexuals. I respect them. I have friends among them. I respect them as individuals and respect their situation, which can be difficult, but I am not ready, and I believe that a lot of people share my views, to take action which would give us a piece of legislation which could lead to the worst of abuses.

We also hold myths such as that of the honourable thief. Some may smile, but it is rare in society to find thieves who are also honourable. It is quite rare. It is very difficult to find a Robin Hood who takes from the rich and gives to the poor in the mob. Such ideas might sound wonderful, and the same is true about the notion, which sounds theoritically very easy to defend, that you cannot stop someone from working because of his sexual preference. What does this mean finally? What does this involve legally as far as our rights are concerned? It involves many things. I think that we should stop and no longer accept just about anything on the excuse that society is changing. I do not believe that we should do so now. Personally, I do not think that we should ever do so, or at least not now.

We should therefore show the greatest tolerance and respect for our differences, but by this I mean the positive differences which make Canada what it is because we, the Conservatives, want to protect what are our most precious assets. We want to be progressive, of course, but without destroying everything that was done before, and forgetting our traditional values. This is what it means to be a Progressive Conservative.

To conserve means to improve and to keep what we have best and to do so with tolerance, with the respect of our differences, but not with unbridled laxity, which only creates chaos and makes it difficult to teach our basic values.

Madam Speaker, at the risk of being taken for a dinosaur, I am going to vote against this Bill and I hope that no one will support it.

Ms. Sheila Copps (Hamilton East): Madam Speaker, I have just arrived, and I was somewhat surprised at the high pitch of the remarks made by the Hon. Member who has just spoken to

this motion which is rather significant from a standpoint of equality.

Whenever we are debating human rights and equality issues, I fail to understand why we always drift towards the somewhat homophobic argument that we are seeking to extend rights to certain people like pederasts, for example, or others who profess their sexual deviations. Indeed, although I did appreciate the question pertaining to research on equality, it was the past Minister of Justice himself who publicly stated that no discriminatory provision related to sex ought to be included in our legislation, including sexual orientation. Still according to the former Minister of Justice, if we can believe him, all Canadians, both men and women, have the right to work, the right to gain access to public services, the right to all kinds of things regardless of their sexual preferences and orientations.

So the motion introduced today is just another way of setting the record straight once and for all with respect to the whole issue of sexual orientation, because the former Minister of Justice claimed that people whose sexual orientation differs from that of the majority are protected under existing laws, including the Charter of Rights and Freedoms which does cover sexual matters.

To anyone who takes time to look into legal precedents it becomes quite obvious that under the existing legislation an employee can be dismissed on grounds of sexual orientation alone, even though such sexual orientation may not in any way prevent the employee from satisfactorily performing his or her duties.

• (1720)

[*English*]

I am always amazed when this question comes up—and I have received telegrams about the Bill which is in the Ontario Legislature at the moment—that the argument against providing equality to each and every Canadian man and woman, regardless of sexual orientation, is countered by those who talk in a very homophobic fashion about things like pederasty and other sexual deviations which are not exclusive to anyone of a homosexual orientation.

It seems to me that what we are discussing here is a follow-up to statements which were made by the former Minister of Justice. In preparing his response to the equality report, the past Minister of Justice told the House of Commons and the people of Canada that in today's day and age no Canadian, regardless of sex and sexual orientation, should be fired from his or her job or denied access to public services simply because of sexual orientation. What is being proposed in this Private Member's Bill is an attempt to ensure by further amendments to the Canadian Human Rights Act that sexual orientation, most specifically, be a prohibited ground of discrimination.

Any reasonable Canadian man or woman recognizes that we are not talking about according special rights to any group of persons or person. We are not talking about special status. We as Canadians are talking about a law which provides equally for all persons to have access to earning a decent living, to have a job, and to live in a community in an apartment or house of their choice, regardless of whether or not they happen to be homosexual or heterosexual. Surely there is no Canadian in Canada, in 1986, who believes that people should be fired from their jobs simply because they happen to be homosexual. I do not think anyone believes that people should be barred from a job simply because they happen to be homosexual.

We must recognize, notwithstanding the statements and commitments of the former Minister of Justice in the House *vis-à-vis* implementation of the Charter of Rights and Freedoms, that the cold reality in 1986 is that if persons are homosexual they can be legally fired from their jobs without recourse. We have seen the argument taken all the way to the Supreme Court of Canada. In fact, a former employee of the Ontario Racing Commission was fired from a job after many long years of service. He had not been selling sexual favours on the job and had not been in any way utilizing his own sexual orientation. Someone found out that he was a gay man, and he was fired from his job. He pursued the route suggested by the former Minister of Justice, that is the common law route, to redress the injustice. The court said that the current law—the Ontario Human Rights Code in that case and specifically the Canadian Human Rights Act in other cases—did not protect homosexuals from being fired because they were not specified in the legislation.

The Minister of Justice (Mr. Hnatyshyn) told the House that every Canadian should have the right to a job and to equal opportunities. If we are to believe him, then surely the proposal of the Hon. Member for Burnaby (Mr. Robinson) is simply an attempt to clarify further in legislation what the Minister of Justice claimed *de facto* was the law.

Sometimes I think politicians tend to live in the Dark Ages *vis-à-vis* their constituents. I remember struggling with this question when I was a member of the Opposition in the Ontario Legislature back in 1981. We were involved with drafting a new Ontario Human Rights Code. As labour critic, I had to come to grips with whether I would move an amendment to include sexual orientation as a prohibited ground of discrimination. I discussed it with many people. It was called Bill 7 at the time. It was the first time I had carried a Bill through the Legislature. Frankly I was frightened. I wondered what kind of backlash there would be in my community if I introduced such a piece of legislation. After talking with a number of people, I decided I had to move a motion which was in accord with my conscience, and I did.

I should like to refer to what happened. There was no backlash in my riding of Hamilton East, a riding of steelworkers, the most industrial riding in Canada. When they realized that I was not talking about special rights or special status, they believed in and supported it. I was talking about affording protection to homosexuals, or to heterosexuals for that matter, who were being discriminated against simply on the basis of

sexual orientation when it had no relationship to or did not interfere with their ability to do a job.

• (1730)

Why is it that our politicians always seem to be light years behind what the public believes and thinks? The public is not talking about special status for homosexuals. People in Canada are saying, if you can do a job you should have the right to do the job regardless of sexual orientation. Our former Prime Minister once said that the state has no place in the bedrooms of the nation. I think the current Government through the former Minister of Justice basically reinforced that very notion. This Private Member's Motion is simply to clarify the law as the majority of Canadians would support it. I urge all Members to consider it. We are not talking about special status, we are talking about equality for every Canadian across the board. I think it is a supportable Liberal principle.

Mr. Ron Stewart (Parliamentary Secretary to Minister of Supply and Services): Madam Speaker, I rise very unhappy and very disturbed today mostly because the equality report stemmed from the Progressive Conservative Party. I am very deeply hurt by that fact and hope that Bill C-212 will never see the light of day in this House of Commons.

I cannot be genteel when discussing particularly the amendment in subparagraph (1) in which the Hon. Member for Burnaby (Mr. Robinson) tries to purport that there would be no special rights for gays. What a joke, Madam Speaker. That is exactly what gays want. Already the paragraph covers sex. This is not an amendment on sexual orientation. This is an amendment on sexual deviation. Homosexual is anti-biological. It is anti-medical, anti-biblical, and I quote: "Go ye forth and multiply". It is anti-family and it is anti-social. It is pro-deviate and it is absolutely disgusting to most Canadians.

The Acting Speaker (Mrs. Champagne): Order, please. I would like the Hon. Member and all Hon. Members to be careful and realize that we are not debating Bill C-212 today. We are debating Motion No. 11. I know the subjects are quite similar but I think we should be careful in our debate so that we do remain closer to what Motion No. 11 is about.

Mr. Stewart: Madam Speaker, I just referred to subparagraph (1). I am putting my case forward that it does have special rights. Is the Hon. Member for Burnaby actually talking of his own sexual ideas or does he espouse the complete doctrine of the New Democratic Party, or both? It would be interesting to know.

Sexual orientation, which this is all about, or in my view sexual deviation, is learned. It is a learned response. The toleration of the so-called gay lifestyle by some people in Canada is being advanced in our public schools, through movies and TV. Is that really what we want? Do we really want an amendment such as this to give special rights to that form of lifestyle?

I know first hand only too cruelly of a case in my own riding of a school teacher who took his sexual deviation, his sexual orientation, and foisted it upon many members of his class. In my view, our children must be protected.

The New Democratic Party is calling for the elimination of smoking but it champions homosexual acts by this very amendment. You cannot get around that. It makes about as much sense as taking us out of NATO.

As I mentioned, homosexualism is anti-biological. It is committing biological suicide. It is anti-medical, it is hygienic insanity. It is a crime against humanity whether medical or moral. All of us know what is happening with AIDS, that dread disease, for which there is no cure. How is it spread? AIDS is overwhelmingly a homosexual disease in every western country in which AIDS has been reported. Gays are the first persons to be stricken. In time others become infected. AIDS is thought to have started in the U.S., and U.S. homosexuals account for 73 per cent of all AIDS victims. I could go on and on with the statistics of what we are opening up with this bombshell of so-called human rights. It is human suicide.

Disease is disproportionately experienced by homosexuals. They are 14 times more apt to have had syphilis, three times more apt to have had gonorrhea and eight times more apt to have had hepatitis. Think of all the needles of the drug users and what is happening with this scourge of AIDS. Homosexuals are five times more apt to have had scabies. With lesbians they are 19 times more apt to have had syphilis and 29 times more apt to have had an oral infection. Are these the rights that we as Canadians want? Does this go by our religious teachings?

There is a group called ISIS operated by members of the medical, business, theological and legal professions. It is chaired by Paul Cameron, Ph.D. I wish I had the time to read this paper in full because it is very enlightening. It is something that every person in the world should read. It goes on about the abnormality of homosexualism and lesbianism. If we are to have human rights, we must have human protection. Man, if he were a rational animal, would not need laws and I would not need to be standing on my feet today. Unfortunately, we are not. Homosexualism is a sickness that should not be in our society. Let me read a bit of the ISIS position paper until my time runs out:

> Viable societies are organized to sustain themselves by producing and educating succeeding generations. Each child is expected to repay society for all he has inherited by creating and nurturing a new generation.

Let me emphasize "a new generation". How does that happen in the homosexual community?

> Western society, workers generally receive sufficient income to both sustain themselves and raise a family. Parents partially satisfy their debt by teaching their children that soon it will be their turn to repay.
>
> Homosexuals renounce their social obligation and slavishly devote themselves to self-aggrandizement. They rob society to pleasure themselves. Money remaining after their basic requirements are met is regarded as additional opportunity for personal pleasure rather than a loan to be put into the service of

societal betterment. Getting more by doing less, homosexuals soon come to regard special treatment as their inherent right.

That is what the paragraph in the motion says. It is special treatment by mentioning homosexuals and not the word sex:

Those who are rewarded for leeching soon come to regard society with contempt, deserving destruction.

Homosexuals often spend their "extra" disposable income roaming the world in search of sexual adventure.

I might add that according to statistics it is estimated that a homosexual has from 20 to 106 partners per year. Think of that in terms of AIDS alone, Madam Speaker:

Because of their promiscuity and incredible unsanitary sexual practices—

I have reams and reams of documented medical evidence here of how terrible that is:

—pathogens once localized in a given geographic region are rapidly being spread throughout the world. AIDS is a first fruit of this process and many more plagues stemming from homosexual behaviour are bound to occur. Homosexuals have already compromised the nation's blood supply and are straining the resources of the medical community.

Mr. Robinson: Madam Speaker, I rise on a point of order. The Speaker on another occasion when language used was deemed to be deeply offensive to many Members of this House called the Member in question to order and suggested that his language might indeed give rise to a situation of disorder. I suggest that this kind of pathological homophobic attack which is being made by the Member falls into precisely the same category of language, particularly when it is his own Government, his own colleagues, the Minister of Transport (Mr. Crosbie) and the former Minister of Justice whom he is accusing of being anti-biblical because they have adopted the principles included in this motion. I would ask that you, Madam Speaker, recognize that the language is out of order.

[*Translation*]

The Acting Speaker (Mrs. Champagne): The Hon. Parliamentary Secretary to the Minister of Justice and Attorney General of Canada (Mr. Gérin) rises on a point of order.

Mr. Gérin: Madam Speaker, it is because we are in a situation where we have to use such expressions which, under other circumstances, might not be appropriate. But because of the very nature of the motion moved by the Hon. Member, we have to use these terms.

I suggest it was the choice of the Hon. Member who moved this motion to force the House to use these terms which my hon. friend has just used.

Under the circumstances, I suggest we should allow the Hon. Member to continue.

• (1740)

[*English*]

Mr. St. Germain: Madam Speaker, the Hon. Member was merely pointing out the statistical facts produced by the medical profession and other organizations. It was no more than that. It was not a question of attacking any group or segment of society. He was merely laying the facts on the table as seen by certain people in the medical profession.

The Acting Speaker (Mrs. Champagne): At this point the Chair thinks this is really a point of debate. It is not a matter of being offensive and it does not relate at all to a ruling given by Mr. Speaker a short while ago. I ask the Hon. Member to conclude within a minute, please.

Mr. Stewart: Madam Speaker, if I were to read some of the statistics and some of the homosexual acts recorded here, perhaps the Hon. Member opposite would have something to complain about.

Homosexual activity, combined with modern modes of transportation, ensures that the world's medical problems become both our risk and our financial burden. It goes on to talk about drug addicts, but I shall conclude by saying that the last thing we as Canadians need is to listen to moralizing by someone who does not believe or march in step with most of the people whom I believe and march in step with. I can remember when "gay" meant "happy". That is the last thing it means today. If we allow something like this to happen in Canada, God help us in the future.

Mr. Mike Cassidy (Ottawa Centre): Madam Speaker, I want to speak briefly in support of the motion put forward by my colleague, the Hon. Member for Burnaby (Mr. Robinson). Because it is reflected in-party policy it also has the support of the NDP. Our practice in conventions is to pass policy which then becomes the policy of the Party rather than pass motions which are advisory to the Leader of the Party.

I have to say that if some Members wished to oppose this resolution and did so in a measured way, I might have accepted that. However, I am appalled by the language and approach taken by the Hon. Member for Simcoe South (Mr. Stewart) and the Hon. Member for Charlevoix (Mr. Hamelin) in their interventions. I remind Hon. Members that this proposal was considered at great length by the Subcommittee on Equality Rights of the Standing Committee on Justice and Solicitor General. It is now encompassed in a proposal accepted by the Government.

Both the Canadian and the American Psychiatric Associations, whose members have a great deal of knowledge of psychiatric disorders, have for more than a decade taken the view that homosexuality is not a disease. It is an orientation taken by a significant proportion of our population, both male and female. By all accounts it is not chosen, it happens. People grow up with it and it affects both men and women. There are homosexuals in the Government of Canada, the Armed Forces, our police forces and the RCMP. They work in the Department of External Affairs. They are undoubtedly Members of Parliament. Homosexuals are to be found among teachers, the clergy, doctors, lawyers, factory and shop workers, indeed among most walks of life in our society. That does not create a problem except to the extent that people become victimized because of their sexual orientation or because of fear of what

would happen if they are found out. As a result they stay in the closet. That means a tremendous cost in personal happiness and tragic consequences at times given what happens to some people if their sexual orientation becomes a matter of public record.

I have a friend who is mildly homosexual. He is also happily married with one or two children. He was fired from his job as a teacher because the police decided to crack down. They were surveying a particular washroom in a city in Ontario and he was one of the people charged with a very minor offence. However, it was enough to have him fired from his job and virtually destroy his personal life over a substantial number of years.

If people are concerned about the well-being of young people in our schools and the danger of their being accosted by teachers, then let us talk about the fact that this occurs from time to time with male teachers who molest or interfere with young female students. It is just as indefensible when it is done by a heterosexual teacher as when it is done by a homosexual teacher. In either case, everyone agrees it is not acceptable behaviour. However, what we are talking about here is people who have a job or who wish to rent an apartment or do business with a particular company. They should not be prevented from doing so because they happen to be homosexual. That is what the proposed amendment in this resolution would do. Nothing more. It would mean that homosexuals would no longer have to fear their career can be brought to an end because of discrimination not for what they do but because they may have that orientation.

The present situation leads people to lie. If they admit to being homosexual when applying for a job, they can now quite legally be denied a job. If found out after many years of successful and productive work, they can be fired with no regard at all to whether or not they ever did anything improper.

The question we are dealing with here is that of people being victimized solely by reason of their sexual orientation. I can speak from personal experience. Nine and a half years ago I hired a riding assistant. He was the former President of the Gays of Ottawa, a homosexual organization active in this city for some 20 years. He was an activist, therefore, in the gay community. I have to confess I had a certain trepidation about that. However, he was the best applicant for the job. Recently he moved upwards in his career and took another job. I pay tribute to him for being one of the finest riding assistants any provincial Member of Parliament has had. I would also point out that in all of those years, in a riding with a substantial Catholic, Italian, French and West Indian population, groups who might share some of the concerns expressed here, that concern has not been expressed. At most, perhaps once in those nine or ten years. There was no problem at all except in the minds of certain Members of Parliament. I call on those Members of Parliament to take heed of their Government and the subcommittee.

What is being asked is that we simply acknowledge the fact that whether or not one approves of other people being homosexual, other people are homosexuals. They did not make the choice but it has happened to them. They should not suffer discrimination in their economic or social lives because of their sexual orientation. That is all that is being proposed here and I call on Hon. Members to allow this matter to come to a vote before six o'clock.

[*Translation*]

Mr. Darryl L. Gray (Bonaventure—Îles-de-la-Madeleine): Like some of my hon. friends who have spoken tonight, Madam Speaker, I should like to say a few words about Bill C-212 or even amendment No. 11. I should like first of all to indicate that I am married and the father of four children. For us, and I mean our society, our churches, what really matters is our children and those who will come after us. I suggest this is something the House should always take into account when dealing with any legislation.

With all due respect for the Hon. Member for Charlevoix (Mr. Hamelin) and the Hon. Member for Simcoe South (Mr. Stewart), I should like to add something. If the House is going to adopt legislation to allow exceptions in our society, where is it going to stop?

• (1750)

[*English*]

When debating an issue such as the one before us this evening we must look at it very clearly. A few moments ago the Member for Hamilton East (Ms. Copps) said that the state has no business in the bedrooms of the country. I accept that premise. However, we are not talking about being in the bedrooms of the country. We are talking about being in the RCMP and the Armed Forces. We are talking about people who are saying, "You have to let me in because I am homosexual, because I am a woman and want to sleep with a woman or I am a man and want to sleep with a man". That is not the issue.

Whether we are NDP, Liberal or Progressive Conservative we must respect the laws of our society. If we go along with homosexuality we will become like the African tribe that believed in castration. Within one generation they became extinct. We cannot do that, Madam Speaker. As the Hon. Member for Burnaby (Mr. Robinson) indicated, the former Minister of Justice said that there is justice for all. We stated that. We are committed to the principle that all Canadians should have an equal opportunity to participate as fully as possible in our society. I agree 100 per cent with that. However, if I want to apply to the RCMP, the Army, the Air Force, or the Navy, I should not be able to say that I must be hired because I am homosexual. We hire people in these forces to protect society, and we must continue to do that.

Mr. Cassidy: No homosexuals need apply.

Mr. Gray (Bonaventure—Îles-de-la-Madeleine): The condition for employment is not whether you are homosexual, Liberal or Conservative.

Mr. Cassidy: Exactly.

Mr. Gray (Bonaventure—Îles-de-la-Madeleine): It is a question of whether you can do the job.

Ms. Copps: That's right.

Mr. Cassidy: That's what the motion says.

Mr. Gray (Bonaventure—Îles-de-la-Madeleine): However, to legislate that homosexuals are entitled to 5 per cent of the employment is a crock of cow dung from the Gaspé. The Canadian population is not looking to its Government to protect a homosexual society because it is going nowhere. We will allow homosexuals in the bedrooms of the nation, but let us never allow them into our Armed Forces or the RCMP. We will work with them so that they can remain silent.

[*Translation*]

Mr. Marc Ferland (Portneuf): Madam Speaker, I rise tonight on this amendment, and since the Hon. Member for Burnaby (Mr. Robinson) knows our rules, he knows I will make sure that I kill the motion. What the Hon. Member for Burnaby is asking actually is that the Canadian Human Rights Act be amended to prohibit discrimination based on sexual orientation. However, the Canadian Human Rights Act is undergoing a complete review, the results of which should be known very soon. We are all willing to recognize, I am sure, that the Act offers complete human rights protection in the areas of federal jurisdiction. This issue is among those being looked at in the review process. I feel that we should wait for the results of that review before we consider the steps that this motion would force us to take.

This Government has always been concerned with human rights, and before I resume my comments on the motion, I would like to refer to the commendable role played historically by the Progressive Conservative Party in that area, and this should be pointed out in the present context. Some 25 years ago, when the Hon. John G. Diefenbaker was Prime Minister, the enacting of the Canadian Human Rights Bill was a major step in the history of human rights in Canada, being the first attempt by a Canadian Government to consolidate and guarantee the basic rights of all Canadians. Since then, the Progressive Conservative Party has supported the Canadian Human Rights Act and the Canadian Charter of Freedoms and Liberties, both of which are in line with our tradition of protecting the basic human rights in Canada. However, none of those documents that are so important in this country's history was prepared or enacted overnight. They all had to go through a process of in-depth examination before they could be voted on, so they would offer the most effective and appropriate means of attaining each and every major objective set for Canadians. The same applies to the matter at hand.

The Government already has defined its position in *Toward Equality*, which is this Government's response to the 85 recommendations made by the Parliamentary Committee on Equality Rights and its report entitled *Equality for All*. It is stated in *Towards Equality* that "the Government will take whatever measures are necessary to ensure that sexual orientation is a prohibited ground of discrimination in relation to all areas of federal jurisdiction". That commitment is in perfect harmony with this Government's established policy on equality and social justice. The present Government is firmly resolved to guarantee equality and social justice for all Canadians so that each and everyone will be able to fully realize his or her unique and personal potential.

Madam Speaker, although the present Government has not been in power for very long, it has made remarkable progress in the field of human rights, equality and social justice. The Government of Canada recently adopted amending legislation to the Canadian Charter of Rights and Freedoms which was the culmination of a review of over 1,000 federal Acts made for the purpose of ensuring their conformity with the Charter. More than 50 Acts were amended to make them compatible with the Charter. Under this particular legislation, the Canadian Human Rights Act was amended to improve mechanisms for protecting human rights. There is no doubt that this Government is determined to maintain and improve the effectiveness of the Canadian Human Rights Act and the Commission in order to further minimize and attempt to eliminate discrimination in the areas mentioned in the Act.

Madam Speaker, I wonder whether this is the right time to amend the Canadian Human Rights Act in response to the motion presented today, since the Government is currently examining this question as part of a full review of the Canadian Human Rights Act. Couldn't we wait for the results of this review before determining whether we should add separately any prohibited grounds of discrimination to the Act?

Madam Speaker, the present Government has made a commitment to ensure that sexual orientation constitutes a prohibited ground of discrimination in all areas under federal jurisdiction, and it has reiterated its commitment with respect to equality and social justice. The Government firmly believes in the principle of equal opportunity, and it continues to demonstrate that belief. The merit principle continues to govern access to employment in the federal public service. Thus, sexual orientation usually is not a job criterion.

The present Government has recognized that the application of this principle should be expanded and that sexual orientation has no connection with a person's ability to perform his or her duties or to use services or facilities.

The Acting Speaker (Mrs. Champagne): Order, please. I am sorry but I have to interrupt the Hon. Member. The hour allotted to the consideration of Private Members' Business has now expired.

Pursuant to Standing Order 42(1), this item will be dropped from the Order Paper.

• (1800)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

CO-OPERATIVES—TASK FORCE REPORT—(A) GOVERNMENT RESPONSE. (B) ENCOURAGEMENT FOR CO-OPERATIVES

Mr. Ernie Epp (Thunder Bay—Nipigon): Madam Speaker, I appreciate the opportunity to say something more about a question I asked in the House on October 15. I asked, as reported at page 374 of *Hansard*:

A year ago today in the middle of another Co-operative Development Week I asked the Minister when the Government planned to respond to the report of the National Task Force on Co-operative Development.

Soon after I became the member in our caucus responsible for co-operative development, the week to commemorate such development arrived. I asked the Minister at the time when the Government would be responding to *A Co-Operative Development Strategy for Canada* which dates from 1984. It was a desire to have the Government respond to that report that led me to ask the question in 1985 and to repeat it on October 15 this year.

A year ago I had an opportunity to debate the matter further in the adjournment debate. While I will not repeat my comments at that time, I want to refer people to them. I noted the existence of *A Co-Operative Development Strategy for Canada* which dated from May, 1984, and explored four particular areas in which this document laid out potential areas in which Canada could use co-operatives as a means of solving problems and achieving economic and social development.

Those four different areas were worker co-operatives, community health clinics, fisheries co-operatives, and co-operative housing. Not only did I note these four areas in which co-operatives could provide much for Canadian development, I also noted the fact that in several recommendations of the task force report there were recommendations for specific action by the federal Government to support co-operative development.

Let me note those as a basis for pursuing the matter this afternoon. Recommendation No. 30 of the task force states:

In order to simplify and strengthen co-operative relations with Government, the federal government should create a co-operative affairs mechanism within government that could assist co-operatives in dealing with policy areas under federal jurisdiction. The federal government should consider a Minister of State for Co-operatives—with a small supporting secretariat—as a way of accomplishing this objective.

Recommendation No. 32 states specifically:

The Department of Regional and Industrial Expansion and the Department of Employment and Immigration should each ensure that co-operatives are receiving a fair allocation of development funds and other assistance.

Based on those comments of more than a year ago, I asked when the Government would bring down its response to the task force document. I went on to ask whether the Government was considering the establishment of an agency which might do for co-operative development generally what Canada Mortgage and Housing Corporation has in fact done to support co-operative housing development over the years. The Minister said that to answer the question would be to prejudge the decisions of Government. Of course, that makes my question all the more urgent. When will the Government provide its response to this strategy? It should be answered not in words here but in the release of a document with respect to a proposal for action by Government, the establishment of new institutions, or whatever may be required. It should be answered in whatever way the Government may think advisable in order to achieve the objectives of the National Task Force on Co-operative Development for Canada.

• (1805)

I know that the Government has been considering this question carefully. It obtained the services of two experts from the co-operative sector, one from western Canada and the other from the Province of Quebec. These are gentlemen who are well familiar with what the co-operative sector has been doing in the various regions of Canada. They are gentlemen who are thoroughly equipped to give Government advice on how to act to support the development of co-operatives.

In respect to recommendation No. 32 I wish to note specifically that the documentation that has been provided for the aspect of the Canada Jobs Strategy issue by the Canadian Employment and Immigration Commission indicates the importance of these questions. There are several options which a Community Futures Committee may select under this particular aspect. I would like to point out the first three of them.

The first is with respect to a self-employment incentive to enable individual unemployed workers in communities to become self-employed by providing grants in the form of an allowance while the business is being established. The second one is with respect to business development centres which would be used to support a community's plan for the creation of additional permanent private sector employment through the provision of advice and investment to small businesses. The third is with respect to the provision of a community initiatives fund, which would assist committees in implementing their strategies for community employment growth and recovery which they may develop.

I find it striking that the Minister of Employment and Immigration (Mr. Bouchard) has issued these particular objectives without any recognition of the potential in community-based development for co-operatives to be used as the basis. That seems to me to indicate very nicely why recommendation No. 32 is so important. It is essential that the Department of Regional Industrial Expansion and the Department of Employment and Immigration ensure that the programs they

develop be tailored to the needs of co-operatives as well as to business developments.

I call again on the Government to issue a response at the earliest possible date, if possible to issue one this evening, given that it has not happened earlier, so that we can react to it in order to assist in the development of programs.

[*Translation*]

Mr. François Gérin (Parliamentary Secretary to Minister of Justice and Attorney General of Canada): Madam Speaker, the government appreciates the question from the member for Thunder Bay—Nipigon, coming as it did in the middle of National Co-operative Week.

Indeed, figures released by the Minister of State (Canadian Wheat Board) indicate our co-operatives had another productive year. Revenues of non-financial co-ops stood at $14.3 billion in 1985 and membership grew to almost 3 million Canadians.

The co-operative sector makes a significant contribution to the social and economic fabric of Canada. Their strength lies in their community roots and their regional orientation.

Their member-owned structure and democratic control give co-operatives a unique sensitivity to the membership, the communities and the regions they serve. This last week-end, the Desjardins movement had a convention in Montreal where over 5,000 participants expressed views similar to those of my hon. colleague.

The federal government has reviewed the proposals put to it by the National Task Force on Co-operative Development and is currently considering the most appropriate means of formally recognizing the role of the sector, in a way that will best allow the achievement of their goals.

[*English*]

It should be pointed out that the Government has hosted two meetings of federal-provincial co-operative Ministers and that industry leaders have had a key role in these discussions. I also wish to add that the Minister met last week with co-operative leaders to discuss proposals and that they are close to making formal decisions.

• (1810)

[*Translation*]

As well, co-operative members have been named to advisory committees to assist the Government in bilateral and multilateral trade negotiations. And, mindful of the importance of international co-operative to co-operative trade, the Government was able to take co-op members on trade missions to such countries as China and Japan.

These are several ways the Federal Government is working with co-ops to ensure they have as many opportunities as possible to be a part of Government programs. This Government will ensure that when programs are being developed co-operatives will have as much a chance as other sectors to have input into developing policies. We are determined to provide an open and unencumbered method of addressing—and resolving—issues of importance to co-operatives in Canada.

[*English*]

INSURANCE—LIABILITY INSURANCE—REQUEST REINSURANCE MARKET BE ORGANIZED

Mr. Alan Redway (York East): Madam Speaker, I have a question for you. Have you ever had the experience of making a claim on your liability insurance policy and finding out that you had no coverage? I did not think you had. I can see you indicating no. I have a friend who had that experience, a friend by the name of Norm Maughan. He was insured for years and years with the same insurance company and the same agent. He paid his premiums faithfully. Then one day an elderly lady fell on the sidewalk in front of his home and sued my friend Norm.

When Norm phoned his insurer to ask about his insurance coverage on that claim, he was told that one day he had missed making his insurance premium payment and as a result he did not have coverage for that one day. For all of those years he had had insurance coverage with the same agency and the same firm but for that one day, he did not have coverage. You guessed it, Madam Speaker: that is the one day that elderly lady slipped on his sidewalk, fell and sued him for thousands and thousands of dollars. Poor Norm faced an enormous claim just because he did not have coverage for that one day.

Norm had a problem with his liability insurance coverage but right now thousands and thousands of Canadians and Canadian businesses have a similar problem with liability insurance coverage. The problem, of course, is that some Canadians cannot get liability insurance coverage at all at any price while there are others who can get liability insurance coverage like my friend Norm but who have to pay an enormous amount for that coverage.

In fact, there has been a terrible increase in the price of liability insurance just this past year. I am told that municipalities, for instance, have seen an average increase of 350 per cent in liability premiums in 1986 over 1985. Some of the increases have been as high as 2000 per cent. That has amounted to a total of some $1.5 billion in insurance premiums collected by liability insurers.

Is all of that necessary, Madam Speaker? Of course, liability insurers tell us that it is. They tell us it is necessary because they are faced with enormous claims and because they cannot tell how much these claims will be and what sort of judgments will be handed down by the courts. They usually point to a well-known case from Brampton, Ontario, the McErlean case. A young boy was riding on a dirt bike and crashed into another head-on in a gravel pit owned by the City of Brampton. The trial court awarded something like $6.3 million in damages. As you know, Madam Speaker, that case is going to the Ontario Court of Appeal in January and possibly something will happen as a result of it. However, liability insurance companies are still collecting additional

premiums of $1.5 billion for this year while their losses are only $150 million. There is something wrong there.

What is the answer? What is that, Madam Speaker? Are you saying that perhaps they should go bankrupt? You know, Madam Speaker, that any claim against a municipality, if it tried to go bankrupt, would just be thrown out of bankruptcy court. That will not work. Nor will it work if you have one single, solitary liability claim against you, Madam Speaker, because no bankruptcy court will forgive that.

What other ideas might you have, Madam Speaker? Perhaps you think the claim should be limited, that there should be a cap or ceiling put on the claims that can be awarded by the courts. Of course, you would not think it fair if someone was injured and had to spend the rest of his life either in a hospital bed or a wheelchair with 24-hour-a-day care without collecting from someone else who had been negligent for the cost of that care. I know that you would not feel that that was fair, Madam Speaker. I know that.

• (1815)

The real answer is a case of leadership. It is leadership on the part of the Minister of State for Finance (Mr. Hockin) to get together all of the insurance industry in this country and to establish a national reinsurance market in Canada. That is what we need. That is where the problem is. There is a lack of that national reinsurance market. The problem is that for reinsurance Canadian insurance companies have to go to places like London, England, places where they do not distinguish between claims made in Canadian courts, the small, piddly claims, and the big whopper claims made in the United States.

Madam Speaker, I know that you are telling me that that is a provincial matter, that it is not really a federal matter. Of course, there is a lot of merit in that, Madam Speaker. You are right. Last week in the Province of Ontario there was legislation introduced to establish a Canadian insurance exchange. You know that, and I know that, Madam Speaker. But at the same time, it is a national problem as well. It is not just a local Ontario problem, but a national problem. It is a national problem for which we should have leadership from the Minister to solve.

I know, Madam Speaker, that tonight you will be extremely disappointed, I will be extremely disappointed, and the people of Canada will be extremely disappointed if we do not hear from the Parliamentary Secretary that the Minister is taking leadership, and will solve this problem immediately.

[*Translation*]

Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance): Madam Speaker, the problems associated with liability insurance were precipitated by what may be characterized as largely external forces. A major contributing factor was a worldwide tightening of reinsurance markets, partly in response to the recent high incidence of disasters which insurance companies have had to cover, and partly in response to increasing difficulties reinsurance companies are having in assessing the court awards associated with the accidents they cover. Court settlements, particularly in the United States, have escalated in size and number over the past few years. This has been attributed to a changing interpretation of negligence in the courts, and to an increase in lawsuits in general. These trends have constricted insurance markets globally. As you well know, Madam Speaker, Canada is not immune from these international conditions. However it is encouraging to see that insurance companies and those seeking insurance have responded to the market disruption in a constructive way. Insurance companies have endeavoured to cover their more dangerous risks collectively through pooling arrangements. Where businesses or public agencies have been unable to acquire coverage through traditional insurance market routes, in many cases they have created self-insurance schemes or reciprocal insurance pools as alternative means of obtaining coverage. These are indeed positive responses that help in solving the current market problems.

As has been recognized, there is considerable provincial responsibility in this area, as contract and tort law are within provincial jurisdiction. This Government has been most supportive of provincial initiatives, and has encouraged the solutions the provinces have developed to meet the problems. For example, as was mentioned, last January the Ontario Government set up a task force to seek solutions for cost and capacity problems in the property and casualty industry in Ontario. The task force's comprehensive report recommended against Government intervention in insurance markets in general. It did suggest, however, that for the markets experiencing more pronounced difficulties, such as pollution liability and export liability insurance, the Government might intervene in a limited way through establishing insurance pools. The Ontario Government has acted on this recommendation, setting up pooling arrangements to make coverage more readily available within these difficult liability insurance lines.

The Hon. Member will be particularly interested to know that the Ontario Task Force on Insurance also recommended creation of a Canadian Insurance Exchange to expand capacity in the Canadian reinsurance market. My understanding is that this reinsurance exchange is scheduled to be in operation in January 1987, if not before.

The federal government has also taken an important initiative for the long term health of the industry. We have introduced Bill C-8, which increases capital and surplus requirements to improve solvency and stability in the property and casualty industry.

• (1820)

[*English*]

AGRICULTURE—ASSISTANCE FOR GRAIN PRODUCERS. (B) PROVISION OF FUNDS

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, last Wednesday I asked a very straightforward question regarding

the announcement by the Prime Minister (Mr. Mulroney) of a $1 billion assistance program for grain producers. I asked whether the Government had the billion dollars in this year's fiscal accounts.

The basis of the question was a growing belief in the Canadian agricultural sector that the delay in the pay-out being made to farmers was because the Government did not want to find the money and did not intend to make payments until after April 1 of next year, in other words into the next fiscal year.

The Minister of Finance (Mr. Wilson) to whom I directed my question refused to answer it. He left it to the Minister of Agriculture (Mr. Wise) who also did not answer it.

On the basis of this non-answer, we are forced to make certain assumptions. For example, if the money were available, we are sure the Minister of Finance would have bounced to his feet and assured everyone that the money was in place and that they were only awaiting the method of payment to be decided before making those payments to farmers who have been waiting for the last eight weeks. The Minister of Finance avoided answering the question, as did the Minister of Agriculture. Since neither Minister rose to assure us, we could only assume that there will be no payment until the next fiscal year.

In other words, producers will be required to wait until after April 1 and, knowing that the Estimates will not be passed until May 24, possibly into May or June before they can expect any help.

The Prime Minister promised the $1 billion during the recent Saskatchewan election campaign. At that time it was supposed to be a package to counter depressed prices created by the trade war between the United States and the European community.

During succeeding weeks we watched the Government gradually withdraw from the possibility of paying out the money, until we are not sure just exactly whether or not it intends to pay it. The succeeding weeks have been a slow process to let down the West.

First, the Minister of Agriculture told us that it was not only for the West, that it was for all Canadian grain growers. Second, we were told that the method of payment was slowing down the process, that there was no action because they could not decide how to pay it. Finally, we were told that the package put before the Minister by the agricultural community was acceptable but that farmers would not receive it before the end of the year. That is within a month, and now we know it is an impossibility. There is no chance of the Minister doing what he said he would do—first, have it before the end of October; then, have it before the end of November; and now, have it before the end of December. Farmers who believed the Prime Minister and looked for help this year will be disappointed.

This means that many farmers will be that much deeper in debt. Some of them will be forced out of business because the money is not forthcoming. It would seem that the chances of them getting the money this fiscal year are becoming more remote.

• (1825)

The need for the money is beyond question. Without prompt support, much of the agricultural industry may disappear. The grain producers have the right to know when they can expect their portion of that billion dollars, if it is going to come. They have been told it is in exchange for the CF-18 contract which did not go to the West. Work on that contract will be two years away. Will the farmers have to wait that long before they get some action on the promised billion dollars? I am again giving the Government an opportunity to assure the farmers of western and eastern Canada that the billion dollars will be available for them to pay off some of the debts which are facing them right now.

[*Translation*]

Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance): Madam speaker, I welcome this opportunity to take part in this discussion and outline the ongoing efforts of this Government to put into place a fair and equitable assistance program for Canadian farmers hurt by the international subsidy war.

As Members of this House well know, the massive subsidies being offered by the United States and European Economic Community have drastically reduced the world price of grains.

Although Canada is not a part of the subsidy war, our grain and oilseed farmers have been caught in the crossfire.

The Government of Canada has worked strenuously at the international level to bring an end to these unfair subsidy practices. And we will continue to represent our farmers' interests loud and clear on the international scene until fairness and sense have been restored to world trade.

But in the meantime, our grain farmers need special cash flow assistance to help them through this difficult period.

That is why this Government has made a commitment to the most substantial assistance initiative ever undertaken in Canada on behalf of farmers.

The commitment is there, and it is firm. But it is important to satisfy ourselves that the assistance will be delivered in a fair and equitable way. Therefore, the Minister of Agriculture has invested time in consulting with the provinces and farm leaders.

The investment has paid off. As a result of two meetings with farm leaders, a consensus was reached on the principles of a formula for distributing the assistance.

I would like to commend the Minister, and the farm leaders, for their hard work in reaching this important consensus.

The formula they agreed on involves a combination of seeded acreage, production and grain values. The farm leaders left it up to the Minister and his officials to iron out details, and to determine a base year.

Now the consultation process is complete. Calculations are being done. And an announcement will be made as soon as possible.

Mr. Speaker, I do not think this Government has to be reminded of the urgency of farmers' cash flow problems. It is this Government that has responded in the past with a strong record of initiatives on behalf of Canadian farmers—a record that stacks up very well against any other.

And we fully intend to deliver special assistance to grain and oilseed farmers—not just quickly, but also fairly and equitably.

The Acting Speaker (Mrs. Champagne): The motion to adjourn the House is now deemed to have been adopted. Accordingly this House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1)

At 6.30 p.m. the House adjourned.

HOUSE OF COMMONS

Tuesday, December 2, 1986

The House met at 11 a.m.

[*English*]

BUSINESS OF THE HOUSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I wish to advise the House that negotiations between the Parties on Bill C-22 are continuing. Under those circumstances, the Government has no intention of moving on the motion of the Deputy Prime Minister (Mr. Mazankowski) which is on the Order Paper under Government Notices of Motion dated November 24, 1986.

* * *

[*Translation*]

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill S-3, an Act to amend and repeal the Alliance Nationale Consolidated Act, 1945, to which the concurrence of this House is desired.

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, you may recall that, yesterday, I raised the matter of what happens when the Senate sends a message to the House. I asked the Chair to inform Members of any comments and to explain whether it was an old custom that we sometimes had to wait until the next day to have these comments and hear what the Senate had to say about the Bill in question. Regarding the Bill I have just called, are there any comments, yes or no? And if so, may we hear them today?

[*English*]

Mr. Speaker: The Hon. Member has raised a point which was raised obliquely in representations made yesterday and the Chair is considering the matter and will report back to the Chamber. I thank the Hon. Member.

ROUTINE PROCEEDINGS

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

PRESENTATION OF FIRST REPORT OF STANDING JOINT COMMITTEE

Hon. Bob Kaplan (York Centre): Mr. Speaker, I have the honour to present the first report of the Standing Joint Committee on Regulations and Other Statutory Instruments.

[Editor's Note: See today's Votes and Proceedings.]

* * *

PETITIONS

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have the honour to present several petitions concerning the imposition of a retaliatory tariff on imported books in the English language which has limited the access of Canadians to literature and information. The tariff has little negative effect on the publishing industry of the United States but penalizes Canadian consumers, book publishers, book sellers and distributors and Canada's culture. Rising book prices have placed a strain on the acquisition programs and policies of our nation's public and specialized libraries.

[*Translation*]

Mr. Speaker, the undersigned humbly pray Parliament to drop this tariff which threatens to cause irreparable harm to the Canadian book industry and to compromise federal policy on our cultural industries within the context of the free trade talks.

[*English*]

OPPOSITION TO PROPOSED CHANGE TO PATENT ACT

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I have the honour to present a petition pursuant to Standing Order 106 from residents of Winnipeg, Morden, Winkler, Portage la Prairie and others. The petitioners say that the federal Government's proposal to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy necessary prescription drugs. Therefore, they humbly pray and call upon Parliament to reject these

proposals which will increase prescription drug prices for Canadians. I have—

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, I have the honour and privilege of presenting petitions signed by many residents of Selkirk and Winnipeg, Manitoba, and these petitioners are opposing the Government's proposal to change the Patent Act relating to prescription drugs on the grounds that the changes will increase drug prices for Canadian consumers and that they will unfairly hurt Canadians whose health needs require the purchase of prescription drugs, and further that these proposals will result in higher costs to provincial Governments. The petitioners humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

• (1110)

Mr. Riis: Mr. Speaker, my hon. colleague, the Hon. Member for Winnipeg North (Mr. Orlikow) had another petition to present on a different topic. The Hon. Member wished to have leave to introduce that petition at the same time as he was introducing his original petition.

Mr. Speaker: Hon. Members know that the practice is to present all petitions at one time. However, the Chair feels that it would be appropriate to recognize the Hon. Member for Winnipeg North again.

OPPOSITION TO CUT-BACKS TO RESEARCH

Mr. David Orlikow (Winnipeg North): Mr. Speaker, pursuant to Standing Order 106, I have the honour to present a petition signed by residents of Gloucester, Ottawa, Russell, and others, in which they state that severe funding cuts to the National Research Council that have been imposed by the Government of Canada have caused disruption of scientific activity and threatened the economic future, as well as the health and safety of Canadian citizens. Therefore, they humbly pray and call upon Parliament to rescind the funding cut-backs to the National Research Council, including all consequent terminations and cut-backs in research activities, and to provide funding for the space program from sources other than the NRC budget.

OPPOSITION TO PROPOSED CHANGE TO PATENT ACT

Mr. Simon de Jong (Regina East): Mr. Speaker, I have been called upon by petitioners from Unity, Saskatchewan to present a petition to Parliament. The petitioners request that the Government withdraw its legislation which extends the patent rights to 10 years for the multinationals. The petitioners are fearful of an erosion of the drug plans that exist in this country. The petitioners feel that the extra costs that the poor, the elderly, and the sick will bear will be to the benefit of the multinationals.

Mr. Rod Murphy (Churchill): Mr. Speaker, I also have the honour under Standing Order 106 to present a petition which has been certified correct by the Clerk of Petitions.

In the petition people from the communities of Gillam, Thompson, and The Pas, Manitoba, have expressed their concern about the proposed measures that will unfairly hurt those Canadians whose health needs require the purchase of prescription drugs. In other words, they are complaining about the federal Government's attempt to change the Patent Act relating to prescription drugs. They feel that this will result in increased drug prices, especially for those who have a severely restricted ability to pay, and those who have a need to consume large amounts of prescription drugs. The undersigned petitioners humbly pray and call upon Parliament to reject these proposals, which can only result in the increase of prescription drug prices for Canadians.

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, I wish to present a petition this morning from a number of people in the Yorkton—Melville riding from the town of Preeceville in the northern part of my riding. They, too, are concerned about the Government's proposition to change the Patent Act. They say in their petition that the proposal of the federal Government will increase the cost of prescription drugs to Canadian consumers, and severely restrict the ability of the average Canadian to buy the necessary pharmaceutical drugs in this country. They also go on to state that this will hurt the health needs of Canadians, and result in higher drug costs in the Saskatchewan drug plans and, therefore, hurt the revenues of the Saskatchewan Government, and so on. I do not have time, of course, to read the entire petition, but these people are very serious. They humbly pray that Parliament listen to their request, will do what they are saying, and withdraw this particular Bill that is before the House. As I said before, Mr. Speaker, these people are from the town of Preeceville in the riding of Yorkton—Melville.

Mr. Jim Fulton (Skeena): Mr. Speaker, I am pleased to rise and present a number of petitions pursuant to Standing Order 106 that have been certified correct by the Clerk of Petitions. The petitioners are concerned about the Conservative Government proposal to change the Patent Act relating to prescription drugs. It is their view that this will increase drug prices for Canadian consumers, and severely restrict the ability of average Canadians to buy the necessary prescription drugs. The petitioners are also concerned that the proposed changes are another example of Canadian Government concessions to the United States in relation to the free trade negotiations. They ask that the House of Commons reject the proposals brought in by the Government to change the Patent Act in relation to prescription drugs.

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, I, too, am honoured to have this opportunity to table in the House petitions from my own riding of Windsor, Ontario, and from Regina, Saskatchewan. These petitions represent a part of the mounting numbers of Canadians who

are taking the opportunity to express their opposition to changes in the Patent Act, which would result in higher drug prices. The petitioners humbly pray and call upon Parliament to reject the proposals by the Government which will increase prescription drug costs for all Canadians.

[*Translation*]

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I have the honour of tabling a petition in which it is stated that the changes the federal Government wishes to make in the Patent Act will increase the price of drugs and will have a particular impact on persons whose state of health requires the ongoing use of drugs, that those changes will increase the cost of all provincial health insurance programs and that they are typical examples of concessions made by the Canadian Government to the United States in the free trade talks.

Mr. Speaker, petitioners are asking Parliament to reject those proposals.

[*English*]

Mr. Dan Heap (Spadina): Mr. Speaker, I, too, have the honour to present a petition from a number of people in Winnipeg, St-Vital, and St. Boniface petitioning the Parliament on the matter of the generic drug Bill that is now before Parliament, pointing out that this will bear very unfairly on people of low income, including senior citizens, because it will inevitably raise the price of drugs. Therefore, your petitioners humbly pray and call upon Parliament to reject these proposals, which will increase prescription drug prices for all Canadians.

OPPOSITION TO CUT-BACKS TO RESEARCH

Mr. Dan Heap (Spadina): I also have a petition on a different matter. This is a petition from a number of people in the areas of Ottawa, Gloucester, and nearby. It concerns the National Reseach Council funding. The petitioners regret the recent cuts in the funding, and they point out that the cutbacks will do serious harm not only to Canadian research, but to Canadian industry. The funding for the space program does seem irrelevant as an excuse for the cuts in the NRC program.

REMOVAL OF MAILBOXES BY CANADA POST

Mr. Dan Heap (Spadina): I also have a petition from a number of residents of Spadina, and other parts of the City of Toronto, concerning the post office and its action this summer and fall in removing about a third of the mailboxes, the letter drop boxes in which people mail their letters in the city. They pointed out that this was done without the proper consultation to find out which boxes were heavily used. They request that Parliament ensure that Canada Post will put the mailboxes back, and will consult with the residents of the communities affected before Canada Post removes these boxes, or any other services in the future.

80190—10

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE IN GOOSE BAY

Mr. Dan Heap (Spadina): I also have a petition from a number of people in Spadina, and in other parts of Toronto, concerning the Canadian Forces base at Goose Bay in Labrador, and the low-level flight training which is carried on there and over parts of Labrador and Quebec. The petitioners feel that this is not in keeping with a good Canadian defence policy, but in fact increases the risk of war, as well as disturbing the life of the people who live there. Therefore, they request Parliament to ensure that there will be an end to the low-level flight training at the Canadian Armed Forces base in Goose Bay, and an end to the negotiations with NATO for establishing a larger base there.

[*Translation*]

OPPOSITION TO PROPOSED CHANGE TO PATENT ACT

Mr. Steven W. Langdon (Essex—Windsor): Madam Speaker, I also have a petition. This petition has been certified correct in all respects pursuant to Standing Order 106 and it comes from small towns in Quebec, such as Cap-de-la-Madeleine, Trois-Rivières, Shawinigan, Saint-Étienne, and so on. This petition deals with the Patent Bill. The petitioners state that the proposed legislative changes will probably increase the price of drugs and that this is another instance of a Canadian concession in the free trade talks.

• (1120)

[*English*]

Mr. Nelson A. Riis (Kamloops—Shuswap): Madam Speaker, it is my duty and honour to present a petition to the House of Commons on behalf of a number of western Canadians. They point out that the proposed changes to the Patent Act will result in prescription drug prices increasing significantly. They suggest that the increase may even be as much as $650 million per year by 1995. They simply call upon Members of the House, particularly members of the Government, not to proceed with the legislation which would result in reducing competition in the Canadian drug industry and consequently in higher costs for prescription drugs to Canadian citizens.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 16 and 33.

Order Paper Questions

[*Text*]

INDUSTRIAL AND REGIONAL DEVELOPMENT PROGRAM

Question No. 16—**Mr. Scott (Victoria—Haliburton):**

Since September 1984, have any grants and loans been approved by the Department of Regional and Industrial Expansion under the IRDP program to companies within the constituency of Victoria—Haliburton and, if so (a) how many (b) by year, what was the total value?

Hon. Michel Côté (Minister of Regional Industrial Expansion): In so far as the Industrial and Regional Development Program is concerned: for the period September 1, 1984 to March 31, 1985, two grants were approved for a total of $612,200; for the period April 1, 1985 to March 31, 1986, three grants were approved for a total of $1,227,833; for the period April 1, 1986 to October 7, 1986, one grant was approved for a total of $1,250.

DIOXIN LEVELS IN FOOD

Question No. 33—**Mr. Caccia:**

1. Has the Department of National Health and Welfare been collecting data on dioxin levels in food and, if so (a) since what date (b) what levels have been measured and what is the significance of these levels?

2. Are there data on dioxin levels in the human body and, if so, what are the recorded levels and what is the significance of these levels?

Hon. Jake Epp (Minister of National Health and Welfare): 1. (a) The Health Protection Branch has been monitoring dioxin levels in food for more than 10 years. These studies have indicated that the foods most likely to contain dioxins are those with the higher levels of fat such as fish, meat, etc. Examination of fruits and vegetables has revealed no detectable amounts.

Two extensive studies of fish from the Great Lakes have revealed the presence of the most toxic dioxin isomer in some fish, primarily from Lake Ontario. A regulatory limit of 20 parts per trillion for this dioxin in fish was established in 1982. Compliance action is taken whenever violative levels are found. Studies of dioxin in fish are still under way.

A national survey of poultry and swine products revealed the presence of the higher (and less toxic) chlorinated dioxins in some products, probably arising from the use of pentachlorophenol in and around poultry and swine establishments. Action was taken by Agriculture Canada in 1981, following discussions with the Health Protection Branch, to limit the use of pentachlorophenol in such situations. A further national survey of poultry and swine products is under way.

The Health Protection Branch will continue its food monitoring program in these and in other areas, such as a total diet program, to provide continued reassurance of the wholesomeness of the food supply. Action will be taken to protect the consumer if any problems are detected.

2. The Health Protection Branch has conducted a survey of approximately 80 samples of human adipose tissue collected nationwide during 1972, 1976 and 1980. The data indicated a general low level contamination of adipose tissue in Canada with several dioxin isomers at levels ranging from approximately 0.005 ppb (parts per billion) for the most toxic isomer to 0.8 ppb (parts per billion) for the least toxic isomer. There were no significant qualitative or quantitative differences in contamination across regions or over the time period investigated. The source of contamination was not apparent from the general pattern of contamination.

Although the significance of this extremely low level of contamination is not known at this time it should be noted that similar levels of contamination are apparent in adipose tissue from other industrialized countries such as Sweden and the U.S.A.

Health Protection Branch scientists are presently working with scientists from other countries through the World Health Organization to more fully assess the significance and source of this contamination.

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Madam Speaker, if question No. 31 could be made an order for return, that return would be tabled immediately.

The Acting Speaker (Mrs. Champagne): The questions enumerated by the Hon. Parliamentary Secretary have been answered. Is it the pleasure of the House that question No. 31 be deemed to have been made an order for return?

Some Hon. Members: Agreed.

[*Text*]

DOLLAR VALUE OF GRANTS

Question No. 31—**Mr. Stackhouse:**

1. For each year 1984 and 1985, did the Department of Regional Industrial Expansion make any grants and awards and, if so, by province and territory, what was the total dollar value?

2. For each year 1984 and 1985, did the Department of Supply and Services award any contracts for goods and services and, if so, by province and territory, what was the total dollar value?

Return tabled.

[*Translation*]

Mr. Lewis: Madam Speaker, I ask that the remaining questions be allowed to stand.

The Acting Speaker (Mrs. Champagne): Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

[*English*]

POINT OF ORDER

ALLEGATION RESPECTING PRESS RELEASE LINKING NAMES OF OUTSTANDING PERSONS TO BILL C-22

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Madam Speaker, I rise on a brief point of order. Yesterday during Question Period the Hon. Member for Kamloops—Shuswap (Mr. Riis) raised two questions, as reported on page 1641 of *Hansard*, in which the suggestion was made that the Government was linking the names of Terry Fox, Steve Fonyo, and Rick Hansen to the Government's Bill changing the Patent Act.

The Prime Minister (Mr. Mulroney) undertook to review the matter. As reported on the same page of *Hansard*, he said:

—because there would be no intention of associating anyone with a proposal or a piece of legislation without his or her authorization—

We have now had an opportunity to review the news release in question. I will not read the entire news release. Of course it is available. It indicated that the Minister of Consumer and Corporate Affairs (Mr. Andre) "went on to say that Canadians obviously believe in the need for medical research. Terry Fox, Steve Fonyo, and Rick Hansen had raised millions of dollars, he noted".

Obviously in the news release the Minister was referring specifically to the question of medical research. There is no effort in the news release to link these individuals to the Bill. I do not believe my hon. colleague wished to leave a false impression with the House. I am simply correcting the record, as the Right Hon. Prime Minister indicated he would do.

Mr. Nelson A. Riis (Kamloops—Shuswap): Madam Speaker, I am very disappointed that I must rise in response to the reaction of my hon. colleague. In the press release to which the Hon. Member referred, arising from comments yesterday during Question Period, Mr. Hansen, Mr. Fonyo, and Mr. Fox were in a sense implicated by association. The press release dealt with the Government's plan to change the Patent Act, which would result in higher drug prices. It was a very partisan press release. It referred to opposition Parties in a very negative way and implied all sorts of negative things. Sprinkled throughout the press release were the names of these three great Canadians.

In the next press release which will presumably come out today, I submit that we will hear the names of Dr. Suzuki, Dr. Polanyi, Karen Kain, Peter Gzowski, Wayne Gretzky, or whoever else.

By implication these people were associated with the theme and thesis of the press release which was to make a case for the Government's changes to the Patent Act, the Bill presently before the House of Commons.

I submit that it is absolutely wrong and kind of sleazy for the Government to take the names of people, without their approval, and sprinkle them throughout a press release. It implies, by association, that these individuals stand behind the point or the thesis being made by the particular press release. Quite frankly I think it is inappropriate.

I appreciate the fact that the Prime Minister (Mr. Mulroney) indicated in his response that he was not aware of the press release. I am sure he was not aware of it because, if he had been aware of it, he would have said to the Minister of Consumer and Corporate Affairs (Mr. Andre) that to use the names of these people would be inappropriate. That is exactly what he said, and I think it is totally out of order—

The Acting Speaker (Mrs. Champagne): Order, please. I think both Hon. Members have had a chance to make their points. Should it be necessary, the Chair reserves a decision and the possibility to return to the point. However, at this time I think we should proceed.

Hon. André Ouellet (Papineau): Madam Speaker, I rise on a point of order. I understand the Parliamentary Secretary was conveying a message on behalf of the Prime Minister (Mr. Mulroney). I should like very much for the Prime Minister himself to respond in the House as he indicated yesterday he would do and come clean on this question.

Mr. John Nunziata (York South—Weston): Madam Speaker, I concur in the comments of the Hon. Member for Papineau (Mr. Ouellet) and of the Hon. Member for Kamloops—Shuswap (Mr. Riis). In my view it was in extremely poor taste for the Government of Canada to use the names of those three individuals.

The Acting Speaker (Mrs. Champagne): Order, please. Hon. Members should realize that I have already ruled on the question and that we should now proceed.

• (1130)

GOVERNMENT ORDERS

[*Translation*]

CANADAIR LIMITED DIVESTITURE ACT

MEASURE TO ENACT

The House resumed, from December 1, consideration of the motion of Mrs. McDougall that Bill C-25, an Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith, be read the second time and referred to a legislative committee.

Hon. André Ouellet (Papineau): Madam Speaker, I was a member of the Government that made a firm and unequivocal commitment to developing a genuine Canadian aerospace policy. This wise decision has made our country one of the world leaders in the aerospace industry. I therefore welcome this opportunity to speak to Bill C-25 and to say that, today, Canada has a strong dynamic and innovative aerospace

industry, thanks to the efforts initiated by the previous Government in the seventies.

Members will recall that the Liberal administration bailed out de Havilland and purchased the company in 1973 to save thousands of jobs in the industry in Canada. When the same situation arose in Montreal at Canadair, the Liberal Government at the time—this was in 1976—had no hesitation in intervening to save well-paid and interesting jobs at Canadair in Montreal.

At the time, we were taking over a company that was ailing, but since then, the company's administrators and its employees have made it a flourishing concern.

In fact, Canadair has become the cornerstone of the aerospace industry in Quebec, and during the past three years, its net profits have totalled several million dollars.

Unlike the Conservatives who at the time—this was in the seventies and the beginning of the eighties—were constantly criticizing the Liberal Government's attempts to support both de Havilland and Canadair, we have always believed in the future of these two companies, and especially Canadair. That is why we never had any hesitation in investing substantial amounts of money to provide a sound basis for the company's development.

Before I go any further, I would like to say that on this side of the House, we are delighted—as was the Hon. Member for Saint-Jacques (Mr. Guilbault), the party critic on this matter—with the sale of Canadair to Bombardier. Canadair, Quebec's aerospace motor, will be owned by another giant of Quebec's industry, and we are very happy indeed.

We are particularly pleased to see that the Government did not repeat the mistakes it made when it sold de Havilland. It seems that for once, by selling Canadair to a Canadian company, it has acted to protect the interests of Canadians instead of those of our neighbours to the South.

I am sure that Bombardier, a pioneer in the transportation field, will be able to diversify its capabilities and skills through its involvement in aircraft after having manufactured snowmobiles, locomotives and all-terrain vehicles. I have no doubt that the company's administrators have the ability to make Canadair a success.

And that, Madam Speaker, is as far as my words of praise go. Unfortunately, they must stop here. Once again the Conservative Government has shown its true colours in handling this deal—incompetence and carelessness—shrouded in haziness as it is. First, why did the Government give confidential information to the competitors? Second, why did the Government sell without first making sure that long-time Canadair employees, some with at least ten years' seniority and others with as much as twenty or even more, would be adequately protected? How could the Government make this sale without any concern for the job security of these people? Third, why did the Government not come clean with respect to the sale price and the assets transferred to Bombardier?

One very unclear aspect of this deal is this: did the buyer actually pay the price that was supposed to be paid for the corporation?

Fourth, why did the Government mishandle the F-18 maintenance contract so badly that in many regions of the country, at least among the Halifax company workers and those of the Winnipeg firm who were misled in the contract awarding process, people are now convinced that the Government made an outright gift to Bombardier in its selection of the successful bidder? Why did the Government so bungle and mess up the awarding of this contract? As I see it, those are the four questions which have yet to be answered and which account for the fact that this deal and this Bill are not as open and as clear as they should be.

If I may go back in time, to October 1984 to be precise, when we first heard that the Government was going to put Canadair on the block, the newly-elected Conservatives appeared to be in such a hurry that we could have expected the matter to be resolved very quickly. Unfortunately such was not the case and, as a result of endless foot dragging, we had to wait for more than two years before the Government introduced this Bill to finalize the sale of Canadair.

Now then, let us first consider the consequences of this ideological haste in the early years of this new political regime which simply had to get rid of all Crown corporations regardless of cost, circumstances or terms. The one-track mind Conservatives were determined to get rid of all Crown corporations.

What happened however is that the so-called Gulfstream case turned out to be an absolutely appalling experience for Canadair employees. As we recall, American-owned Gulfstream asked to see Canadair facilities. Should anybody be unaware of the fact, Gulfstream happens to be Canadair's main competitor on the jet and turbojet aircraft market, and its G-3 and G-4 products directly compete with Canadair's Challenger 601. Indeed, both Gulfstream and Canadair practically have the same customers.

In May 1985, Canadair board directors felt that this way Gulfstream might too easily acquire strategic data, so they unanimously refused to let Gulfstream gain access to confidential information such as the list of clients, marketing plans, research projects, customer service programs, future works, in short nothing less than the whole corporate planning of a concern in direct competition with similar companies. But what is absolutely incredible is that the Conservative Government, through Canada Development Investment Corporation which is the parent corporation of Canadair, ordered Canadair's Board of Directors to reveal all this information to Gulfstream, its competitor. With the list of its customers in its possession, Gulfstream, as early as July 1985, sent to the customers of Canadair a telegram totally detrimental to the sales of Canadair, and I should like to quote this telegram which is quite revealing and demonstrates to what extent this Conservative Government is either naive or incompetent. I quote:

which is quite revealing and demonstrates to what extent this Conservative Government is either naive or incompetent. I quote:

• (1140)

[*English*]

"With your involvement in the investment business, I have to ask if your pending purchase of the Canadair CL-601 is really best for you? CDIC's plan to sell Canadair is public knowledge. When that happens, to whom will you look for support? Spares? And what will be the effect on your long term investment in that product?

We can offer new Gulfstream III's now and Gulfstream IV's downstream, and we know who will be there to fully support your investment."

[*Translation*]

That is the kind of letter which was sent to the prospective clients and purchasers of Canadair. Although the newspapers of this country obviously denounced this situation, the Conservative Government found nothing wrong with it. Quite the contrary. CDIC again forced Canadair a second and even a third time to open its doors to Gulstream's experts. Well, having obtained all the strategic information it wanted about Canadair, Gulfstream, thus confirming the fears expressed by the Board of Directors in May 1985, announced in October in a very despicable fashion that it had changed its mind and would not buy the Challenger program from Canadair.

For this reason, I do not hesitate to say that the Government's slowness in proceeding with the sale of Canadair has probably resulted in several prospective buyers turning to products made by its United States competitors. There is no doubt in my mind that the Conservative Government must be held responsible for this serious situation. And I do not hesitate to say that the Government's indecision and administrative irresponsibility have certainly resulted in the loss of major contracts for the Ville-Saint-Laurent company. Its lack of concern has fed the employees quite legitimate worries. Indeed, Canadair's employees have mentioned three major concerns during the Government's discussions to sell Canadair.

First of all, in the area of job security, the employees feel that the guarantees are not strong enough. In fact, it can be said that there is practically no guarantee in that respect. Here is the commitment made by Bombardier in its memorandum of understanding and accepted by the Government.

The Bombardier company has committed itself to maintain existing levels of employment at Canadair, subject to cyclical shifts and sound business practices. What does that mean? In practical terms, that does not mean anything at all as far as the job security for thousands of Montreal workers is concerned. The Government has decided not to ease their fears, not to satisfy their request which I deem quite legitimate, and I accuse the Conservative Government of having abandoned Canadair employees to their fate.

Hon. Members will recall that during the seventies and in the early eighties, the Conservatives were against maintaining the large subsidies granted by the Liberal Government to ensure the survival of this company. Now, the first thing the Conservative Government does is to sell this profitable company to the private sector and to tell the employees: We are no longer responsible for your welfare; you have to rely on the new owners; good luck and goodbye. The Canadair employees are worried not only about their jobs, but also about their pension plans. The Government is refusing to provide the explanations which are absolutely essential in my opinion because these people, who have worked for this company for dozens of years and have invested their time, their talent, and also part of their income to prepare an adequate pension for themselves, are now faced with uncertainty about their pension plans. They have not been told whether their pension plans will be transferred to the new management of Canadair. The Bombardier commitments deal with the amount accumulated in the pension fund but the future use of these amounts is left completely vague, and nothing is said about the plan itself. I refer, Madam Speaker, to the commitment made by the Government and Bombardier: "CDIC and the Government garantee that the Canadair pension plans will be fully funded at the date of closing." But what will happen after the transaction? In addition, Bombardier and the Crown acknowledge that amounts in the Canadair pension plans will be for the sole benefit of the Canadair employees. Once more, we would have expected more forthrightness and clarity from the Government on such a major issue. Finally, the employees are also worried about the fact that nothing would prevent Bombardier from moving part of its Canadair operations to other plants in Quebec, elsewhere in Canada or even abroad. Obviously, these workers, who have been the key of the success of this company over the years, could have obtained better guarantees of a job and security for themselves and their families in the Montreal region. However, I am not surprised at the vagueness of the approach taken by this Government since it did nothing a while ago to save thousands of jobs in Eastern Montreal. One company after another had to close or to lay off employees who had worked for many years in transport related industries in Eastern Montreal. For weeks and months, the Conservative Government did absolutely nothing to counter this disaster in the Montreal region. And in the case of this transaction which turns over to the private sector a Crown corporation that could, through the Government, provide those people with thousands of jobs, the Government has done nothing to ensure that the purchaser, a private corporation, would remain as good an employer as the Government has been for its many employees over the years.

In conclusion, I would simply like to ask, as I did earlier in my remarks when I raised four questions: Why did the F-18 maintenance contract lead to such controversy? It is clear to me that at the time Bombardier was negotiating with the Government the takeover of that corporation, everyone knew the F-18 maintenance contract was to be awarded to a Canadian corporation as provided by the very deal that was struck when the F-18 contract was signed. The previous Government had included in that contract a commitment that phase two of the F-18 maintenance work would be done in

Canada by a Canadian corporation. That was in the original contract itself. And certainly Canadair's purchasers, Bombardier, did discuss that with this Government.

In conclusion, I will say it is clear in my mind that the people in Halifax and Winnipeg were taken in, because there was no other way than the right one, which was to give that maintenance contract to Canadair, the company that was the best prepared and the best equipped for the contract. I find it absolutely disgraceful that this Government should have decided on that tender process, the only effect of which was to deceive people in Halifax and Winnipeg since, from the outset, the contract was to be awarded to Canadair in Montreal. So this piece of legislation will have to be scrutinized in committee, because there are too many questions the Government has failed to answer.

• (1150)

[*English*]

Mr. Hovdebo: Madam Speaker, can the Hon. Member tell us what he believes should be done to ensure that the employees of the corporation are not disadvantaged in the turnover? Is it necessary to have further negotiations, or is it just a matter of delineating the areas of concern?

Mr. Ouellet: Madam Speaker, I appreciate very much the question of the Hon. Member. I am ready to support this legislation at second reading stage in order that it be sent to committee where we will study it clause by clause. In committee we will have a chance to ask the Government more questions about the intricacies of this contract and, hopefully, obtain satisfaction. However, if we do not obtain the answers to our questions, the onus will be upon members of the Opposition to submit amendments which would give the employees of Canadair greater guarantees.

I know many of these employees. Some of them live in my riding. They have been working for Canadair for years. These people deserve better treatment than the Government wants to give them. I believe the onus is upon Members of Parliament to ensure the continuity and vitality of this organization. It has provided a very useful service and a number of well paid jobs in Montreal. It would be a disaster if these people were not guaranteed future employment.

Mr. McDermid: Madam Speaker, I listened to the Hon. Member today and to the Hon. Member for Saint-Jacques (Mr. Guilbault) yesterday. They made the incredible claim that Gulfstream had some confidential information which no one else had and that it got this secret information through a telegram from Gulfstream to someone who is purchasing an airplane. That is the greatest red herring that has ever been brought up in the House of Commons.

A salesman for a company which is trying to sell an airplane will naturally use everything at his disposal to sell the airplane. It was public knowledge that Canadair was for sale. A salesman would tell the client not to buy the product of a company which is for sale. That is exactly what we are talking about. It is totally untrue to say that they have some confidential information. Gulfstream had no confidential information. It is absolutely ludicrous to try to tie it in with a salesman doing his job for Gulfstream. I believe that the facts should be presented as they are rather than as the Liberals see them.

Mr. Ouellet: Madam Speaker, I regret that I must disagree with the Hon. Member. However, it has been established that the members of the Board of Directors of Canadair were forced by the Government to give Gulfstream the list of potential clients of Canadair and those who have already purchased Challengers. They also had to give Gulfstream their research plans and marketing plans. I cited a letter which was sent. It is quite clear that in order to send such a letter Gulfstream would have had to have the list.

Therefore, three vital pieces of confidential information were given to a competitor. They were given to a competitor because, regardless of cost or risk, the Government wants to get rid of Crown corporations. The Government more or less gave de Havilland to Boeing. It was an absolutely scandalous sale. Fortunately Bombardier made a good offer for Canadair. If the employees had not objected and people of Montreal had not become furious with the Government, Canadair would have been sold to Gulfstream.

Day after day we see the Government's madness to sell Crown corporations at any price. The Government is selling CN Route for less than its book value. All across Canada employees of CN Route are being told that they will lose their jobs due to this sale. I am afraid the same thing will happen with Teleglobe. The Government has twisted the rules of the game three times already. It is so desperate to sell Crown corporations that it will sell them at any cost. We resent this and object to it. I want to say clearly and unequivocally that the Government was foolish to give so much confidential information to Gulfstream, the prime competitor of Canadair.

Mr. McDermid: Madam Speaker, the Liberals established approximately 400 Crown corporations during their years of so-called service to the country. As the Hon. Member knows, there is no mad rush to buy these Crown corporations. However, the Canadian people want Crown corporations which are not serving the public policy of the country to be in private hands. They told us that clearly on September 4, 1984. The Government is carrying out its promise in a reasoned and reasonable way.

• (1200)

I suggest that the Hon. Member talk to the workers at de Havilland today and ask them how they feel about the deal. They will tell him that there is more employment and more activity. They are doing very well. Approximately 1,000 of those workers live in my constituency and they are thanking me because, for once, there is some certainty and, for once, they now know they can have jobs. They are telling me that they are selling planes and they do not have the Government using them as a toy.

Mr. Ouellet: I remind the Hon. Member that this very viable Canadian company is now an American company. When things get tough, I want to see the Hon. Member come back and tell us what that American company will do to the workers.

Mr. McDermid: Who owns the technology?

Mr. Ouellet: The other point he raised concerns the number of Crown corporations. Yes, the Liberal Government created a number of Crown corporations, all of which were legitimate, all serving a useful and important role.

Mr. McDermid: Nonsense.

Mr. Ouellet: From CBC, to Air Canada, to Teleglobe, to a number of Crown corporations all across the country, like the Cape Breton Development Corporation. Where private sector business did not create the jobs and was not there to take the initiative, the Liberal Government created Crown corporations to ensure employment in every region of Canada, particularly in areas where the private sector will never go.

[*Translation*]

Mr. Gérin: Madam Speaker—

The Acting Speaker (Mrs. Champagne): Does the Hon. Member rise in debate?

Mr. Gérin: No, Madam Speaker, I simply wanted to make a comment on the speech—

The Acting Speaker (Mrs. Champagne): Order, please. The period for questions and—

Mr. Gérin: I might add, Madam—

Mr. Ouellet: No, it is over.

Mr. Gérin: It would not have been a favourable comment.

Mr. Ouellet: Have respect for the Chair.

Mr. Gérin: What a sophistical speech!

The Acting Speaker (Mrs. Champagne): I would ask the Hon. Member to resume his seat. Is the House ready for the question?

[*English*]

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, a number of my colleagues have pointed out some of the details that need to be considered in this divestiture of the Crown corporation. I want to comment on the direction the Government is taking in the divestiture of Crown corporations. We oppose this Bill for a number of specific reasons that do not necessarily relate to the particular Crown corporation in question but rather, relate to the policy and philosophy of the Government in its approach to privatization.

Its approach seems to be based on ideology that is quite different from the Canadian tradition with respect to Crown corporations. The provincial and federal tradition has been to deal with Crown corporations as part of the economy of the country. For example, that tradition has led to a mixed economy in Canada because Crown corporations have been able to assist the development of private corporations.

Previous Conservative Governments contributed a great deal to that mixed economy through the process of establishing Crown corporations. For example, the economy of the entire nation was developed as a result of the Conservative Government's establishment of Canadian National Railways, a Crown corporation. It contributed to the development of the manufacturing industries of Ontario and Quebec by being able to deliver the resources of other regions of Canada to those industries.

The Conservative Government is breaking a tradition that Conservatives themselves established, and it has not explained how the ideological reasons behind this decision will help develop the country.

Furthermore, this divestiture is against the mandate that it requested during the election in September, 1984. At that time, the Conservatives sought and received a mandate not to sell corporations like Canadair and de Havilland because they are key to an aerospace industry that the Conservatives wanted in Canada. In a press release on August 27, 1984—one week before the election—the Minister of Finance (Mr. Wilson) stated that this organization would be responsible for the aerospace strategy, so that Canadair and de Havilland will become commercially viable and will continue to be so into the next century. When the Government was elected, its mandate was not to divest itself of the aerospace industry and put it into private hands, but to establish it as a viable industry that would take us into the next century.

It should be noted that even the ideological reasons behind this divestiture are confusing. The Government does not seem to be consistent in how it will treat the Crown corporations that it is selling. The Government will use any excuse, regardless of whether it makes sense, as a basis for its divestiture of these Crown corporations.

Crown corporations have been established in Canada as instruments of public policy. Every Crown corporation has been established for good reasons such as economic development, job preservation and regional job development. While there are many examples of poorly operating Crown corporations, the reasons for that include the unfortunate policy of former Liberal and Conservative Governments over the years that these Crown corporations should be free-standing and at arm's length from the federal Government once they have been established. The Crown corporations seemed to take on a life of their own, which was not necessarily the objective when they were originally established. Therefore, rather than continuing to be instruments of public policy, Crown corporations had a tendency to become commercial enterprises bringing no basic benefit to the country. If that happens and if it is impossible to change the direction of those corporations, then I, and I suppose my Party, have no real quarrel with the idea of selling

them to the private sector as long as it is done in a way that does not disturb the basic economy.

• (1210)

When a Crown corporation stands alone commercially and starts to operate as if it were a private commercial enterprise, then it need not be sold automatically. We must look at it and decide if it was established for a policy reason and, if so, there must be some way in which it will affect the economy of Canada if it is removed from the public sector. Rather than putting it on the block for sale, we should ask why it was set up and see if we can return to the reason for its establishment. We should ensure that the people of Canada are getting the policy development for which the particular Crown corporation was established.

Sometimes successful Crown corporations are filling a need. Those needs are broad and many. Crown corporations have been used to develop resources and regional industries. They have been used as a window into a particular industry, an opportunity for the Government to know what is occurring in the industry and to know what kind of development is needed. This makes it less necessary to depend on multinational corporations whose reasons for being are quite often not necessarily of benefit to the Canadian people. If a corporation is put in place and does have an impact on a particular sector of the economy, the private corporations are forced to get in line in a competitive way.

As well, in the past, Crown corporations have often been leaders, either in a positive or a negative way, in examples of environmental control. Quite often these Crown corporations have also been used to establish the regulatory structure which is necessary in the development of an economy. The Government's privatization program is in place only for ideological reasons. The Government suggests that it is better for a private corporation to operate these industries rather than for a Crown corporation to do so.

For many years, the Government of Saskatchewan was involved in establishing a number of Crown corporations. Many people in the House and across Canada have suggested that the formation of Crown corporations is a basic principle of socialist Parties, while in fact there have been fewer Crown corporations developed in the Province of Saskatchewan than there have been in Conservative Alberta. Conservative Alberta has been much more prone to the development of Crown corporations so it may control the development of its industries. Saskatchewan confined its Crown corporations to the development of utilities and resources.

Tommy Douglas had a favourite saying which was: "You don't have to own an industry in order to have some control over it". He felt that it was quite possible to set up a structure which allowed a fair, easy and worth-while development of the economy of the province or the country without putting Crown corporations into place. That was the basic philosophy under which the Saskatchewan Government operated for those 30 years that Tommy Douglas was the Premier.

During the time Tommy Douglas was the Premier of Saskatchewan, the amount of private investment in Saskatchewan was very high. It contributed tremendously to the development of the province. Saskatchewan went from being a have-not province to being a have province. It went from having the highest per capita debt to having the lowest per capita debt in those years. It also ended up with a diverse economy.

This Government really does not know why it is pursuing privatization. I think that is the basic reason we feel that we cannot support this kind of divestiture, as much as we think that there are reasons in some cases for supporting the divestiture of Crown corporations. Until the Government has in place a policy which we can follow, we feel that we cannot support this kind of divestiture.

Canada is not the same as the United States. We would not have developed in the way we have if we had not had in place over the years Crown corporations like CNR. We would not have developed culturally in the way we have if we had not had in place another Conservative Crown corporation, the CBC. These Crown corporations contributed immensely to the development of Canada. To a great extent, the resources of Canada have been developed by Crown corporations.

It is not as if the Government had suddenly decided that certain Crown corporations were no longer commercially valuable, although that is what occurred with de Havilland. We are now told that de Havilland is producing tremendously and there is no reason to believe that it would not have produced just as well if it had remained a Crown corporation.

Canadair is the fourth, the fifth or the sixth Crown corporation the Government has sold off. It started out by selling off the Northern Transportation Company. I would venture to guess that the subsidies being paid to the present Northern Transportation Company are just as large as they were when it was run as a Crown corporation. The service to northern areas which was a requirement under the Crown corporation's mandate has diminished. Many communities in the north are no longer able to depend on the Northern Transportation Company for transportation.

The Government also sold the Kidd Creek Mines. The Kidd Creek Mines were to close down, but as I understand it, there was a need to keep a number of jobs in that particular area. There was no particular reason why the Kidd Creek Mines should not have been sold. Since it was part of the Canada Development Corporation, it did not require legislation to sell it.

• (1220)

We went through the process of selling de Havilland. Again, as with Canadair, it looks as though we will sell another corporation at a value much less than the people of Canada should have expected for the type of investment that they had made.

The Government sold Canadian Arsenals. Again, I think that the reason was ideological, and had nothing to do with the commercial aspects of the situation, because there were really good reasons for keeping Canadian Arsenals. There are many people in this country, and many people in the world, who would like to take the development or the production of armaments away from the private corporations that operate on a straight profit basis, and instead give it to the state that will then make it part of its keeping of the peace, rather than the making of war.

The Government needs to look very carefully at why it is doing what it is doing. We are different from the United States. Many years ago the Conservatives stopped the making of the Avro-Arrow, and by doing so eliminated the aerospace industry from Canada for many years. We still have not caught up to that Conservative mistake.

What the Government needs to put before this House is a plan for privatization, which we can accept and know that it will work and be for the benefit of Canadians.

The Acting Speaker (Mrs. Champagne): Questions or comments.

Mr. McDermid: I wish to make one brief comment on the Hon. Member's speech. It worries me when I hear an Hon. Member like my friend from Prince Albert stand up and talk about how great nationalization is, and how well the Government can run everything. It is obvious that the philosophy of the New Democratic Party is different from the philosophy of the Progressive Conservative Party. That is well known throughout the country. I cannot believe that the Hon. Member can stand up and say that all 400 odd Crown corporations that were created by the Liberals all served a very useful purpose and did a great job. Has the Hon. Member taken the time to look at those Crown corporations to which he refers in a very wide-ranging manner, and examine them like this Government has, and found some to be not serving the public policy position, and not doing the job for which they were intended?

Mr. Hovdebo: The Hon. Member has enlarged on the exact point that I have been trying to make, and that is that Crown corporations were established in the past for some reason. If that reason was good then, it should be looked at again before we divest ourselves of Crown corporations. I recognize that the 400 corporations that were established are not necessarily valid to the economy now. In fact, many of those Crown corporations were subsidiaries of Crown corporations that were purchased for a particular reason. For instance, there are 82 Crown corporations which are subsidiaries of Teleglobe. Because they were established in a variety of countries, they all contribute to Teleglobe as a Crown corporation which is viable and which is doing something for Canada. It is also providing service not only to Canada but to many other nations. The idea that a Crown corporation, because it is not making money or doing any good, should be kept or sold, is something that the Government needs to look at. I recognize that, and I suggest that the Government does a better job of looking at these Crown corporations. I do not think much of the idea that if it is making money, sell it; if it is not making money, then nobody wants it, so you keep on. If this continues, before long the costs of operation of Crown corporations will be much greater than at present because the Crown corporations that are being sold because somebody will buy them, will be the ones that make money. The Crown corporations that end up being operated by the Government will be those that are losing money.

Mr. McDermid: I wish to thank the Hon. Member for endorsing this Government's position on Crown corporations, that is, to review those Crown corporations that are in existence, and if they are not serving the public good, either fold them up, sell them or dispose of them in a manner that is right and proper. I wish to thank the Hon. Member for endorsing the Progressive Conservative policy on Crown corporations, and encouraging the Minister of State for Privatization (Mrs. McDougall) to get on with her job.

Mr. Hovdebo: As I pointed out earlier, we opposed this particular divestiture for three reasons. One, we have been given no reason why it should be sold. Regardless of whether it has been reviewed or not, the Government has not told us any good reason why it is to be sold. If you put a for or against situation here, there would be a long list of things against the divestiture, and a very short list for the divestiture.

Second, there has been no guarantee of jobs. There is no basic plan in place for privatization. We are asking that a plan be put in place for privatization, and then we can criticize the plan and know what the Government is doing.

Third, the price is wrong. It is a bad deal. There are three good reasons for keeping the company, and no good reasons for selling it.

The Acting Speaker (Mrs. Champagne): Questions or comments. Is the House ready for the question? On debate, the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy).

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Thank you, Madam Speaker, for the opportunity to participate in the debate of a very important subject which affects all regions of the country. It is certainly one that has been the cause of substantial concern and interest, particularly in my home Province of Manitoba.

The debate that we have listened to about the relative merits of privatization versus nationalization are worthy of some comment from this side of the House.

The reason for the existence of public corporations is that they are there to serve a public interest purpose. Certainly, in the case of Canadair, when the Liberal Government purchased it in 1976, it was clear that we were engaged in a major effort to maintain a substantial air frame manufacturing component in Canada itself. This was compared to some of the past

egregious mistakes made by previous Governments. We all have long memories of the serious problems caused by the sale of Avro-Arrow, and the disbanding of that capacity in the Canadian aerospace industry to produce airplanes.

The fact is that it was a government policy at the time to maintain and to preserve Canada's competence and capability in aerospace production. There is no question that Canadair is and was a major force in the development of the aerospace industry. Therefore, it can be justifiably said that there was a very definitive public interest to be served.

I wish to echo the comments that have been made that privatization for its own sake that simply proceeds from a preconceived, predigested notion of a market economy that has no place for government involvement simply does not make sense. In the case of Canadair, the involvement of government purchasing, marketing, and investment was the primary reason a major aerospace firm was able to continue in the City of Montreal. I would hope we would get away from the sterility of debate itself. The test must be whether there is a public interest to be met. If so, quite rightly the Government has a responsibility to assess where and how it can be most effective in its support.

• (1230)

In the case of Canadair, the Liberal Government of 1976 felt that it had to become a Crown corporation in order to survive. At the same time it was the clear intent that when, if and how management could be restored to the private sector, our Government was prepared to do it if all conditions involving research and development, job retention guarantees, and the maintenance of activities were met. Under the rubric of CDIC there was active development of the basic foundations of looking for a private sale.

This brings me to the specific initiative of the Conservative Government about which we are talking now—the actual sale to Bombardier. Is the sale proper and correct? Does it live up to the rules? In that respect I draw to the attention of the House correspondence which I directed to the Minister of State for Privatization (Mrs. McDougall) on August 20 of this year. I thanked her for sending me information on the proposed sale and the letter of intent. I also drew to her attention a condition incorporated in the letter of intent which indicated that there was a direct relationship between the sale of Canadair to Bombardier and the awarding of the CF-18 contract. I indicated that in the letter of intent the conditional nature of the royalty was far from apparent. Instead, the CF-18 systems engineering support contract was listed as an element of the Canadair sale price and given an estimated nominal value of royalties based upon Canada's share of program revenues. In my letter I went on to say that the transfer of the CF-18 systems technology would cause Canada to pay Crown royalties equal to 1 per cent of Canada's share of the program revenue.

I was really drawing to the attention of the Minister on August 20 that quite clearly in the bargaining and negotiations the Conservative Government had decided to provide the CF-18 work as one condition of the sale in order to get cash flow into Canadair sufficient to satisfy the requirements of Bombardier.

After August 20 there were repeated statements by various Conservative Members and Ministers declaiming any kind of connection or responsibility. After a two-month delay, the Minister of State for Privatization wrote back to me on October 7. Perhaps answering correspondence is not one of her strong points. In her letter she indicated that there was no connection between them. On September 4, the Minister of National Health and Welfare (Mr. Epp), who acts as a nominal regional Minister for the Province of Manitoba, indicated that the awarding of the CF-18 contract had nothing to do with any kind of prior commitment or sale, and that it would be done purely on the basis of its merits and on the basis of a fair tendering process.

I should like to indicate in the House today one reason the tendering process was skewered, biased, and unfair. Also it is one reason the contract was not awarded on the proper criteria. Clearly the Government of Canada had made it a conditional part of the sale when it negotiated with Bombardier. It is duplicity. It is a clear, unmistakable example of a Government not prepared to deal openly and honestly in the House and with Canadians. It says one thing and does another; it makes one claim and takes action in the opposite direction.

I do not have to tell the House the response generated by that particular action. Across the country there is clear recognition that the present Government of Canada cannot be trusted. There is a deep sense of betrayal and a deep sense of indignation.

I should like to refer to the results of a public opinion poll. They indicated, not surprisingly, that over 40 per cent of the persons polled in western Canada felt that it was an unfair and unacceptable practice on the part of the Government. It is also interesting to note that there was the same recognition in other parts of Canada not directly affected by the awarding of the contract. For example, 54 per cent of the people polled in the maritime provinces felt that the decision was unfair. In Ontario the figure was 48 per cent. The national average was 56 per cent.

What must be done to correct an incredible shabbiness which has in effect tainted the particular sale and has caused people to wonder what other kinds of deals and fixes are underneath the table? Obviously the Government of Canada should state clearly some time soon its intentions with regard to the Canadian aerospace industry. Does it have any real intention of ensuring a proper and continued development of Canada's aerospace capacity? I raise that question because two events have since occurred which give some cause for concern. One was the statement of the Minister of Energy, Mines and Resources (Mr. Masse). When commenting upon the awarding of the CF-18 contract, he clearly stated that it was a decision of the Conservative Government to concentrate and focus the development of aerospace technology in one

region of Canada. This raises a question because obviously it has not been the historical pattern up until now.

Since World War II the development of the aerospace industry has been in the Province of Quebec and the Province of Ontario. There has been a substantial portion in the Province of Manitoba, with a number of subcontracts being done in Vancouver, Halifax, and Calgary. If indeed it is the intention of the Conservative Government to begin to consolidate and concentrate the aerospace industry in one or two regions, then it should say so. It might find some capacity to be honest with Canadians. If that is the decision, it should be prepared to spell it out. However, at this point there is no aerospace development plan. There is no strategy. We have no idea what it is, other than the statement of the Minister of Energy, Mines and Resources. That was then followed by the task force report on the City of Montreal. In its own way that was an important and laudable achievement. However, why was it not done for other cities and regions? Why only for one? Why are all the other regions ignored when it comes to trying to develop an effective plan for federal involvement in regional development? I applaud the efforts to bring together business and labour with federal, provincial and municipal leaders to develop a strategic economic plan for an important region of this country. However, surely to goodness it should be done in all major regions of Canada. That would ensure that the principle of fairness is applied. It would show that we recognize the importance of equal sharing of the development in all regions. That principle is particularly important in the aerospace industry which is highly dependent upon government investment, contracts and research and development incentives. It is not a market-based industry. It would be nice if it were, but in fact it is highly sensitive to government decisions. A large part of its work is defence related and dependent upon government programs for research and development and expansion.

• (1240)

Right now there is a high level of uncertainty and anxiety in the industry. My City of Winnipeg has major aerospace manufacturers like Boeing and Bristol. They do not know what is coming next. They do not know how to proceed. They do not know if they should bid on contracts because they do not know the rules of the game anymore. Even after the CF-18 contract was awarded, tenders were put out on other government related aerospace work with the same kind of criterion, it being "social economic benefits", a one line criterion with no further elaboration. That is contrary to the demands we made in this House at the time the CF-18 contract was awarded. We said that if the Government was going to introduce new criteria such as that, it has a responsibility to ensure that the companies bidding on those contracts at least know what test they will be required to meet. However, that has yet to be done even though Ministers of the Crown must surely know by now what an egregious and stupid mistake they made in the way they handled that contract. Yet they have done nothing to correct it. As a consequence, the major players in the industry do not know whether to expand or whether to put money up front in the bidding for new contracts because they do not know whether the game is going to be played by the rules set by the Minister of Energy, Mines and Resources in his interview with *La Presse*, or by the rules of the tendering process set out in the manuals.

Here we are, in a climate of deep uncertainty, talking about the need to sell Canadair to a private company. The industry has no way to focus on its future direction. I had hoped the introduction of this Bill would afford the Minister responsible an opportunity to spell out how she sees privatization as part of an over-all plan for Canada's aerospace industry. How would she see it fitting in to relationships between Governments? Were there any other "favoured status" agreements that Canadair can use? What other understandings exist? The only way to clarify and clear away the lingering suspicion and skepticism about the way the Government does business is to put on the table exactly what it is the Government expects to happen. Yet nothing like that has been done. We have not received any kind of guarantee about what the future responsibilities and obligations of the federal Government will be to Canadair and the other major aerospace companies. The Government is seeking approval for the sale of a major aerospace company, and that is why I believe the onus is on the Government to provide to this House and the Canadian people, particularly the 45,000 workers in the industry, a clear indication of what the future will be.

The sale of Canadair raises no specific problems so long as we can clearly see that it was done by the proper rules and in the public interest. However, it was not done that way as the correspondence I have read in the record clearly shows. There has been no definition of what the public interest is. As a consequence, this sale will simply further muddy what are already very murky and troubled waters.

The Acting Speaker (Mrs. Champagne): Questions or comments? The Hon. Member for Brampton—Georgetown (Mr. McDermid).

Mr. McDermid: Madam Speaker, you are getting to know my riding very well. It is a great riding.

I enjoyed listening to my hon. friend and there are three things I would like to talk about. He spoke about workers and employment. It is interesting to note that when the Government owned de Havilland, employment went from 5,400 down to 2,800. It is now back up to some 4,800 employees, 600 of them hired since Boeing took over de Havilland. In the period of time when the Government controlled Canadair, employment dropped from 7,200 to 4,800 where it stands today. Obviously what the Hon. Member said about a Crown corporation providing a certain amount of certainty to its workers is totally untrue.

The Hon. Member also talked about uncertainty in the industry. He said the companies do not know what to do. If the companies are so uncertain, I want to know why they are hiring people in record numbers. Why did Boeing announce on

May 21 that some 250 new jobs were being created in the Hon. Member's City of Winnipeg? Why did de Havilland have record sales in June? That was due to the world-wide marketing program of Boeing which I think the Hon. Member will agree is one of the best in the world.

• (1250)

Finally, the Member suggests that there is linkage between the CF-18 contract and the sale of Canadair. Innuendo is very difficult to defend against. The Hon. Member has absolutely no proof that there was any linkage. The fact is that there was no linkage. As a matter of fact, I understand that Canadair had been involved for some time in the CF-18 proposals. I was somewhat involved in the CF-18 deal at its inception many years ago. We were talking about the servicing contract at that time. I think the Hon. Member will agree that there is no proof whatsoever of linkage in this particular sale.

Mr. Axworthy: Madam Speaker, I would be pleased to respond to the three points raised by my distinguished and hon. colleague opposite. He raised the question of whether it is better to have private control or public control with regard to the retention of jobs, research and development. I will remind him that it was only the purchase of de Havilland and Canadair by the Government of Canada that saved those companies. Had that not happened there would be absolutely no jobs in those industries. The foreign companies which owned de Havilland and Canadair were going to close them down. The Government faced a tough decision in the mid-1970s. We realized that the only way to preserve a major component of the aerospace industry was to put these companies under public ownership.

During that period of time both those companies were engaged in the development of new airplanes. They realized they had to keep up with the newly competitive market and had to invest large sums of money in the development of the Dash-8 and the Challenger. Development is not nearly as employment-productive as mass assembly. The private owners of de Havilland and Canadair will now reap the benefit of that major public investment which they acquired at fire sale prices.

The taxpayers of Canada put a lot of money into those companies to keep them contemporary in the very tough and competitive aerospace market. I believe that since the private owners can now utilize the technology which was developed they are obliged to give some guarantees. No one can say that we received proper and acceptable guarantees in the sale of de Havilland. In fact, it was reported recently that fixed-wing technology may be transferred from north to south rather than the other way around because the previous Minister did an abominable job in negotiating.

I am prepared to say that there was an improvement in this case. However, it cannot be argued that the way in which the ownership was directed indicates the superiority of the private side. It only shows that in this case the public sector lived up to its responsibility.

I was very interested in the comments about all the wonderful new jobs that are being created. My hon. friend ought to tell the workers at Bristol about that. The management of Bristol is contemplating closing down its air maintenance division unless it receives some work very soon. The way in which the contracting procedure was ruptured in the CF-18 decision was a clear transgression of these rules and has caused uncertainty. It will be very difficult to get boards of directors to authorize bids on contacts in the aerospace industry when they do not know whether the decision will be based on political muscle or proper criteria. That is the cause of the uncertainty at this time.

I do not know whether the Hon. Member was in the House when I referred to the correspondence which I sent to the Minister of State for Privatization on August 20. Bombardier's offer of 1 per cent royalties was included as part of the letter of intent. Based on that clear evidence, it is difficult not to see that there must be some connection.

I cannot prove what went on inside the Cabinet room. I was not there and I was not a direct party to the negotiations. However, when the letter of intent arrived on my desk on August 20 and I read the condition, the bells began to ring and alarms went off. I immediately phoned the people at Bristol Aerospace and told them they had a problem. That was a very clear indication that something was going awry. While I do not have the definitive proof which I wish I had, a good detective could see from the circumstantial evidence contained in that letter of intent signed by the Minister of State for Privatization that there was something more than smelly taking place in this deal.

Mr. Redway: Madam Speaker, during debate the Hon. Member spoke at length about and was highly critical of the awarding of the CF-18 contract to Canadair of Quebec as opposed to Bristol Aerospace of Manitoba. If the Liberal Party formed the national Government at this time, would it have awarded that contract to Bristol Aerospace of Manitoba rather than to Canadair of Quebec?

Mr. Axworthy: Madam Speaker, I am more than pleased to answer that question. First, a Liberal Government would honour a fair and proper tendering process. It would not screw around with it as the Government did. The clearly recognizable distortion which was engaged in would not be acceptable. As I said in my remarks, it is equally important that the Government of Canada establish a clear aerospace policy which would outline the proper development and maintenance of the aerospace industry for the country.

Members of the Government have not said how they will provide support and sustenance and ensure a fair distribution of aerospace work. That also would not be tolerated by a Liberal Government. We believe that the entire country deserves care and concern with regard to regional development. That would be the policy of a Liberal Government. We believe that regional development must be the preoccupation of the entire country. Coming from the city from which he

does, and based upon those two criteria, the Member should have the same worries as we have in Winnipeg.

The Acting Speaker (Mrs. Champagne): The period for questions and comments is over. With the consent of the House I would like to call it one o'clock. It being one o'clock, I do now leave the chair until two o'clock p.m.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

UNEMPLOYMENT INSURANCE

FORGET COMMISSION RECOMMENDATION CONCERNING EARLY RETIREES

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Tomorrow, Mr. Speaker, the Minister will table the Forget Commission report recommending that the Minister make up for the unfair treatment meted out by this Conservative Government and the Prime Minister (Mr. Mulroney) to 50,000 early retirees in Canada.

As everybody recalls, Mr. Speaker, last year at this time people who were being forced to take early retirement to enable younger workers to keep their jobs were entitled to withdraw their private pension funds and apply for unemployment insurance benefits.

Mr. Speaker, it was getting close to Christmas time so this Conservative Government—on the sly and without warning, as usual—decided that these people would no longer be eligible for UIC benefits. Commissioner Forget will strongly urge the Government to redress such unfairness, and I would hope that all Hon. Members will support Mr. Forget's recommendations.

* * *

PENSIONS

AMENDMENTS TO CANADA PENSION PLAN

Mr. Jean-Guy Guilbault (Drummond): Mr. Speaker, I should like to focus on another social measure of the Conservative Government, namely the Minister of Health's Canada Pension Plan amendments which will be in force as of January 1, 1987.

Under the new policy, Canadians will benefit from more flexible retirement conditions, the extension of the survivor's benefits in case of remarriage, and new rules on the sharing of credits and pensions between spouses.

Contributors will thus be eligible for CPP benefits between the ages of 60 and 70, and benefits will be reduced or increased according to the age of the contributor.

As well, disability benefits will increase from $87.56 to $224, up to a $588.58 monthly maximum. Benefits for survivors and retirees will also be going up.

These changes reflect the new needs of Canadian society and are one more proof of our Government's sense of equity and fairness.

* * *

[*English*]

EXTERNAL AFFAIRS

ISSUANCE OF PASSPORTS IN HONG KONG

Mr. Dan Heap (Spadina): Mr. Speaker, are Canadian passports being marketed in Hong Kong? The recently formed Alberta World Securities Fund ran afoul of the Hong Kong Securities Commission with an unauthorized press conference. Even the presence of Alberta's Minister of Career Development and Employment failed to save them from having to apologize and withdraw their public offer of investment and immigration services.

But it seems that Canadian passports are the real investment. The *South China Morning Post* quotes the fund's marketing expert as saying that anyone with $500,000 would be more concerned with the passport than with the return on investment.

She said: "My belief is that the immigration option is their first priority".

Current Canadian regulations can admit anyone who passes health and security checks, has half a million dollars, and invests $250,000 in Canada.

This and the entrepreneur program are taking staff time away from processing Canadians' applications to sponsor their relatives to enter Canada. This causes slowdowns for family applications, one reason why the Government has failed to meet its 1986 levels for family reunification.

The Government puts dollars ahead of people.

* * *

REFUGEES

IRANIAN AND HUNGARIAN CASES

Mr. John Oostrom (Willowdale): Mr. Speaker, in dealing with immigration, the Government has a responsibility to consider each case on its own merits.

S.O. 21

In recent weeks the Opposition has put the Immigration Minister on trial through a series of misrepresentations which I would like to correct.

The case of the Iranian in the United States is entirely under American jurisdiction. Not only has he lived in the United States for the past eight years, he was found not to be a convention refugee by both American and Canadian officials. Contrary to what the Member opposite is suggesting, I am informed that neither he nor members of his family, his parents, brothers or sister, have ever suffered any persecution in Iran.

Does the Opposition not realize that to allow this person to enter Canada on the basis of humanitarian and compassionate grounds where none exist would simply invite increasing pressure for us to do so in other similarly undeserving cases?

• (1405)

In the case of the Hungarian and his family, the Minister's permit has now been issued and, of course, these individuals must pass the necessary medical and security checks before they are allowed to come to Canada.

* * *

[*Translation*]

PHARMACEUTICAL INDUSTRY

CONSEQUENCES OF PATENT LAW AMENDMENTS

Mrs. Thérèse Killens (Saint-Michel—Ahuntsic): Mr. Speaker, in his bill on drug patents, the Minister has totally ignored Dr. Eastman's recommendations. The Minister is still arguing that the prices will not increase by a single cent following the passage of his bill. It is a fact that the presence of generic products tends to decrease prices, said Dr. Eastman. He has also stated that in 1983 Canadians paid $200 million less for medical treatment because 32 generic drugs were available.

[*English*]

In answer to the Minister's denial of price increases, Dr. Eastman said:

My expectation is that the proposed legislation will delay generic competition for some of the new drugs and in consequence delay the reduction in their prices which such competition causes.

What this Bill is doing is removing the competition in the market-place. That is why we are against it.

[*Translation*]

That legislation will have serious consequences. It will remove all competition for 10 years. The Minister uses the sick to try to create jobs. How disgraceful, Mr. Speaker.

[*English*]

CANADIAN NATIONAL RAILWAYS

PENSION PLAN—COMMITTEE'S RECOMMENDATIONS

Mr. Ken James (Sarnia—Lambton): Mr. Speaker, in early May of this year a subcommittee of the Standing Committee on Transport tabled in the House a report on the Canadian National Railways Pension System. The Committee recommended, first, that a measure of inflation protection be a priority item at the next round of contract negotiations between CN and the railway unions and that the matter be bargained with a serious intent to reach a solution and, second, if the parties fail to reach a solution, or if the solution fails to provide a reasonable measure of inflation protection, the Government itself should introduce legislation providing a reasonable measure of inflation protection in the CN plan, the cost to be borne by CN and its employees.

The Committee was asked to examine this problem at the request of CN pensioners. The Minister of Transport (Mr. Crosbie), after the report was tabled, asked CN to respond. I would call to the attention of the House that six months later the CN pensioners are still awaiting a response from the corporation. I would ask the Minister of Transport to follow through with CN as to the timeliness of its reply.

* * *

CANADA POST CORPORATION

RURAL SERVICE—OPPOSITION TO PROPOSED PLAN

Mr. Maurice Foster (Algoma): Mr. Speaker, I call to the attention of the House how the Mulroney Government is planning to devastate Canada's rural mail service.

Mr. Speaker: Order, please. The Chair must call to the attention of the Hon. Member that the use of the words as used is improper. Would the Hon. Member continue.

Mr. Foster: Consider the few facts which are available so far. Over 9,000 jobs with the Post Office will be lost in rural communities by 1991 at a time when unemployment is already high, 2,000 post offices in communities of less than 1,000 people and 1,500 post offices with less than 75 points of call will be turned over to the private sector, and 1,700 smaller post offices will be amalgamated with larger ones. Thousands of hamlets across Canada which are not incorporated municipalities will lose their postal and community identity forever. People living on rural sideroads will lose the rural route service they have had for the last 50 years and have to travel some 50 miles to "super" boxes to get their mail.

The handling of postal services is just like everything else the Government does, it makes a super mess of it. I call upon the Government to abandon this plan to destroy rural mail service in Canada.

ENERGY

HUSKY HEAVY OIL UPGRADER PROJECT—ADDITIONAL SUPPORT ADVOCATED

Mrs. Barbara Sparrow (Calgary South): Mr. Speaker, I would ask the Government to give consideration to additional support for the Husky upgrader at Lloydminster. We should not, of course, support uneconomical private undertakings, but if an oil price of $20 U.S. per barrel returned within a year or so, as quite reliably forecast, the upgrader would be an economically viable project. With Government support, the scheduled start-up date of 1990 could be achieved.

It appears that the need for government support is being dictated by the financial institutions due to the size of the project. If support is not forthcoming, developments such as this may, and I repeat "may", only be undertaken by major oil companies, and independent small Canadian companies will be shut out.

The technological expertise is being rapidly dissipated and we could well face the situation where, to undertake such a major project, we would need substantial foreign technical assistance.

* * *

• (1410)

SOCIAL SECURITY

NON-PAYMENT OF CHILD TAX CREDIT

Mr. Rod Murphy (Churchill): Mr. Speaker, one of my constituents, Cindy Iles of The Pas, Manitoba, did not receive an advance child tax credit payment last month. She was eligible under the new program but Revenue Canada has not been able to update her records.

In October of 1985 Mrs. Iles had bankruptcy proceedings against her discharged and this information was forwarded to Revenue Canada. However, one year later when the prepayment cheques were issued, Mrs. Iles was disqualified because Revenue Canada's computer still had her listed as a bankrupt.

Mrs. Iles and her husband have three children. Her husband was on sick leave for eight months this year and the family is financially strapped. Without exaggeration, it can be said that because of Revenue Canada's incompetence they will not have a very merry Christmas this year.

How many thousands of other Canadians are also facing a bleak Christmas for this same reason? It is up to the Minister to make sure that the records of the Department are up to date. To be one year behind the date is completely unacceptable.

S.O. 21

CRIMINAL CODE

FORTHCOMING LAW REFORM COMMISSION PROPOSALS

Mr. Andrew Witer (Parkdale—High Park): Mr. Speaker, this week the Law Reform Commission will table the first instalment of its proposals for a new Canadian Criminal Code. Canadians are anxiously awaiting these proposals having made it clear that they expect the Government to take effective action to deal with crime and the criminal element.

I have received many calls and letters on this issue, both from my constituents and from people across Canada, demanding the imposition of stiffer penalties, particularly against those crimes which endanger life and property. Canadians are tired of being victimized and are angry that the justice system provides little protection for victims of crime while providing criminals with every possible consideration and safeguard.

Canadian citizens deserve adequate protection from the legal system. I urge the Government to ensure that any legislation resulting from the Commission's proposals will reflect the views of a growing number of Canadians who demand justice for the victims of crime.

* * *

AIRPORTS

SYDNEY—REDUCTION IN TRAFFIC CONTROL SERVICE

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, the Conservative Government seems to be intent on destroying the economy of Cape Breton Island and the will of its people. At a time when the Government talks of encouraging investment and building the economy of the Island, it has announced that air traffic control service will be cut at the Sydney airport.

Service by professional air traffic controllers will only be available during the daytime hours between 8 a.m. and 4.30 p.m., a reduction of six and a half hours. Officials attribute this decision to intermittent air traffic. However, flights have increased by 15 per cent in the past year.

This move will result in the loss of jobs on Cape Breton Island and will increase the risk to the travelling public. Furthermore, it will further discourage economic investment in Cape Breton. I urge the Minister of Transport (Mr. Crosbie) to reconsider this terrible decision which will result in the saving of only $60,000 to $80,000. Obviously money is more important to the Government than people.

S.O. 21

DISARMAMENT

LIBERAL PARTY RESOLUTION ON NUCLEAR-FREE ZONE

Mr. Alex Kindy (Calgary East): Mr. Speaker, while watching the Liberal Convention on television this weekend, I was amazed by the Party's resolution to declare Canada a nuclear-free zone for the sake of peace. This resolution must have come as a shock to our allies in western Europe and the United States of America.

What this resolution really means is that we would abandon NORAD—no more air defence for Canada—and pull out of NATO—no more defence for Canada against the Warsaw Pact nations. In short, we would become a puppet for the Soviet Union.

Canada's policy should be, and according to this Government is, to bolster its defences so that it can make a meaningful contribution to NATO in order to preserve peace and forestall the expansion of the Soviet empire as witnessed in Hungary, Czechoslovakia, and Afghanistan.

* * *

EMPLOYMENT

AWARDING OF TRAINING CONTRACTS IN ONTARIO

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, after long and difficult negotiations Ontario finally obtained an agreement with the Government of Canada to improve Ontario's capacity to provide high quality training for its citizens, particularly its young citizens. That agreement included provisions to ensure that community colleges in Ontario would receive a fair chance to bid on training contracts funded by the federal Government.

In these days of high government deficits that refuse to decline, why, I ask, would Canada allow half of those purchases for training to be made outside the college system where the costs are very much higher? Not only is this bad management, something for which the Government now has a reputation, but it is wasteful of taxpayers' dollars and violates the agreement with Ontario, underscoring again that the Government in Ottawa is rapidly losing public trust.

* * *

• (1415)

NORTH ATLANTIC TREATY ORGANIZATION

LIBERAL PARTY POLICY RESOLUTIONS

Mr. Bob Hicks (Scarborough East): Mr. Speaker, this Progressive Conservative Government has now, and has always had a clear-cut unified policy on Cruise missile testing, and most especially the necessity of maintaining our strong participation in the NATO Alliance.

However, it will take me several months to try to sort out and analyse the varied hypocritical statements and policy motions made at the Liberal Convention. Thank goodness that Party is not in a position to attempt to put into effect some of these fuzzy, fuzzy suggestions.

The best statement was by the Leader of the Opposition (Mr. Turner) who is quoted as saying that "Convention policies while highly persuasive would not be binding." However, divisions in the Liberal Party would appear to be deepening as Liberal Members of Parliament say the Leader must adhere to those policy resolutions.

Mr. Speaker: Hon. Members would, I know, wish me to call attention to the fact that the Hon. Member for Yorkton—Melville (Mr. Nystrom) will rise on a short statement concerning a long-time friend and colleague of all of us.

* * *

HON. STANLEY KNOWLES

FORTY-FOURTH ANNIVERSARY OF ELECTION TO HOUSE OF COMMONS

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, I am sure all Members of Parliament will join me in wishing the best to Mr. Stanley Knowles who, on Sunday, November 30, celebrated the forty-fourth anniversary of his election to the House of Commons.

Some Hon. Members: Hear, hear!

Mr. Nystrom: I wish to add that Mr. Knowles has taught us what one Member of Parliament can do. Not only did he serve his constituents with great dignity, but he became known as "Mr. Parliament" because of his love of this institution. He also became known for his fight for pensioners and medicare across the country.

If I may borrow the words of the Member for Sudbury (Mr. Frith): "Stanley, you are first in our hearts".

Some Hon. Members: Hear, hear!

Right Hon. John N. Turner (Leader of the Opposition): I wish to thank the Member for Yorkton—Melville (Mr. Nystrom) for reminding us of this very happy occasion. Mr. Stanley Knowles was dean of the House of Commons. He is a great authority on parliamentary procedure and on the rights of Parliament, and a great crusader on behalf of the rights of our pensioners.

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): Mr. Knowles accompanied me and others, including the Hon. Member for Annapolis Valley—Hants (Mr. Nowlan), to the funeral of the

late Don Jamieson a short time ago and we had the opportunity to renew our friendship. Everybody in Newfoundland appreciated the courtesy of his visit. I had the honour of dining with Stanley Knowles, which reminds me of the famous remark by Grattan O'Leary, "Although he votes with the NDP, he prefers to dine with the Grits".

Some Hon. Members: Oh, oh!

Mr. Broadbent: We will accept it that way.

Right Hon. Brian Mulroney (Prime Minister): I just assume that Stanley had to pay for another dinner.

Some Hon. Members: Oh, oh!

Mr. Mulroney: How are the prices at Winston's?

Some Hon. Members: Oh, oh!

Mr. Mulroney: "Winston's in St. John's", says the Leader of the Opposition.

I would like to add a word of congratulation to a most distinguished parliamentarian, a man of genuine accomplishment who has done a great deal for his constituents, for his province, and for Canada.

Some Hon. Members: Hear, hear!

[*Translation*]

Mr. Mulroney: Mr. Knowles, on this occasion we are extending to you our congratulations and best wishes.

[*English*]

Mr. Turner (Vancouver Quadra): Mr. Speaker, after that last intervention by the Prime Minister (Mr. Mulroney), he owes Stanley a dinner at the Ritz-Carlton in Montreal.

Some Hon. Members: Oh, oh!

Mr. Speaker: Oral Questions.

ORAL QUESTION PERIOD

[*English*]

REFUGEES

SITUATION OF IRANIAN SCHEDULED FOR DEPORTATION FROM UNITED STATES

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I have a question for the Prime Minister, and I have given his office notice. It relates to a question put yesterday, and earlier, by my colleague from York West.

• (1420)

The Prime Minister is aware that the Minister of Employment and Immigration has refused to extend a ministerial permit to a 25 year old Iranian who will be deported from the United States back to Iran. Given that this young man, at least to my knowledge, has no criminal record and may well face death upon his return, would the Prime Minister tell the House what compelling reasons prevent the Government of Canada from giving him the right to life in this country?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I think Canada has a record of great distinction over the years in dealing with refugees. Most recently I think that was established by the Secretary of State for External Affairs in helping to bring a number of refugees from Afghanistan to Canada.

In the case at hand, I am informed that the gentleman is a resident of the United States where he sought refugee status. I am informed there is nothing in his record which would warrant that status in the United States or pursuant to UN convention. We have many thousands of people seeking admission to Canada for legitimate reasons. We have objective criteria which are administered by public servants at all times with fairness and compassion. I think that has been the manner in which this particular case has been administered to date. If, however, my right hon. friend has any further information with regard to the case which he would care to impart to the Minister, I am sure the Minister would be happy to consider it and to review the decision in light of the information.

GOVERNMENT POLICY

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I call to the attention of the Prime Minister his very eloquent words with which I agreed at the time of the entry of Tamil refugees on to the shores of Newfoundland. At that time the Prime Minister said:

> If we err, we will always err on the side of justice and compassion.

How can the Government of Canada give the gift of citizenship to a man with 20 admitted convictions and yet refuse the gift of life to a man who will be deported by the United States back to Iran where he faces almost certain death unless Canada offers sanctuary?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I am informed that the conclusion which my right hon. friend draws may in fact be quite inaccurate. Be that as it may, my right hon. friend draws an analogy to a group of citizens who arrived in boats off the coast of Newfoundland and Labrador last summer. Indeed I indicated that such people would never be turned away from Canada. They were hopeless people seeking exile and some possible future in Canada.

There is a big difference with someone who has been a resident of the United States since 1978 and, I understand, is married to an American citizen. He has sought refugee status repeatedly in the United States and has been turned down because of its internal objective criteria. He has been denied by the UN for the same reasons. I think there is a world of difference between the two cases, which is not to suggest that if my right hon. friend has new information to impart in this

regard to the Minister it could not be beneficially reviewed by the Minister.

JUSTIFICATION FOR GOVERNMENT POSITION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, as my right hon. friend knows, Canadians in Yarmouth, Nova Scotia, are willing to receive this young man and to offer him a job. Perhaps it is up to the Prime Minister to explain the following to the House. In view of the circumstances set forth quite clearly by the American Embassy, how does he justify not extending a hand to this person who, if he does not intervene, will be left to his own and, I believe, hopeless resources when he is sent back to Iran?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the Leader of the Opposition says "I believe hopeless resources" and that something untoward will happen should he be returned to Iran. If there is any information we would be happy to review it. We would clearly want to avoid any difficulty for anyone, including this gentleman who has been a resident of the United States since 1978, who, I believe, is married to an American citizen, and whose case has been reviewed many times by the Americans and by the UN. If my right hon. friend knows of anything at variance with what I have said, the Minister will be happy to review it.

• (1425)

Canada welcomes legitimate refugees at all times. This Government has increased the number of people eligible for refugee status, and we shall do more. We are committed to a progressive and open policy which will help refugees come to Canada, but that means being fair with other legitimate refugees who are lining up to come to Canada. That means applying objective criteria as fairly and compassionately as we can. That in turn means from time to time that not everyone can get in. We regret that. However, we must have a reasonable policy which guarantees access for those most in need.

Some Hon. Members: Hear, hear!

* * *

PHARMACEUTICAL INDUSTRY

AMENDING LEGISLATION—POSITION OF ONTARIO MINISTER OF HEALTH

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, my question is directed to the Prime Minister. His Minister for Consumer and Corporate Affairs has allowed his office to be manipulated by Frank Moores' lobbying firm in aid of multinational drug companies, yet he refuses to meet with the Ontario Minister of Health or his officials who have waited eight weeks for a reply. How can the Prime Minister defend those actions? Is he suggesting that the Ontario Minister of Health has to hire Frank Moores to get an appointment?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I have never refused to meet with the Ontario Minister of Health. The letter read out in the House some days ago from that Minister to me was replied to some few days later. In that reply I indicated the position of our Government. There is no truth to the accusation the Member has just made.

As to lobbying, there is in fact a group of former Conservatives, lobbying very hard of behalf of the generic companies, with whom I have met. I have never met personally to discuss this subject with anyone from GCI.

REQUEST FOR MEETING BETWEEN FEDERAL AND ONTARIO OFFICIALS

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, will the Minister therefore instruct his department officials to meet with the Deputy Minister of Health for Ontario—

Some Hon. Members: Oh, oh!

Mr. Frith: —and the Minister as well—don't worry about it, folks—and bring with him the estimates of the cost impact on provincial health budgets as a result of higher drug prices?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I have said repeatedly in the House that if the Opposition allows this Bill to go to committee we will have ample opportunity to discuss all those cost estimates. I think that would lead to a better informed public, more so than any meeting of officials. However, I have no objection to any meeting between officials, and if he is making a representation on behalf of the Ontario Government then I will take it as such and see that the meeting takes place.

POSITION OF SENIOR CITIZENS

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the same Minister. Thousands of Canadians, senior citizens as well as others, have protested Bill C-22. It will mean an increase in costs for medication by up to $650 million a year.

Some Hon. Members: Oh, oh!

Mr. Broadbent: Their protests are increasing. Furthermore, we have today in Ottawa from southwestern Ontario a group of senior citizens who want the Government to back down on this legislation. Considering all that, will the Minister tell the House how many Canadians he has to hear from before he will come to his senses?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I am going to be meeting with that group of senior citizens tomorrow. I have received telexes today from the First Seniors Resource and Research Society of British Columbia, the past President of the Canadian Cardiovascular Society, the Treasurer of the Montreal General Hospital, the Canadian Society of Industrial Pharmacists, the Alberta Council on Aging, and the Federation of Senior

Citizens of Quebec, all of whom urge us to go ahead because they recognize that medical research is absolutely important to their future health and well-being.

Some Hon. Members: Hear, hear!

Mr. Broadbent: I assure the Minister that he will hear from many thousands of Canadians, representing the majority, who are on the other side of the issue.

Some Hon. Members: Hear, hear!

CREATION OF JOBS—INQUIRY CONCERNING MULTINATIONAL COMPANIES

Hon. Edward Broadbent (Oshawa): Mr. Speaker, as the Minister has referred to jobs I have a very specific question. We have dealt to some extent with the issue of prices and the Minister has now raised the issue of jobs.

• (1430)

Will he confirm that a lobbyist representing multinational drug companies from the United States was in direct contact with officials in his Department during the summer requesting the removal from any legislation in this field of any requirement about specific performance for jobs in Canada?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, in the preamble of his question the Leader of the New Democratic Party suggested that millions of Canadians are opposed to more medical research in Canada. He is suggesting that millions—

Mr. Broadbent: Deal with the question, Harvie.

Mr. Andre: —of Canadians are opposed to 3,000 research jobs in Canada. I do not believe that, and I have ample evidence to support my contention.

I do not know who met with whom this summer. I have certainly never met with anyone such as the Hon. Leader of the New Democratic Party describes. I can assure him that if he will co-operate in sending this Bill to committee he will see that it is good news for Canada. We should give it passage because it is in the health and economic interests of Canadians. We would be fools to turn down this kind of benefit.

PROVISION IN DRAFT LEGISLATION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, after I saw the American spokesperson on television a week or so ago I did some checking. I am sure the Minister saw the program. In the draft Bill which the Minister was to present in the House last June there was a clause which would have required drug companies to produce jobs in Canada within two years or they would lose their monopoly. Why was that clause removed from the Bill just as the American lobbyist said on television that it was?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I have answered that question in the House already. It was removed from the Bill because the Canadian Drug Manufacturers' Association, which represents the generic companies, asked that it be removed. The provision to allow manufacturing in Canada after seven years will allow Canadian generics to go on the market after seven years. This will give Canadian drug manufacturers the opportunity which they requested. In response to a lobby by people here in Canada I put that provision in.

[*Translation*]

GOVERNMENT PROVISION

Mrs. Thérèse Killens (Saint-Michel—Ahuntsic): Mr. Speaker, my question is directed to the Prime Minister. I have here a press release signed by ten senior citizen and consumer associations from Quebec who object to the proposed amendments to the Patent Act. These groups believe that prices will go up and that they will end up paying the bill through the provincial governments and their pharmacists, through their taxes and insurance premiums. Why is the Prime Minister using the ill supposedly to create jobs?

[*English*]

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I have a letter from the Quebec Federation of Senior Citizens. It reads in part:

[*Translation*]

"We believe that this change in the Patent Act is necessary to stimulate research and thus discover new drugs to treat diseases for which there is no cure yet, such as cancer, Alzheimer's disease, AIDS and cardiovascular diseases."

REQUEST THAT GUARANTEES BE MADE PUBLIC

Mrs. Thérèse Killens (Saint-Michel—Ahuntsic): Mr. Speaker, you will not let me read the names of these associations, so I will send a copy to the Minister. I have ten here from Quebec.

There is nothing in the Bill to guarantee those 3,000 jobs. There is nothing in the Bill to guarantee investments totalling $1.4 billion. Could the Minister disclose the guarantees he received?

[*English*]

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I would be delighted to. Only yesterday I announced $70 million in new spending in Nova Scotia and Newfoundland in that regard.

Some Hon. Members: Hear, hear!

Mr. Andre: That brings the total so far to approximately $550 million.

Some Hon. Members: Hear, hear!

Mr. Andre: I am also aware of and very sensitive to the fact that the Quebec National Assembly, under two different

Governments, passed unanimous resolutions asking us to do exactly what we are doing.

Some Hon. Members: Hear, hear!

* * *

AIR TRANSPORT

REPORTED IMPENDING TAKEOVER OF CANADIAN PACIFIC AIRLINES BY PACIFIC WESTERN AIRLINES

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, my question is for the Minister of Transport. The Minister is aware of the impending takeover of Canadian Pacific Airlines by PWA resulting in one less competitor in the airline business. Is this the kind of free enterprise competition that the Minister and the Government have in mind for a deregulated transportation environment?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, the takeover by PWA of CP has not yet been confirmed. It can be looked at in several ways. It may lead to more competition in the air transporation industry by establishing two strong national airlines. If anyone believes that this may not be in the public interest, all they need do is make a complaint to the Canadian Transport Commission which will investigate.

Some Hon. Members: Oh, oh.

Mr. Orlikow: That will be a big help.

Mr. Crosbie: I really do not like being interrupted by catcalls, Mr. Speaker.

Some Hon. Members: Oh, oh!

Mr. Broadbent: How times change.

Mr. Crosbie: There is simply no civility in this House.

The Canadian Transport Commission can review the matter and decide whether or not to hold a public hearing.

Ms. Jewett: What do you think about it?

Mr. Crosbie: The Hon. Member has a lot to say and I have very little to say in this House.

Mr. Speaker: Order! Order! The Chair can advise all Hon. Members that so far there has been nothing unparliamentary. Would the Hon. Minister continue?

Mr. Crosbie: Mr. Speaker, I really dig your new regime.

Some Hon. Members: Hear, hear!

Mr. Crosbie: If the Canadian Transport Commission finds that the acquisition is not in the public interest, it can disallow it. The Cabinet will have the final say if there is an appeal. I might add that it will be possible to do the same kind of thing under the new legislation which we have introduced and which Hon. Members should pass on to committee.

Mr. Angus: Mr. Speaker, thanks to the actions of the previous Government, most industry people have given up on the ability of the CTC to review such things.

REQUEST FOR REFERRAL TO CANADIAN TRANSPORT COMMISSION

Mr. Iain Angus (Thunder Bay—Atikokan): Would the Minister agree to having Cabinet refer the proposed acquisition—assuming a deal is made—to the CTC with instructions to review it with regard to the benefit or lack thereof to the people of Canada?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, the Government has a policy developed by my predecessor, the distinguished Deputy Prime Minister, under the heading Freedom to Move. We believe in that policy and will stick to it. Therefore, I will not be referring that matter to the Canadian Transport Commission as the Member suggests. However, if any other member of the public believes there is any anti-competitive feature to this, or that it is not in the public interest, he or she may register a complaint and the Commission will do its duty.

* * *

CANADA POST CORPORATION

RURAL SERVICE—PROPOSED ELIMINATION OF JOBS

Mr. George Baker (Gander—Twillingate): Mr. Speaker, the incredible problems of "superbox", or should I say "blooperbox", have overshadowed the fact that hidden in the postal plan approved by the Cabinet is the elimination of 8,700 jobs in rural Canada. How can the Minister responsible, who presented this plan to Cabinet, justify a plan which would eliminate 8,700 jobs in rural Canada and square it with the fact that his responsibility is regional industrial expansion?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, I may remind the Hon. Member that Canada Post is faced with a deficit that has been increasing steadily, a deficit that must be reduced. That is why the Corporation has submitted a corporate plan.

The Hon. Member is alluding to matters that concern daily operations. He knows perfectly well that these matters are now before a committee, for consideration.

Mr. Speaker, I suggest that the Hon. Member, who in fact sits on that committee, put his questions about these daily operations to the president of Canada Post.

• (1440)

[*English*]

SUPERMAILBOXES REPAIR COSTS

Mr. George Baker (Gander—Twillingate): Mr. Speaker, I have. The only people handling the mail in the future will be merchants who already have a job. They do not have a job but it is machines, "a super-duper box", as they described to us, a box that talks, uses Visa, mails cards automatically, and even heats the ground on which you stand. Has the Minister made an estimate of the cost of continually repairing the superbox—the one with the lousy locks—and now purchasing super-duper box, the one that talks and warms your toes, and is it not cheaper to reinstate these 8,700 jobs and put back the handling of the mail into the hands of the people of Canada?

Some Hon. Members: Hear, hear!

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, the Hon. Member does not seem to take the subject of Canada Post very seriously.

We have just set up a committee that will be responsible for examining the corporation's operations, and if the Hon. Member made his representations before the committee, we would give him the appropriate answers.

* * *

[*English*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF NEW BRUNSWICK MINISTER OF JUSTICE

Mr. Speaker: I would like to draw the attention of Hon. Members to the presence in the gallery of the Hon. David Clark, Minister of Justice for the Province of New Brunswick.

Some Hon. Members: Hear, hear!

PRESENCE IN GALLERY OF CHAIRMAN OF NEW BRUNSWICK ELECTRIC POWER COMMISSION

Mr. Speaker: Also, I would like to draw the attention of Members to the presence in the gallery of the Hon. Leslie Hull, Chairman, New Brunswick Electric Power Commission.

Some Hon. Members: Hear, hear!

PRESENCE IN GALLERY OF SPEAKER OF THE LEGISLATIVE ASSEMBLY OF ALBERTA

Mr. Speaker: Hon. Members will know that I take special pleasure in drawing the attention of the House to the presence in our gallery of the Hon. David Carter, Speaker of the Legislative Assembly of Alberta.

Some Hon. Members: Hear, hear!

TRADE

UNITED STATES DUTY ON CANADIAN SOFTWOOD LUMBER QUERY

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, first I want to welcome the Minister of International Trade back to the House of Commons after her long absence.

Some Hon. Members: Order!

Mr. Langdon: Will the Minister promise, after four flip-flops in government policy on the lumber issue, that 15 per cent truly is a final figure, or is she prepared to give up more ground and cost more workers their jobs?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I am glad to take the opportunity offered by the Hon. Member to report to the House on my very successful trip to Japan, following the Prime Minister's trip earlier this year.

Some Hon. Members: Hear, hear!

Miss Carney: Since he has shown such interest, I should add that I was able to follow upon the KANAO mission which found a new Canada here for direct investment since this Prime Minister and this Government took over. I was able to follow up with important amendments to the Japanese building code which will increase our lumber shipments abroad, and to defend our coal contracts by making our point about long-term commitments. This trip was further to our two-track policy for trade, where we place emphasis on our relations with our GATT partners as well as the U.S.

Some Hon. Members: Hear, hear!

GOVERNMENT POSITION

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, can the Minister not see that she demeans herself and this House—

Some Hon. Members: Oh, oh!

Mr. Langdon: —by not directly answering a question which is paramount in the mind of every Canadian—

Mr. Clark (Yellowhead): Get to it.

Mr. Langdon: Is this 15 per cent a final offer, or is she prepared to give up yet further ground?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the only one who is demeaning the House is the Hon. Member, who is suggesting that our trade with Japan, our second largest trading partner, is not important and not worth reporting to the House.

Some Hon. Members: Hear, hear!

Mr. Blackburn (Brant): What about the answer?

Mr. Penner: Is that it?

Oral Questions

CANADA POST CORPORATION

SUPERMAILBOXES—EFFECT ON PROPERTY VALUES

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, my question is directed to the Minister responsible for the Post Office. By reducing the assessment value of Mrs. Karen Faschauner's house and giving her a $50 per year tax reduction on her tax bill for having a supermailbox in front of her house, the City of Winnipeg recognizes that supermailboxes reduce property values. Will the Minister admit that supermailboxes reduce property values?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Again, Mr. Speaker, I must repeat the same reply which I gave earlier to the Hon. Member's colleague. These are issues of daily operation which are to be referred to a committee. I suggest my hon. friend would be better advised to make his representations to that committee.

GOVERNMENT POSITION

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, I have a supplementary question. The issue of the postal superboxes is not a matter of daily operation but a policy of the Government. It is the Government which is installing these superboxes, this superfiasco. Are you going to admit that it is a disaster? So much so that you have to buy ads on TV to sell the superboxes to Canadians who just do not want them.

Hon. Michel Côté (Minister of Regional Industrial Expansion): Quite the contrary, Mr. Speaker. This campaign is simply to make sure that Canadians are getting accurate information instead of the misinformation which is being spread by Hon. Members opposite.

HOME OWNERS' ANXIETIES

Mr. Cyril Keeper (Winnipeg North Centre): My supplementary question is directed to the same Minister. We have already directed this question in Committee to the President of Canada Post who did not reply satisfactorily. Will the Minister acknowledge the concerns of home owners who are afraid that the installation of these postal boxes in front of their houses will reduce the value of their property?

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, within the corporate plan, there is no indication whatsoever that property value will be affected by the installation of these superboxes, and we have no indication so far of any loss in property value.

IMPACT OF MUNICIPAL BY-LAWS

Mr. Cyril Keeper (Winnipeg North Centre): Whenever there is a new installation in a municipality, Mr. Speaker, it is necessary to verify that your action does not go against zoning by-laws to protect the property value. Is the Minister prepared to make the installation of these postal boxes subject to zoning by-laws of any local municipalities?

Hon. Michel Côté (Minister of Regional Industrial Expansion): Again without going into the detailed operation of Canada Post, Mr. Speaker, I can assure my hon. colleague that the Corporation has always been very sensitive to that and that whenever particular problems arose, there were always discussions and arrangements with the municipalities involved.

* * *

[*English*]

IMMIGRATION

REUNIFICATION OF FAMILIES—ARRIVAL OF ILLEGAL IMMIGRANTS

Mr. Alex Kindy (Calgary East): Mr. Speaker, my question is directed to the Minister of State for Immigration. Recent reports indicate that approximately 5,000 illegals entered Canada through Mirabel International Airport in 1986, compared to 1,500 in 1984. On the other hand, individual cases of family reunification that proceed through normal channels are being stonewalled by his Department. What does the Minister intend to do about it?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, there has certainly been an abuse of the integrity and credibility of the Canadian system. Of course the remedy is the new refugee determination process that I will be proud to bring forward very soon. Innocent citizens of Turkey are now apparently being made to make misleading or inappropriate statements. If that is found to be so—and they will be treated in our fast-track system—they will likely be returned to their country of origin.

ARRIVAL OF TURKISH IMMIGRANTS—UNSCRUPULOUS CONSULTANTS

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. We now learn that an immigration scam is taking place in Montreal with respect to Turkish immigrants, similar to the one that took place in Toronto in the spring with respect to Portuguese immigrants. On July 24 the Minister promised the House he would take quick action against those unscrupulous consultants and lawyers who are promoting this system among innocent people. It is now December, he has done nothing, and the cancer continues to grow. When is the Minister going to do something about the real cause of this problem, those who are promoting this illegal immigration into Canada.

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, we have indeed stated in July, when the subject of the Tamils came up, that the Government

of Canada would take specific steps. In view of his experience in this House, the Hon. Member will know that when we deal with various countries on an international level, a number of factors must be taken into account. At present, with respect to the Turks, the Government of Canada is maintaining contacts. We have someone in External Affairs who has just returned from Turkey. We are attempting to, and hopefully will manage to solve the matter with the Turkish authorities, at the same time as we are preparing amendments to the refugee status that will soon be introduced.

The Hon. Member will have no difficulty appreciating that we are working on exceedingly delicate matters requiring a tremendous amount of attention, in view of the excessively open nature of our Canadian law with respect to the status of refugees.

• (1450)

[*English*]

REQUEST FOR INTRODUCTION OF AMENDING LEGISLATION

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, once again the Minister has not dealt with my question. On July 24 the Immigration Minister promised to take action against those unscrupulous consultants and lawyers who are promoting this illegal immigration. It is now December and we have seen nothing happen. It has also been more than a year that the Government has been promising amendments to the Immigration Act to deal with the refugee problem. Most recently they were promised for the fall. The fall has gone by and we are into December. When will we have those amendments?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, do I have to remind the Hon. Member that the lawyers he is referring to are Turkish lawyers. They are not lawyers who deal with . . . I am sorry, but if the Hon. Member wants to co-operate, I will provide him with the information he needs to ask a question that contains correct information.

* * *

[*English*]

INDUSTRY

ANNOUNCED CLOSURE OF CANADA PACKERS PLANT IN WINNIPEG

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, my question is directed to the Right Hon. Prime Minister or the appropriate Minister, the Minister responsible for DRIE, perhaps. My question has to do with the fact that the city of Winnipeg, which is still reeling from the CF-18 contract, the railbus business, et cetera, learned this morning that Canada Packers in Winnipeg will be shutting down its hog and beef kill industry at the cost of some 475 jobs. What does the Government intend to do about this closure? Is the Government prepared to admit now that the kind of economic development policy it has in place for Manitoba is one whereby a $1 million grant went to Neepawa and contributed to this closure? And will the Government adopt a coherent economic development policy for Manitoba?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, I think I will simply put matters back into context, and also mention to the Hon. Member that, first, this is a corporate decision, a decision that was made because we were told the plan was very old and it was becoming hard for the company to modernize the system. We have always entertained an interest in the matter, and we have indeed asked to meet the corporation's president in order to explore the possibilities. If the company is interested in proceeding with a modernization plan, I can assure the Hon. Member that this Government is very much concerned about regional development and we will keep on pursuing that goal.

[*English*]

Mr. Blaikie: The fact is, Mr. Speaker, that the company had made a request to the federal Government for assistance in modernizing its plant. Instead the federal Government chose to give money to the new plant in Neepawa, which contributed to the situation before us today.

GOVERNMENT POSITION ON REGIONAL DEVELOPMENT

Mr. Bill Blaikie (Winnipeg—Birds Hill): I want to ask the Minister and the Prime Minister, as I have asked them before, when will someone in the Government stand up and say exactly what the Government has in mind for Winnipeg besides denial of contracts, closures and postponements of other things which would have been accomplished by now had it not been for the election of a Progressive Conservative Government?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): May I restate once more, Mr. Speaker, this Government's intention and commitment to work at all times at helping regional development, and again our interest and determination to meet company officials and examine the alternatives with them, in order to save the jobs involved in Winnipeg.

[*English*]

GRANT AWARDED TO NEEPAWA PLANT

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I would like to direct a supplementary question to the same Minister. When the DRIE grant was given two years ago to the plant in Neepawa, assurances were given by Conservative Members of Parliament and Ministers from Manitoba that it would not in any way have an effect upon the employment base of Canada Packers. We have now lost 470 jobs.

Why was a grant turned down for Canada Packers at the same time a grant was given to the plant in Neepawa? And why has the Government not taken action since then to ensure the modernization of that Canada Packers plant?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, once more, I repeat what I said in the first part of my answer. The decision is a corporate one which was made by the management. It is appropriate and in keeping with market conditions. We are always willing to meet with the management of the company to find alternative solutions so that we can continue to protect jobs as we have been doing in all regions of Canada.

[*English*]

Mr. Axworthy: I would like to point out to the Minister that it was not market conditions, it was a direct government grant to a new competing plant—

Mr. Mayer: That's not true. You know better than that.

Mr. Axworthy: —which took away the business from that organization. Surely the Minister must recognize that.

REQUEST THAT GOVERNMENT ASSIST IN MODERNIZING PLANT

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): The Minister says the Government is prepared to co-operate. Can we have a guarantee today that the Government will give assistance to Canada Packers to modernize its processing plant so we can at least save the 300 jobs which are being retained even though we have already lost 470 jobs? When is the Government going to show some sign of interest in the economic development of Winnipeg?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, once again, I think that the commitment of this Government to regional economic development throughout Canada has always been obvious. I also remind my colleague that, if the company should decide to implement a modernization plan, we are always willing to discuss forms of assistance and alternative solutions to protect those jobs.

* * *

[*English*]

PHARMACEUTICAL INDUSTRY

AMENDING LEGISLATION—CONTENT OF DRAFT BILL

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs.

An Hon. Member: He is going to try again.

Mr. Broadbent: It is about a serious bit of misinformation. Earlier in the Question Period I asked the Minister why a specific clause which would have required the drug companies to manufacture in Canada within two years was taken out of the Bill. The Minister at that time said he did so because he was requested to do so by the Canadian Drug Manufacturers Association. That struck me at the time as being absurd because the Association said the opposite to me. I have since checked with the Association. Will the Minister now correct what he said and point out that its request was for exactly the opposite? It wanted that clause which would guarantee jobs in Canada be put back in. Would the Minister correct the record now?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): As I indicated, Mr. Speaker, I had answered precisely this question some weeks ago for perhaps one of the Hon. Member's colleagues. The Canadian Drug Manufacturers Association representing generic drugs sent me a letter asking:

—that compulsory licences to manufacture domestic synthetic fine chemicals be granted earlier than 10 years at for example, 5.6 years in order to ensure "a window of opportunity" for meaningful industrial activity.

Mr. Broadbent: That's different. That's not the same thing.

Mr. Andre: In other words, the provision about which the Hon. Leader of the New Democratic Party was talking would not help—

Mr. Broadbent: No.

Mr. Fulton: No, Harvie.

Mr. Andre: Well, Mr. Speaker, they obviously will not allow me to answer, but perhaps they will co-operate and send things to committee so we can get into all of these facts in the right and proper forum.

Mr. Broadbent: I say quite seriously that the Minister said something quite the opposite about this Association earlier in the Question Period.

GENERIC DRUG INDUSTRY'S POSITION

Hon. Edward Broadbent (Oshawa): I would ask the Minister to answer this substantive question. Will he agree with the generic drug assocation of Canada that the one clause in the Bill which would have required the drug companies to produce jobs in Canada was removed from the Bill contrary to what the Association wanted and very much in the interests of the drug companies of the United States?

An Hon. Member: Right on.

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, the restoring of patent protection will generate 3,000 research jobs in this country.

An Hon. Member: Here we go again.

Mr. Andre: That is precisely the type of research jobs, the generic companies are interested in—

Mr. Broadbent: You are the master of the half truth, Harvie.

Mr. Clark (Yellowhead): There is nothing too low for you, is there, Ed?

Mr. Andre: —getting into manufacturing. They asked for a window of opportunity so they could get into the manufacturing. We provided a three-year window of opportunity at the direct request of the generic companies.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

FORGET COMMISSION RECOMMENDATIONS—GOVERNMENT POSITION

Mr. Jean-Claude Malépart (Montréal—Sainte-Marie): Mr. Speaker, I have a question for the Minister of Employment and Immigration. The Minister has acknowledged receipt of the report of the Forget Commission and he is certainly aware that the Commission has recommended, first, the creation of a Crown Corporation similar to the Canada Post Corporation or Petro-Canada to administer the Unemployment Insurance Plan, and second, the lay-off of 3,000 public servants.

Can the Minister tell us whether the Conservative Government intends to abandon its social responsibilities towards Canadians by accepting such a recommendation?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I said yesterday to the representative of the New Democratic Party that it would be unwise to comment on the Forget report before it is tabled in the House. That will occur tomorrow afternoon and we shall then be able to comment on the report.

• (1500)

[*English*]

PROPOSAL TO CREATE CROWN CORPORATION

Ms. Sheila Copps (Hamilton East): Mr. Speaker, surely the Prime Minister or the Minister responsible can tell the House that he rejects the creation of an arm's-length Crown corporation to deliver unemployment insurance. The Government has one fundamental role. Will it now begin giving up medicare and creating Crown corporations for unemployment insurance? Will the Minister give us at least that guarantee *vis-à-vis* the Forget Commission?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the Minister says that he will answer tomorrow afternoon.

[*Translation*]

AGRICULTURE

MARKETING OF INCUBATED EGGS—GOVERNMENT POSITION

Mr. Jean-Guy Guilbault (Drummond): Mr. Speaker, my question is directed to the Minister of Agriculture.

Since 1981, producers of incubated eggs have been asking for a national marketing board.

Could the Minister give the House a progress report, to ensure that the final stages of this project reflect the demands of the producers?

[*English*]

Hon. John Wise (Minister of Agriculture): Mr. Speaker, I welcome the question of the Hon. Member for Drummond. I am sure he was pleased when I indicated that later today we will be releasing the information. We have been working with the broiler hatching egg association for quite some period of time. We have cleared all stages and will be in a position to announce the formation of a national agency for that commodity. This is another example of the Government keeping its commitments.

* * *

INVESTMENT CANADA

GLC PUBLISHING COMPANY—ACQUISITION BY GULF & WESTERN

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, my question is addressed to the Minister responsible for Investment Canada. He will know how concerned Canadians were by the abandonment of the Canadianization policy for book publication through the decision on the takeover by Gulf & Western of Prentice-Hall. Will we be seeing a replay of that decision, or is the Minister prepared to tell us that in the case of GLC, another direct acquisition by Gulf & Western, the Minister is prepared to stand behind the Canadianization policy and tell us that he will not accept a takeover by Gulf & Western of another Canadian publishing company?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, perhaps I may point out to the Hon. Member that the Government has always been concerned about increasing investment in Canada.

In fact, Mr. Speaker, since we introduced the Investment Canada legislation, we have had some tangible results, and I can inform the Hon. Member that today, investment in Canada has increased 17 per cent.

Mr. Speaker, this is one more instance of the wisdom of a decision made by the Government in January 1985, and it demonstrates our concern for sustained economic renewal.

[*English*]

CANADIANIZATION POLICY INQUIRY

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, more precisely, will the Minister affirm his commitment to the Canadianization policy and inform the House that Investment Canada will require Gulf & Western to sell GLC to a Canadian buyer, something which is required by the Government's own Canadianization policy for the book publishing industry?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, I can assure the Hon. Member that we have an abiding interest in the question she raised about the publishing industry. We are still discussing the issue with Investment Canada officials and the companies in question, with a view to finding appropriate solutions and making the appropriate decision, and, I repeat, to safeguard the interests of Canadians.

* * *

[*English*]

NATIONAL RESEARCH COUNCIL

TASK FORCE'S EXAMINATION OF BUDGETARY CUTS

Mr. David Berger (Laurier): Mr. Speaker, I would like to direct my question to the Minister of Regional Industrial Expansion in the absence of the Minister of State for Science and Technology who, I gather, is in hospital for tests. I am sure my colleagues in the House would join me in wishing him well.

On November 7 the Minister of State for Science and Technology set up a task force to review the cuts at the NRC. The task force, though, has no formal terms of reference and is not authorized to reverse the Government's decision to cut $20 million from the budget of the NRC. Will the Government give the task force the power to reverse the decision to cut $20 million from the budget of the NRC?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, I echo the sentiments of the Hon. member and once again wish a speedy recovery to our colleague on this side of the House who is now in hospital.

I should like to give a more detailed answer to this question. True enough, the task force does not have the power to reverse the decision, but I am sure the Minister will consider the recommendations and consult with National Research Council with a view to making a decision in the best interest—

GOVERNMENT POSITION

Mr. David Berger (Laurier): I am asking the Minister to authorize the task force to review the decision concerning the $20-million cut-back. Surely he can make this recommendation to the Minister.

Secondly, will he undertake to release the task force recommendations as soon as they have been submitted to the Minister?

Hon. Michel Côté (Minister of Regional Industrial Expansion): If I may, Mr. Speaker, I should like to take notice of these two questions and refer them to my colleague.

As to whether the information should be made public, I think my colleague will take the matter under advisement. With respect to giving more power to the task force, Mr. Speaker, I doubt that my colleague intends to give the task force the responsibility and authority to reverse a decision, but he will certainly take the recommendations under consideration before making a final decision.

* * *

[*English*]

BUSINESS OF THE HOUSE

Mr. Mazankowski: Mr. Speaker, there have been earlier discussions with representatives of the opposition Parties and I simply want to confirm that tomorrow will be designated as an allotted day.

* * *

POINTS OF ORDER

QUESTIONS RAISED IN HOUSE ON MATTERS BEFORE COMMITTEES

Mr. Albert Cooper (Peace River): Mr. Speaker, I rise on a point of order arising out of Question Period relating to a couple of questions that were asked. One such question was asked by the Hon. Member for Gander—Twillingate (Mr. Baker), and the second group of questions was asked by the Hon. Member for Winnipeg North Centre (Mr. Keeper).

Beauchesne's Citation 360(3) indicates that a question may not seek information about proceedings in a committee which has not yet made its report to the House. In light of the reforms that have recently taken place and the new role and influence that I believe committees of the House of Commons now have, I think it is absolutely imperative that any questions on those particular issues not be raised in the House of Commons. The reasons for this are very simple. If those questions are raised and the Minister responds to them, it prejudices the ability of the committee to operate freely. It also very much prejudices its chance of making a clear, free and independent decision.

Hon. Herb Gray (Windsor West): Mr. Speaker, it has long been understood that it is quite acceptable to ask questions in

the House during Question Period about matters which may in one way or another also be under some kind of consideration in committee as long as there is not a direct reference to the committee as such or to discussions which would be identified as those taking place in the committee. When members of the Conservative Party were in opposition, there were many occasions on which questions were asked in the House and accepted by the Speaker which were about matters which were also under discussion in committee.

I would ask, Mr. Speaker, that you not accept the point made by the Hon. Member because at any one time, almost any possible matter that could be raised in the House could well be, and often is, under discussion in one form or another in a standing committee or a legislative committee. I am informed by our Whip that there are over 19 different committees meeting today. If one took the Hon. Member's point of order seriously, it would have the effect of shutting down Question Period. Now, this may be what the Hon. Member wishes. He may fear exposure of the flaws of the Government through the questions from this side of the House. Therefore, he may be raising this point of order in an effort to avoid these questions, arguing that the questions may have something to do with matters that take place in committees. I conclude by saying that the point of order is not valid.

• (1510)

Mr. Speaker: I know that the Hon. Member for Windsor West (Mr. Gray) would not wish to impute the motives of any other Hon. Member. Perhaps the Hon. Member could continue.

Mr. Gray (Windsor West): Thank you, Mr. Speaker. I do not wish to impute motives. I am simply trying to point out to you the effect of the Hon. Member's point of order, if it is accepted.

I conclude by saying that the practice of the House, which was accepted by Members who are now on the government side when they were on the opposition side, and which was accepted by yourself, Sir, and your many distinguished predecessors, would cause you to have very sound grounds to reject the Hon. Member's point of order.

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I would like to point out that the question that I asked today had to do with the installation of postal boxes, which is part of the plan of Canada Post, and part of its activity. This plan has already been approved by Cabinet. What was referred to the committee, in the words of the Minister, was the postal rate package. When we questioned the President of Canada Post beyond that, he simply refused to give additional information.

Mr. Arnold Malone (Crowfoot): Mr. Speaker, I was rising at the time the Hon. Member for Winnipeg North Centre (Mr. Keeper) rose. I was intending to respond to the Hon. Member for Windsor West (Mr. Gray) when he put forward his thesis that it has long been understood, and then went on to say that the House could ask questions on those same subjects that were before committee. The fact is that is the tradition, and it should be recognized that it has long been understood. It also ought to be recognized that the McGrath report, and its adaptation, is very recently before us. It was accepted by Parliament as recently as this past year. It does set forward new sets of priorities and powers for private Members in the House of Commons.

If that type of responsibility for private Members is to be as the McGrath committee recommended, then clearly there needs to be a position within that committee under the new structure of what a standing committee ought to be—a group that can investigate matters without referral from the Minister, and that does not require any obligations of the Minister for the matters which it studies—and obviously the point of order that was put forward by the Hon. Member for Peace River (Mr. Cooper) ought to be taken seriously and not be reflected back on precedents in the period prior to the introduction of the McGrath committee report.

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, the point must be made that since this House has adopted new rules, the Government majority could indeed shut down Question Period by sustaining the argument that the committees are more important than the House. That would not stand up to scrutiny.

I wish to make the point that since the rule changes, there have been situations where a few Members of Parliament could call any matter before a committee, because that was essentially what we did when we changed the rules. We allowed committees more flexibility to call several questions before them thereby making it very difficult for the Official Opposition, or for the other opposition to ask questions, because the Government could always invoke that the matter is to be studied by a committee, or is being studied by a committee.

I submit first that it is not for the committees to supersede the authority of the House. They are subsidiaries of the House and, therefore, by extension subject to the House. Second, I do not think that since Beauchesne's was written, and since we have amended our rules, that it would be proper for any group of Members, or any Member of the opposition, or the government side to entertain the argument that because a subject matter is before a committee there could be no questions about it during Question Period. I suspect, Mr. Speaker, and I hope that you will rule that this spurious point of order has absolutely no value; and that indeed the prime objective of Question Period is to direct questions to the Ministry to elicit information that is supposed to be forthcoming and is of some urgency.

Mr. Rod Murphy (Churchill): Mr. Speaker, I rise on the same point of order. It is obvious that under the new Standing Orders that committees can investigate anything they wish at any given time. As Members of the House of Commons, we must retain the ability to raise questions that are in the public domain. Obviously, the questions raised by both the Liberal

caucus and the New Democratic caucus with regard to the concerns of how the postal service will be changed over the years are legitimate questions for the House of Commons. They are legitimate questions that should be raised and directed to the Minister at this time. If we accept the proposal or thesis that is being put forward by government Members, then the ability of members of the opposition to raise any question at any time would be jeopardized.

The House Leader of the Official Opposition mentioned the number of committees that he believes are meeting today. Obviously, with the large government majority in the House, there can be a number of committees meeting on a constant basis. That would mean that the number of topics that could be raised in Question Period would be severely limited. I believe that the House of Commons is the body where these issues should be raised. That must be retained. I do not want to impute motives, but we must be careful and leery of any attempt by government Members to restrict the types of questions that can be raised by members of the opposition.

Mr. Speaker: The Chair has listened attentively to the representations made, and the position of the Hon. Member for Peace River (Mr. Cooper). The Chair will consider the remarks and report back to the House. I thank all Hon. Members for their contribution.

REQUEST THAT LETTER BE TABLED

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I rise on a point of order. During Question Period the Minister of Consumer and Corporate Affairs (Mr. Andre) referred to a letter, and he did quote from that letter. I would ask that the letter from the Drug Manufacturers Association, to which the Minister referred, be tabled in the House as is the custom and the rule.

Mr. Albert Cooper (Peace River): Mr. Speaker, the Minister is not in the House and therefore cannot respond. His Parliamentary Secretary is not here. The Minister will now have received notice of the Member's request, and it can be dealt with accordingly.

Mr. Speaker: I hope that the Hon. Member for Ottawa—Vanier (Mr. Gauthier) will accept that undertaking on the part of the Government and that it will be brought back to the Chamber.

* * *

PRIVILEGE

COMMITTEE EXAMINATION OF ORDER IN COUNCIL APPOINTEES

Mr. Reginald Stackhouse (Scarborough West): Mr. Speaker, on Novemember 18, 1986, the Hon. Member for Hamilton East (Ms. Copps) raised a matter of privilege in which she sought Mr. Speaker's guidance as to whether or not the intent of Standing Order 104 is being subverted because of an arbitrary decision by the committee.

I was on official business and not in the House that day, and was not aware of this matter until last evening. If I had been in the House, I would have spoken in the debate as Chairman of the Standing Committee on Human Rights, the committee in question. Your Honour was generous on November 18 in permitting eight Members to speak in that debate, and I ask that the same generosity be extended to me today, which is the first opportunity I have had to contribute to the discussion.

It is clear that the committee acted within the terms of Standing Order 104, which authorizes a committee to call appointees or nominees to appear before it "if it deems it appropriate". If it deems it appropriate, the committee may call all the appointees, as it did in the case of Canadian Human Rights Commission appointments.

• (1520)

It is entitled to call only some of the appointees as it is doing in the case of the Canadian Human Rights Tribunal. Some committee members disagreed with the number being reduced from 16 to 7. My own views on that question are on record. However, no members argued that the committee was obliged to call all 28 appointees or any other number. Clearly the committee has the right to call all or some or none if it deems it appropriate.

The committee's action was taken as an amendment to a steering committee recommendation. In the manual entitled *Committees of the House of Commons of Canada, Practical Guide* it is made clear that the main committee has the authority to "send for persons" and that the steering committee has authority only to recommend "the next meeting of the main committee for its consideration and approval". Our steering committee hoped it might gain by a telephone poll a consensus supporting the steering committee's intended recommendations. When no such consensus was forthcoming, it was necessary to submit the recommendations to the next meeting of the committee. This was done in accordance with the manual on committee procedure. When the committee itself by majority vote decided on a number different from the recommendation, it was acting within its rights.

It has been a long respected practice that rulings by a committee chairman may not be appealed to the Speaker but only to the committee. In 1889, the Speaker of the British House of Commons so ruled. In 1920, that tradition was confirmed by the Speaker of that same Chamber who said:

I am not a court of appeal from the chairman of a standing committee.

In 1975, the Speaker of our House of Commons declared:

There is a well established practice that the Chair ought not to sit as a court of appeal in respect to the proceedings in a standing committee.

In the Fifth Edition of Beauchesne's, the following is indicated:

The opinion of the Speaker cannot be sought in the House about any matter arising or likely to arise in a committee.

Within the rules of the House, a committee has a life of its own and is subject to one master—the House itself. I submit that the Standing Committee on Human Rights has acted within the rules and traditions of this honourable House and has not offended the privileges of any Member of Parliament.

Mr. Speaker: Before recognizing the Hon. Member for Hamilton East (Ms. Copps), I advise the House that the proceeding at this time arises out of a matter raised some days ago. The Hon. Member for Scarborough West (Mr. Stackhouse) indicated that he had been away from the country and wished to contribute to the debate. I indicated to him that rather than send the Chair a letter or discuss the matter directly with the Chair, it was more appropriate that he raise the matter in the Chamber. I know the Hon. Member for Hamilton East was notified of that and graciously acceded to the suggestion. However, I just want Hon. Members to know that they may seem to have heard this debate some days ago. They did, but as the Hon. Member for Scarborough West had returned, I thought it appropriate that he be heard.

Ms. Sheila Copps (Hamilton East): Mr. Speaker, I will not repeat the arguments made at the time of the original point of order. However I would ask you, Mr. Speaker, to consider the remarks of the Hon. Member for Scarborough West (Mr. Stackhouse) today. He said—and I quite agree with him—that the decision about whom to call is a committee decision.

If we look at the follow-up to the original motion to call only 7 people before the committee as opposed to the 16 originally agreed upon, 7 names were not supplied. Therefore, an executive decision was made by the chairman that he would call certain names without having them approved by the committee subsequent to the initial meeting. If he is arguing in the House that the committee makes the decision on whom to call, that particular provision has been clearly violated by his decision to choose or hand-pick certain members to appear before the committee today. They were not chosen by the committee. They were chosen by the chairman outside the committee. The committee has not approved them. He has violated the premise which he put forward in his statement today.

Mr. Stackhouse: Mr. Speaker, had the Hon. Member attended the last meeting of the committee, she would have been aware that such authority was given to me as chairman by the committee, that is, the authority to replace the names of members who would not or could not be present by selecting from the list of available nominees. It was a decision taken by a majority of the committee. The committee has the authority to give the chairman such authority, and it was supported by the member of the committee representing the Hon. Member before the committee that day.

I had the unanimous support of the committee to make the selection. Certainly it is entirely out of order, as well as entirely incorrect, to call into question my exercising an authority granted to me by the committee and my responding to a request by the committee without which we would not be able to hold the meeting which is to occur in five minutes. I invite the Hon. Member to join me.

Ms. Copps: Mr. Speaker, there is no intention on my part to impugn the integrity of the Chairman. I was pointing out that in the consideration of your ruling, Mr. Speaker, you must consider all arguments.

Earlier this afternoon the Hon. Member for Scarborough West put forward the argument that it was the committee which was to name the people to come before it for examination. I am simply pointing out that I hope he withdraws that part of the argument because it does not bear up to scrutiny. The committee in fact abrogated that responsibility. It handed it over to the chairman, and he was allowed to hand-pick the people to appear before the committee this afternoon without any further consultation with the committee. Either the committee chooses or the chairman chooses or the Conservatives choose, but they cannot have it every which way.

Mr. Stackhouse: Mr. Speaker, I am sure the Hon. Member for Hamilton East (Ms. Copps) is not deliberately misleading the House. Unintentionally—

Mr. Speaker: Order, please. I assure all Hon. Members that the Hon. Member is correct. The Hon. Member for Hamilton East is not deliberately misleading the House.

Mr. Stackhouse: Let me say this for the information of the House and in view of the remarks made. The point is that the committee did not grant me the right to decide the number of members who would be called.

Ms. Copps: The names.

Mr. Stackhouse: That was a committee decision. That was what we were debating in terms of the point of order raised two weeks ago. At that time there was not a single reference to the names of the appointees to be called.

The procedure to which the committee agreed at its last meeting was that each of the seven members, including the Hon. Member for Hamilton East, would have the right to select one appointee. If that appointee did not or could not come, and if the Hon. Member in question did not name another member, the Chairman could select from the available appointees another person to take his or her place.

I was responding to and complying with that ruling of the committee. The principle which I put forward in my remarks regarding the point of order remains germane, namely, that the committee made a decision within its rights to change the number of appointees to be called. That is the issue.

Mr. Speaker: The Chair has listened carefully to this additional argument on a matter of concern to a number of Members and to the Chair. I thank the Hon. Member for Scarborough West for his total co-operation with the Chair's suggestion that the matter be heard in the Chamber rather than in the Chair's office. I also thank the Hon. Member for Hamilton East for her co-operation.

The Chair has not made a decision as yet on the matter raised by the Hon. Member for Hamilton East. I thank all Hon. Members for their patience and their interest. The Chair will report to the House as soon as possible.

GOVERNMENT ORDERS

[*English*]

CANADAIR LIMITED DIVESTITURE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Mrs. McDougall that Bill C-25, an Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith, be read the second time and referred to a legislative committee.

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I waited patiently to begin my speech just before one o'clock. I am pleased to participate in the debate. However, I am sorry to see the Government's decision to pursue ideology without looking at the alternatives and therefore to go ahead with the privatization of Canadair.

• (1530)

A number of Government Members have criticized the NDP for the position it takes on this Bill. They seem to have short memories. I remind them of a press release issued by the Minister of Finance (Mr. Wilson) during the 1984 election campaign. He said:

> We will set up a separate Crown corporation for Canadair and de Havilland with a mandate for the development of the aerospace industry and not merely financial control. This organization will be responsible for developing in conjunction with the aerospace strategy so that Canadair and de Havilland will become commercially viable and will continue to be so into the next century.

It appears the Conservatives had a conversion after they came to power. It appears that the predilections of the former Minister of Regional Industrial Expansion convinced the Government that privatization was the way to go. As a consequence, an election promise enunicated by a senior member of the Conservative Party, the man who is now the Minister of Finance, was totally forgotten.

What was it that led the Conservatives to support continuing Crown corporation status for Canadair at that time, and what now leads them to change their minds? I do not presume to understand what goes on over there, but I want to put on the record that two and a half years ago they saw nothing wrong with continuing public ownership for Canadair. Since then we have seen them privatize first de Havilland and now Canadair. In the process they have put forward the argument that things have started happening with de Havilland and things will start to happen with Canadair. Of course. The reason things are starting to happen is because a decision has finally been made and the uncertainty surrounding those two Crown corporations is or has come to an end. That does not say the course of action taken was the only one available. Far from it. However, they have at least ended the uncertainty and that is why there was a recovery in the number of jobs, for example, at de Havilland under its new owner, Boeing.

[*Translation*]

Well, Madam Speaker, the question of Crown corporations goes far beyond the restricted approach taken by the Government. Ignoring the commitment made by the Progressive Conservative Government during the election campaign, some of the previous speakers in this debate told us that privatization is a good thing for the companies involved as well as for Canada. The policy of the New Democratic Party relates to the fact that we are against this Bill to privatize Canadair because we do question the ideological position of the Conservatives, bent as they are on privatizing all Crown corporations.

Perhaps I might ask a few questions, Madam Speaker. Are Canadians prepared to endorse the privatization of Air Canada and CN, two national companies which played a leading role in the development of this country, or do they have reservations? Did the Conservative Government itself have privatization in mind when offering tax concessions to the Reichmanns to facilitate the dismemberment of Gulf so as to enable Petro-Canada management to acquire some of the Gulf assets and add about 800 service stations to their own network?

In fact, Petro-Canada invested about $800 million in business expansion with the blessing of the Conservatives. Now will they say whether they are for or against privatization?

Some of the Members who took part in the debate on Canadair's future have implied that privatization was good because there was something basically healthy in private ownership, and that it was not easy in fact for Crown corporations to manage their affairs efficiently.

Now, Madam Speaker, I might suggest to Hon. Members opposite and also to those on the Liberal benches that the problem we face with Crown corporations in this country is to a major extent a management problem, the main reason for which is that neither Liberals nor Conservatives would admit that there is in this country a culture in Crown corporation economy. The main difference between our society and economy here in Canada and the ones in the United States is that we have used Crown corporations in a most creative way to set up important industries, develop the country's economy and provide Canadians with jobs.

[*English*]

We have used these Crown corporations in a very creative way. That is what sets us apart from our friends in the U.S. It puts Canada, in this area as in so many others, midway between the American way and the European way of doing things.

The problem has been one of management. I and many other Members read the criticisms in the report on public

ownership and Crown corporations by the Auditor General a few years ago. The report suggested that these Crown corporations were effectively out of control. That led to an important report on this question which suggested a new regime of accountability. However, the former Government did not move beyond a form of accountability which effectively put a number of Crown corporations into a pattern of ownership little different from that of the private sector.

[*Translation*]

Now, Madam Speaker, I would surely like to see in the public sector a management system that would be different from that in the private sector, that would recognize that Crown corporations of course have some functions similar to those of private sector groups—the need to survive, to pay employees, to produce goods and services, to reach certain goals in terms of viability. But the public sector could also have goals that would be different from those prevailing in the private sector—regional development, national development, carrying the Canadian flag outside the country, developing target industries such as the aerospace industry as we see it now with the purchase of Canadair, the de Havilland Corporation, and so on and so forth. Crown corporations also have a potential for being managed differently from private corporation, as a model for the private sector.

I am wondering, for instance, whether it could be possible within our Crown corporations to ensure worker participation at all levels by sharing the information needed, by sharing responsibilities and then making decisions. Instead of that, we see that the Government has actually allowed those Crown corporations to be managed as if they were in fact private corporations. The same is true under both Liberals and Conservatives—there is no understanding of the fact that there really is a difference.

[*English*]

Then they criticize these Crown corporations for not having achieved all of the private sector goals when they have not understood there is a difference between private sector and public sector management.

I am very disturbed that the Canada Development Investment Corporation, the parent company for Canadair as it was for de Havilland, in looking for a new future, was neither directed nor took the initiative to look at options other than a simple takeover in the old-fashioned form of privatization. What about the possibility of joint ventures? What about the possiblity of consortiums with Canadian or foreign corporations? What about the possibility of an employee buy-out or participation in running these corporations? None of that was done. Instead the Government took advice from the private sector.

[*Translation*]

They sought the advice of people who had to make recommendations for the age-old form of privatization, that is selling to the private sector, to individuals from Bay Street or la rue Saint-Jacques and, of course, since they are working in the financial and private sector, the same people are advising the Government by way of the Business Council on National Issues and other such organizations. They actually gave the advice sought by the Government which effectively was to forget those investments, to forget what Canadian taxpayers have paid for the development of those very important corporations.

• (1540)

[*English*]

At the beginning of this year we were dealing with the sale of de Havilland. It is fortunate that the House of Commons is at least being asked to debate the sale of Canadair. That is a positive move compared to the stonewalling which took place in this House in December, 1986, which finally led to the Government's decision to allow the matter to go before the committee on regional development in January of 1986, only 10 months ago.

Of the $155 million which was nominally paid for de Havilland, only $90 million was paid in cash. In return, the Government of Canada gave a whole series of concessions. Boeing received $90 million in various deferred grants in return for the $90 million it paid for de Havilland. They were allowed $400 million in tax write-offs to reduce the cost of the airplanes they sold within Canada. There were other concessions under the various industrial productivity programs.

That is how we gave away de Havilland, a corporation in which the public had invested hundreds of millions of dollars. The Government is asking us to do the same thing with Canadair. I want to remind Members of the House that the investment—

[*Translation*]

—the investment of taxpayers in Canadair is approximately $2.2 billion. This is the amount of money that was invested in that corporation. Now Canadair is worth, according to experts, about $300 million. We have lost all that money as a result of bad management under the former Liberal Government. This corporation is worth, according to all the estimates, between $250 and $400 million. How much are we asking for Canadair? A mere $120 million. This is the price to be paid by Bombardier. Plus what? Plus payments for the technology used in the Challenger jet built by Canadair. Those payments have a nominal value of $173 million, but the alternative is to sell all those rights for only $20 million to be paid within the next two or three years. Therefore, a total of $140 million paid by Bombardier—for what? Well, Canadair will get $31 million in grants under the defence production industry program, as well as $20 million in grants for the CL-289 airplane; then, Canadair has been promised another grant of $30 million for other projects, including the CL-215 airplane and the Challenger jet. Now, if we add up all these amounts, we find a total of approximately $80 million which are effectively a compensation for the $120 million which Bombardier will have to pay. Moreover, the taxpayer will assume Canadair's debt and will share in the liability insurance risk

for the next fifteen years on Canadair's aircrafts which are now being sold. This is a package deal which is very profitable indeed for Bombardier.

[*English*]

If it is a good deal for Bombardier, is it necessarily a good deal for Canadians? I would say it is not. We should think this through again. I remind the Government that in the policy it enunciated on the privatization of Crown corporations in the May, 1985 Budget we were assured that Crown corporations would not be sold at distressed prices merely to transfer them quickly to the private sector. We were told that privatization would take place "at a measured pace", that there would be careful consideration of all the issues, and that there would be a fair and reasonable price for each asset. I must ask whether $120 million is a fair and reasonable price for an asset which cost Canadian taxpayers $2.2 billion.

Have all the issues been carefully considered or has the Government decided that in order to please a few right-wingers it must do something to show that it is really a right-wing Government which accepts all the advice we have been getting from the corporate sector and right-wing ideologues in the United States? It may have been appropriate to take advice from right-wing ideologues a couple of years ago, but these are the people who brought us President Reagan's dealings with Iran and the cloak and dagger work from the basement of the White House. This is the kind of thinking which underlies such an ideological move as selling Canadair for $125 million, regardless of whether or not it is a good investment for the Canadian people today.

I would like to remind Hon. Members opposite of an old adage with regard to investing. Whatever happened before, you should look at the current situation before deciding whether to buy or sell. I notice that the Minister of State responsible for privatization is delighted that I have entered into the area in which she used to work. She knows that if an investment has dropped by half, on the one hand you should not hang on to it in the hopes that it will go back to the price you paid for it, and on the other hand, if it is a good investment at the current price, you should keep it rather than sell it because you lost money on it before.

The former Government lost the money on this investment. The latest profit figures indicate that Canadair has currently made a profit of $20 million. That is not bad for a company which the Government values at $120 million. On those grounds alone it would make a lot of sense to consider keeping Canadair in public hands rather than proceeding with the proposed privatization.

My colleagues have raised other questions.

[*Translation*]

My colleagues have raised other issues which I should like to address also. They said that the Bombardier Corporation has a certain management and marketing ability which will help Canadair. But they used the very same argument concerning the purchase of de Havilland by Boeing.

I submit that Bombardier is not familiar with the marketing of jet airplaines abroad, because it has never been involved in the past in this area of activity.

I have visited the Canadair plant in Montreal. It is a well managed plant, with good managers and good workers who have an *esprit de corps* which is probably much stronger than the one that existed at de Havilland's.

But we wonder why it is necessary to proceed with this privatization sale when this corporation as it exists now seems to be doing all right.

Although the time allocated to me has nearly expired, Madam Speaker, I should like to direct a question to the Minister responsible for privatization, as she appears ready to stand up to answer questions. My question is this: What is really this Government's policy concerning the aerospace industry? The Minister of Finance has promised us a policy concerning the aerospace industry, but the only policy we get is that of sell, sell, sell.

• (1550)

[*English*]

Let me remind the Minister that most other countries have a substantial public stake in the aerospace industry. They have seen the necessity to do this because of the high technology and jobs involved. It seems to me that the Government is doing the opposite by selling out the two companies which together made up 25 per cent of the total volume and employment in this important industry.

I believe I have given a number of reasons why we are extremely disturbed over the sell-off of Canadair at a fire sale price. The Government did this with de Havilland and is doing it with Canadair. I call on the Government to stop implementing its ideology just for its sake, and to look at the consequences of what is taking place.

Mr. Redway: Madam Speaker, I listened with interest to the Hon. Member's comments about the opinion of Canadians on privatization in general. I suppose my constituency may not reflect the average Canadian constituency, but it seems to me that it problably reflects the average Canadian urban constituency. It is a riding that is entirely within the municipality of Metropolitan Toronto. It has residents who come from a very modest level in the socioeconomic scale, up to a reasonably high level in the socioeconomic scale. There is a cross-section of over 60 different cultural backgrounds in my constituency.

I recently put a series of questions to my constituents, among which dealt with the question of privatization of Crown corporations. In fact, I was somewhat surprised by the results. First, I asked: "Generally, do you favour the selling of Crown corporations?" I found that 72.5 per cent of my constituents who responded said that they favoured the selling of Crown corporations and only 17.5 per cent said no.

I asked some specific questions about specific Crown corporations, one of which was Canadair. Although the

Government had already made a commitment to sell it by that time, the legislation had not been introduced. I found that 69.6 per cent of my constituents who responded said to sell it and only 17.7 per cent said no. On the question of selling Petro-Canada, 64.3 per cent of my constituents said to sell it and only 28.8 per cent said no. On the question of selling Canada Post, 62.3 per cent of my constituents said to sell it and only 30.2 per cent said no. On the question of selling Air Canada, 55 per cent of my constituents said to sell it and only 34.4 per cent said no. On the question of the CBC, 49.5 per cent of my constituents said to sell it and only 44.5 per cent said no.

Will the Hon. Member tell us whether he believes that I do not represent a typical part of Canada, and whether there is some peculiarity in my constituency that is not reflected in the other 281 constituencies in this country?

Mr. Cassidy: Mr. Speaker, I would point out to the Hon. Member that since his Government announced this policy of privatization it has fallen in the polls from approximately 50 per cent of the support of Canadians to just over 30 per cent. In the Province of Quebec, where the Progressive Conservatives won a smashing victory in 1984 with 57 seats, they have been standing in third place according to public opinion polls, behind the New Democratic Party as well as the Official Opposition. I believe that seems to reflect the fact that Canadians are extremely concerned and reserved about the kinds of policies which have been advanced by the Government, including the policy of privatization.

The Hon. Member for York East (Mr. Redway) has received responses which presumably reflect a fair number of people who elected him. I am not sure of the situation in his constituency, but I would point out to him that there are many fewer people in his constituency who are prepared to vote Conservative today than actually did so a couple of years ago.

I also point out to him that it is the responsibility of Governments to govern and not simply to bend with every wind, and change policy with every opinion poll. My party has taken positions for the long term which on many occasions have raised questions among certain Canadians. However, we have stuck to our guns on matters of principle and we have been proven right again and again. We have not allowed ourselves to be deflected because one or two opinion polls suggested that today we will not necessarily be popular.

It is up to the Government not to sell Canadair in response to the opinion of a few people in a Member's riding, but to implement an aerospace strategy which will ensure that Canadians can continue to participate in this important industry in the next half century. That is the question that needs to be answered. It is my opinion that by withdrawing totally from the aerospace industry, the Government of Canada is making it almost impossible for Canadians to have an industry that will be viable, effective and vibrant at the turn of the century.

Mr. Waddell: Madam Speaker, I want to comment on what the Conservative Member, whose riding I believe is York East (Mr. Redway), has said.

Mr. Redway: Madam Speaker, I rise on a point of order. Much as I would love to hear the Hon. Member's comments, I understand that it is contrary to the rules to comment on a comment, and that in fact we should be commenting on the principal speech that was given in this debate.

The Acting Speaker (Mrs. Champagne): I am sure the Hon. Member for Vancouver-Kingsway (Mr. Waddell) will be commenting on the comments of his colleague, the Member for Ottawa Centre (Mr. Cassidy).

Mr. Waddell: I just wanted to know his riding.

Mr. Cassidy: It is York East.

Mr. Redway: It is about time.

Mr. Waddell: The Hon. Member will know that there was a Member from York East who sat in the House for 23 years. His name was "Silent Bob McGregor". He was a Tory whom I believe sat here until 1958 and never said anything for 23 years. He made a bad mistake by standing up to make a speech because he was promptly defeated in the next election. I know my political history of York East, but the present Hon. Member for York East is very loquacious and makes speeches all the time.

The Acting Speaker (Mrs. Champagne): Order. I am sure the Hon. Member for Ottawa Centre (Mr. Cassidy) would much rather hear questions about his speech.

Mr. Waddell: Madam Speaker, I have a comment and a question. The Hon. Member spoke about the history of Crown corporations in Canada. I point out to him that Canada has about 12 per cent of corporations in the public sector, which is not any greater than most successful industrialized countries in the western world.

The Hon. Member for York East conducted a poll in his riding. I, too, conducted a poll and I will attempt to provide him with the figures. I recall that selling Petro-Canada was very unpopular. Privatization has been a great part of Tory rhetoric. I suggest the Hon. Member read my speech. I referred to Professor John Langford, who is Professor of Public Administration at the University of Victoria. He is an expert on privatization and indicated, in a summary of his speech, that the support for privatization among the public was by those people who make more than $50,000 a year and tend to be in private business. I suggest that these are the people who like to profit by selling Canadian Crown corporations. They can buy them at fire sale prices, as will happen in this case.

I want to ask the Hon. Member for Ottawa Centre (Mr. Cassidy) about the alternatives he mentioned and what the Government could have done instead of selling the Crown

corporation to Bombardier at a fire sale price. The Hon. Member outlined a few, but, I wonder if he could go into further detail about what alternatives a Government has in dealing with a Crown corporation it wants to change, reform, make more efficient, and so on? I think this is an important question.

• (1600)

I have just had a chance to read the Minister's speech. She really does not get into anything about why the Government is privatizing. She talks about the best interests of the company, about using private resources and how the private sector's potential as a dynamic and competitive sector can best be achieved. I can point to private sector companies like Massey-Ferguson, Dome Petroleum and Maislin Industries where there have been all sorts of problems. It seems to me that Canadair was being turned around by a massive injection of Government funds and had made a profit, as the Hon. Member for Ottawa Centre indicated in his speech. Perhaps the Hon. Member could outline this again for the House so we can have a proper debate on privatization.

The Acting Speaker (Mrs. Champagne): Order, please. The time for questions and comments is really over. I believe the Hon. Member for Ottawa Centre (Mr. Cassidy) would want to answer the question of his colleague, which was a very long question, so I will allow one minute for the Hon. Member for Ottawa Centre to reply.

Mr. Cassidy: Mr. Speaker, I would not dare to outline all of what needs to be done with respect to privatization in the course of just one minute. I would point out, however, that we have some several hundred Crown corporations which need to be dealt with on a case-by-case basis. Many, if not most of them, will prove to be worthwhile to keep in the public sector. However, what the Government is doing is starting with the ideological bias of: "Let's get rid of it" and is not prepared to look at the other options which also include joint ventures, turning these corporation into co-operatives and studying means by which these Crown corporations might enter into consortiums or co-operative arrangements with other Canadian or foreign corporations. These are the kinds of options which are a lot more creative than simply "sell, sell, sell". That is the Conservative way, and it is not just "sell", it is sell out.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mrs. Champagne): It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Saint-Léonard—Anjou (Mr. Gagliano)—Canada Post Corporation—(a) Apparent contradiction in Government policies (b) Apparent inequities concerning postal services; the Hon. Member for Algoma (Mr. Foster)—Trade—(a) Announced closure of lumber mill at Nairn, Ontario (b) Restoration of jobs—Government position; the Hon. Member for Essex—Windsor (Mr. Langdon)—Pharmaceutical Industry—(a) Request that cost impact studies be released (b) Request that Minister promise to release studies.

GOVERNMENT ORDERS

[*Translation*]

CANADAIR LIMITED DIVESTITURE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Mrs. McDougall that Bill C-25, an Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith, be read the second time and referred to a legislative committee.

The Acting Speaker (Mrs. Champagne): Is the House ready for the question? Resuming debate. The Hon. Member for Yorkton—Melville (Mr. Nystrom).

Mr. Lorne Nystrom (Yorkton—Melville): Madam Speaker, I welcome this opportunity to comment on a very important subject, namely Bill C-25, the privatization of Canadair and the sale of Canadair to Bombardier, a big Canadian company in the private sector in Montreal.

To me, Madam Speaker, what is important is the future of this country and how it is affected by privatization. It is important to know what we want to do as a country and what kind of future we want for Canada.

The privatization matter was raised two years ago by the former Minister of Regional Industrial Expansion, Mr. Sinclair Stevens. The former Minister referred to the possibility of privatizing Canadair and de Havilland. Madam Speaker, as you know, de Havilland was sold several months ago to a big private company in the United States, the Boeing Corporation.

Madam Speaker, the current situation is a bit different. We now have a proposal to sell Canadair to a large Canadian company instead of a large foreign company. That may make a slight difference in this case. Something else is different as well. We have a new Minister—he just left the House, Madam Speaker—and I think the new Minister—and I speak well of the Minister because, Madam Speaker, he is being more open with the House than Mr. Stevens was. He has given Members a lot more information than they had on de Havilland. Nevertheless, I have a number of major questions. The issue is an important one for the employees, men and women, in Montreal. It is an important one from the point of view of the role of Crown corporations in this country.

Madam Speaker, do we have guarantees from this Government that safeguard the jobs of employees working for Canadair?

Do we now have guarantees that major technologies will be developed here in Canada for the aerospace industry? Do we have major guarantees for the Montreal area? And is the price a good price for Canada? During the last ten or fifteen years, Canadian men and women have paid about $2.2 billion into Canadair. And now the Minister is suggesting we may get only $120 million for Canadair.

What is the history of Canadair, Madam Speaker? Canadair was bought by the Trudeau Government from General Dynamics in 1976, ten years ago. The Government bought it because General Dynamics had a problem. People who worked in the industry saw a possibility that the company might go bankrupt. Canadair is now No. 1 in the Canadian aerospace industry. And since 1944, that is 42 years ago, that industry has built something like 4,000 aircraft here in Canada. Of those 4,000 aircraft, it has built 600 jets here in Canada. And I know, Madam Speaker, that you agree with me when I say that one of Canadair's great successes was the building of its Challenger aircraft. The Challenger was a success, a great success because the Government massively subsidized research and development for that important aircraft which was sold around the world.

There is something else about Canadair: this Canadian corporation, like many other aerospace industries, has many contracts with the military, not only the Canadian military but also the Pentagon in the United States and NATO.

One other thing, and I already mentioned it, this is an important issue for Montrealers. There are four Canadair plants—three in Ville-Saint-Laurent, a suburb of Montreal, and a fourth one in Dorval where there are now 4,500 jobs. Madam Speaker, that industry is extremely important for Montreal, for the Province of Quebec and for Canada as a whole. And as I said, this is an important aspect of our overall philosophy of developing this country's future.

[*English*]

It is a very important industry in terms of technology and in terms of where we are going as a country. We must have some real development in the aerospace industry in the future. If one looks around at most countries in the world, one finds a great deal of public investment and involvement in the aerospace industry.

• (1610)

I would like to ask my friends in the Conservative Party to consider why they are privatizing this company and indeed why they are setting out on the course of privatization. I am concerned that some members of the Government Party have bees in their bonnets and want to privatize, as much as possible, some of the great Crown corporations in Canada. Perhaps some of those Crown corporations should be privatized. I am not arguing that all the Crown corporations should stay that way forever. However, let us not privatize in a *carte blanche* fashion.

Let us look at the history and ideology of the Conservative Party of Canada. Going back to Sir John A. Macdonald through to John Diefenbaker, Conservatives have believed that there is a role for the state to play through Crown corporations.

Mr. Boyer: Hear, hear!

Mr. Nystrom: One of my Conservative friends has said: "Hear, hear", and he is right. It was a Conservative Party that brought the CBC, the CNR and many of the other great national Crown corporations to Canada.

[*Translation*]

Madam Speaker, the Canadian Broadcasting Corporation as well as the Canadian Wheat Board and other Crown corporations of major importance in Canada today were established by the Conservative Party a long time ago. However, that was a different Conservative Party, a more Progressive one than the present Conservative Party.

[*English*]

It was not only the National Conservative Party that had an interest in public institutions. A few years ago, Premier Bill Davis of Ontario bought shares in Suncor. Peter "The Red" Lougheed started PWA in Alberta. As well, he put public funds into the oil industry and took out equity in that industry for the Province of Alberta. There is a tradition in the Conservative Party to recognize the importance of public participation of Crown corporations in the economy.

I would plead with my friends in the Conservative Party not to get carried away and try to privatize many of our important national Crown corporations and institutions. For example, the Hon. Member for York East (Mr. Redway) said he sent out a questionnaire in his riding and received responses indicating that 51 per cent of the people wanted this privatized, 65 per cent wanted that privatized and 70 per cent wanted the other thing privatized. I tell the Hon. Member not to be fooled.

When the Hon. Member for Yellowhead (Mr. Clark) was elected Prime Minister in 1979, he wanted to privatize Petro-Canada. Because he wanted to privatize Petro-Canada he lost a lot of public support. He also lost a vote of confidence in the House in December of 1979, and that resulted in his defeat as Prime Minister nine months after he was first elected. When Canadians realized that Petro-Canada might disappear they turned *en masse* against the Conservative Party led by the former Prime Minister and they voted for a lot of New Democrats and Liberals.

I remember very well the history of Petro-Canada. I remember the minority Government of 1972-74 at which time one of the conditions members of the New Democratic Party gave for making Parliament work was the establishment of a Crown corporation in the oil industry. I am very proud of the role played by Stanley Knowles, David Lewis and others in

1972-74 in getting Mr. Trudeau to accept the idea of a Crown corporation in the oil industry, which was eventually called Petro-Canada. I was very proud to work for some time on the committee discussing that particular issue.

There was nothing but opposition from members of the Conservative Party, day after day, week after week, month after month, to Petro-Canada. Just as they are doing now about the Canadair and de Havilland questions, they would rail, rant and rave against public participation in the oil industry. Then when they won the election, they wanted to privatize and the Canadian people said no. They reacted by electing a new Government and more New Democrats from western Canada. We took seats from Conservative Members in British Columbia, Saskatchewan and Manitoba. The Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) was elected federally for his Party for the first time. One of the reasons for this was the Conservative Party's stand on Petro-Canada.

Members of the Conservative Party realized that they were wrong in trying to privatize Petro-Canada, just as I hope they will soon realize they are wrong in trying to privatize some of these other big Crown corporations. Early in the spring of 1980, the former Leader of the Conservative Party, the then Leader of the Opposition, announced that the Conservative Party had changed its mind on the Petro-Canada question. It would no longer privatize it. Conservatives would keep Petro-Canada as one of our national Crown corporations.

Mr. Della Noce: Not true. He doesn't know what he's talking about.

[*Translation*]

Mr. Nystrom: I see that the Hon. Member from Montreal does not agree at all with me, but if he examines, as I hope he will, the minutes of the House, *Hansard*, he will find a speech by Mr. Clark who was then leader of the Opposition and said that the Conservative Party had changed its mind and wanted Petro-Canada to remain a Crown corporation. However, Madam Speaker, now that the Conservative Government has purchased Gulf and Petro-Canada has become bigger than ever under a Conservative Government which now agrees with the idea of having the Crown corporation, Petro-Canada—

[*English*]

—which is of course a nationally-owned oil company.

That is the history of privatization under the Conservative Party. As well, it is a history of the reaction of the Canadian people to public ownership in Canada. Canadians are very proud of many of their national institutions and they realize the need for a mix between private, co-operative and public ownership.

Before I sit down, Madam Speaker, I want to say a little more about the principle of privatization. I will do so as a Member of Parliament from Saskatchewan. I noticed that the Hon. Member for Assiniboia (Mr. Gustafson) was here a few moments ago. Perhaps he is still somewhere in the House and would like to comment on my remarks later on.

I come from a province which probably has more public ownership and Crown corporations than any other province in Canada, the Province of Saskatchewan. Many of those Crown corporations were started up back in the 1940s when Tommy Douglas was Premier of the province. Our Party was in power for some 20 years. In 1964 when the Party was defeated the Liberal Premier, Ross Thatcher, kept most of those important Crown corporations. He privatized a few of them but he kept the basic and fundamental ones. Then Allan Blakeney became the Premier for another 11 years. At that time, there was once again an expansion of Crown corporations in Saskatchewan. Now under Grant Devine, the Conservative Premier of Saskatchewan, the major Crown corporations have been kept, once again showing that the Conservative Party realizes that there is a very important role for Crown corporations to play in Canada.

In Saskatchewan there are publicly-owned utilities like the Saskatchewan Power Corporation, Saskatchewan Telecommunications and Saskatchewan Transportation Company. As well, there are many very important economic Crown corporations, including Saskatchewan Mining and Development Corporation and one of the biggest Crown corporations, the Potash Corporation of Saskatchewan. None of these corporations has been privatized by a very Conservative, right-wing Government headed up by Premier Grant Devine.

I would argue that there is genuine support for very strong publicly-owned corporations. Corporations like Canadair should remain in the public sector and de Havilland should not have been sold to Boeing. Indeed, these corporations should be publicly owned. I think there is a very important role for the public sector to play in our society.

Mr. Della Noce: Vote Liberal.

[*Translation*]

Mr. Nystrom: I am not a Liberal at all, I am a Social Democrat, Madam Speaker. The Hon. Member for Montreal East was a Liberal, which I was not, and if I am not mistaken, he was active with the Liberal Party for a long time.

Mr. Della Noce: On a point of order, Madam Speaker.

The Acting Speaker (Mrs. Champagne): The Hon. Member for Duvernay (Mr. Della Noce) on a point of order.

Mr. Della Noce: Madam Speaker, I believe my hon. colleague is unintentionally and inadvertedly misleading the House, for I never belonged to any political party, Liberal or other, before I was elected in 1984.

The Acting Speaker (Mrs. Champagne): The Hon. Member for Yortkon—Melville (Mr. Nystrom) has the floor.

Mr. Nystrom: Thank you, Madam Speaker. I accept the remarks of the Hon. Member for Montreal East. Maybe it was another Conservative Member, I apologize. Maybe the Hon.

Member was not active with a political party, maybe he just stuck with a deep admiration for Mr. Trudeau, I do not know.

• (1620)

[*English*]

I was making the argument that there is a very important role in this country for Crown corporations, and for public ownership. Saskatchewan is a very good example. There is very broad support for that in our province, and in our country as a whole.

Not only do we have Crown corporations, in our province we have a great tradition of another form of public ownership, which is the co-operative movement. The biggest grain company in Canada is the wheat pool. The wheat pool is owned by the farmers of Canada, the producers who ship the grain. There is no move whatsoever to have more and more grain going to the private sector be it Cargill, or any other company. In Saskatchewan there is tremendous support for the co-operative movement and the credit union movement. There is tremendous support for the whole co-operative movement, whether it is in retail stores, or what have you. There is a great tradition for the co-operative movement and for public ownership.

[*Translation*]

And I know that in Quebec, it is exactly the same thing; the co-operative movement is very popular in Quebec. *Caisses Populaires* are very popular in Quebec. I also know that since 1960 there is a major participation in the Quebec public sector. I am thinking of René Lévesque who, at the time he was a Liberal minister nationalized Hydro-Quebec, a large public corporation which is now making substantial profits.

[*English*]

There are many other big Crown corporations in Quebec. There is a great tradition in this country to have Crown corporations.

My main reason for intervening in this debate was to raise with members of the Conservative Party, who I believe are good friends of mine, these questions of privatization. I would like to remind them of their tradition that goes back to Sir John A. Macdonald, and follows through to John Diefenbaker. They initiated many of the Crown corporations that we have today.

I would like to remind my friend from York East that he may have received some answers in a questionnaire from constituents, but I think those answers would be different if those constituents heard a real debate about Crown corporations in Canada, just as it was during Petro-Canada's days of great debate in the House. The former Prime Minister of Canada back in 1979 wanted to privatize Petro-Canada. The people of this country reacted against that. One of the reasons the then Prime Minister lost the election was because he wished to privatize Air Canada. Once the public became sensitized to that they reacted in a very negative way. In fact, it was so negative that his Party was soundly defeated. A lot of ground was lost in western Canada where the supposed support for privatization was very great.

I can assure you that the overwhelming majority of people in my riding and province do not want Petro-Canada privatized. They do not want it privatized because they understand the issue very well. Of course, the Conservative Party realized that when it changed its policy on Petro-Canada and decided it should be kept as a Crown corporation.

[*Translation*]

I would now like to thank you, Madam Speaker, and I hope that the federal Members of the Conservative Party will agree with me in the forthcoming weeks that we need Canadair as a Crown corporation, a state corporation belonging to all Canadians.

[*English*]

Mr. Boyer: I listened with interest to the Hon. Member who, like his colleague the Member for Ottawa Centre (Mr. Cassidy) who spoke a little earlier this afternoon, has urged that the question of privatization not be proceeded with as a matter of ideology. That is interesting, because if those spokesmen for the New Democratic Party are urging the Government not to proceed with something as a matter of ideology, it is most assuredly the other side of the coin that applies to members of that caucus where nationalization and state ownership is a fundamental part of the platform of that Party. Through a number of decades there had been clear examples of that policy being proceeded with on the basis of ideology, and not with particular regard to the practicality of state ownership in a specific case. For example, in the Member's own Province of Saskatchewan the CCF set up a shoe company which was state-owned, and which turned out to be a bust. There was a perfect example of something not working.

Mr. Waddell: We haven't heard about that one for years.

Mr. Boyer: It is in the Hon. Member's interest to actually come at this question in a more accurate historic perspective than he has, because it is most assuredly an important part of the Conservative Party's tradition in this country, that when it is necessary for the state to become involved in social or economic activity that is done through Crown corporations, or Government departments where appropriate.

Mr. Orlikow: You're right. Why are you changing now?

Mr. Boyer: Because times change. What is good in one instance cumulatively can make a difference over time.

In the United Kingdom in two days the deadline closes for people to subscribe for shares in the state-owned gas company. That public offering, as part of a privatization effort in that country, is being over-subscribed by individual citizens who are picking up on this opportunity to see privatization proceed, with the people of the country having a more direct stake in what is involved.

In other words, there is a creative way that one can approach these questions of state ownership or private ownership. The key thing is that the people of Canada are served. In doing so, no Government should be a slave to outdated ideology. The response that is coming from speakers for the New Democratic Party when they approach this question of privatization shows a clear knee-jerk reaction to these questions of state ownership. The Hon. Member's remarks, although they do refer to history, fail to take into account the movement of history, and the cumulative effect of vast numbers of Crown corporations that were created under previous Liberal administrations, to the point where what once was a useful adjunct of Government, a useful state purpose, has been over-used and abused. It has seen Government active in areas where it is counterproductive. That is why this Government is beginning the process of bringing some rationality and order into the mixed economy that will continue as part of this country's approach to economic regulation and commerce.

Mr. Nystrom: I appreciate the Member's question and comment. He says that we are being "ideolized". I would argue instead that the Conservative Party members are the ideologues, not members of this Party. For example, here I have an editorial from the hometown newspaper of the Member for Etobicoke—Lakeshore (Mr. Boyer), *The Toronto Star* of July 8, 1986, which states that the Government's privatization campaign is not a response to public pressure. Rather, the effort seems to stem from neo-Conservative ideology. Madam Speaker, it is neo-Conservative ideology. They are the ideologues.

The Hon. Member mentioned a shoe factory in Saskatchewan that closed many years ago, in the 1940s or early 1950s. Sure, there have been some failures in public enterprise. I would like to ask the Member about his own riding and his own city. What about the closure of Goodyear in his own city where some 1,500 jobs have been lost? That is a private sector company that is closing down. That is in the private sector. Today in Winnipeg Canada Packers announced that they were closing down part of their St. Boniface plant. This is a private sector failure. Part of its plant is being closed down in Winnipeg, and over 400 jobs will be lost. Every day in this country there are private companies going broke, so it is not just the public sector that has a failure once in a while. There are many, many failures in the private sector.

Mr. Riis: Thousands every year.

Mr. Nystrom: As I mentioned before, the Hon. Member is the one who is being the ideologue. It is the neo-Conservative ideology that the people in this country are now starting to reject. As the last poll showed, that Party is sitting at some 29 per cent support. One of the reasons is the neo-Conservative ideology we see across the way.

I made it very clear in my remarks that I support, and the history of the CCF-NDP Government in this country in Saskatchewan, Manitoba, and British Columbia has been to support not just Crown corporations, but also to support a co-operative movement of small business. I know that the Member for Assiniboia would agree with me, because he is a great red Tory who comes from that tradition in Saskatchewan that believes that we need a mixture of co-operative and public enterprise along with small business and the farm economy. That is the history of the CCF. That is the history of the Government of the CCF when it was in power. The Member across the way knows that. I said that this afternoon, but he chose not to listen.

[*Translation*]

Mr. Guilbault (Drummond): Madam Speaker, I listened closely to the Hon. Member, and he said that, as Conservatives, it is our policy to privatize Crown corporations while, in fact, this industry had suffered losses since 1976 and had an accumulated deficit of $2.4 billion which had to be borne by Canadian taxpayers, which is quite enormous, and while it is a fact that state-owned corporations are being privatized increasingly in other countries.

For instance, we know that France has privatized its pulp and paper industry and that part of it has been purchased by Canadians from the Drummond constituency, the Lemaire brothers. Now, instead of record deficits, there are record profits, which is to the advantage of the whole French industry. The same would happen in this case for Canada and Canadians.

In my opinion, it is insulting for the Bombardier administrators for someone to say that they are not offering an innovative and efficient management since we know that Bombardier began as a small snowmobile industry before building the New York and Mexico City subways and that this company will have engineers and the advantage of all the specialized workers of Canadair.

I must say that Crown corporations often have problems because of a top-heavy operation. Someone said earlier that this was a management problem and that you need one type of management in Government and another in the private sector. The question of productivity is always related to industrial management. The best way to guarantee productivity is to go to the private sector.

Some of the Members who went with me to Great Britain saw that even the prisons are being privatized over there, as well as all large Crown corporations.

In my opinion, it is quite wrong to say that the Conservative Government is privatizing haphazardly. I would like the comments of the Hon. Member on this point.

The Acting Speaker (Mrs. Champagne): The Hon. Member for Yorkton—Melville (Mr. Nystrom) has the floor.

Mr. Nystrom: Thank you, Madam Speaker, the Hon. Member said that—

The Acting Speaker (Mrs. Champagne): The Hon. Member has only one minute to give his answer.

Mr. Nystrom: —in England they are privatizing the prisons. That might be the reason why the Prime Minister decided to move the penitentiary from your riding to Manicouagan.

Madam Speaker, the Hon. Member said that I questioned the management of Bombardier. It was not me: maybe some other Members did, but I never questioned it.

I often asked questions like: Did Bombardier give any assurance they will protect the jobs presently in Montreal? Do we have guarantees for the technology and so on? These are important questions for the workers at Canadair, in Montreal and elsewhere in Quebec.

We need time to ask important questions and the Hon. Member for Montreal East agrees with me. This afternoon I asked precisely that kind of questions and I know I have the support of all the workers, men and women.

• (1630)

[*English*]

Mr. David Orlikow (Winnipeg North): Madam Speaker, the proposed sale of Canadair which we are now discussing and the earlier sale of de Havilland are perfect examples of the blind commitment of the Conservative Government to its free enterprise ideology that ignores completely the question of what is best for Canadians. We in Canada have hundreds, if not several thousands, of Crown corporations, not only at the federal Government level but also at the provincial Government level. Conservative Members seem to suggest that somehow Crown corporations are useless and inefficient. They seem to suggest that we do not need them and that we should be rid of them as quickly as possible. I remind them that most of the existing Crown corporations were created by Governments at the federal and provincial levels. They were not socialist Governments or wild eyed Governments. They were Conservative, Liberal, Social Credit, PQ, and occasionally CCF or NDP Governments.

I should like to put on record some examples of what I am saying.

Mr. Riis: Pacific Western Airlines.

Mr. Orlikow: As the Hon. Member for Kamloops—Shuswap (Mr. Riis) reminds me, the Conservative Government of Alberta under Premier Lockheed bought 100 per cent control of Pacific Western Airlines.

Mr. Riis: And now CP.

Mr. Orlikow: Yes, apparently Pacific Western Airlines is to purchase CP Air. In any event, it was done by the Conservative Government of that province to keep control in Alberta. It was an important consideration.

Also I remind them that the Conservative Prime Minister of Canada, R. B. Bennett, established the Canadian Broadcasting Corporation as a Crown corporation. In 1908, the Conservative Premier of the Province of Manitoba, Sir Rodmond Roblin, the grandfather of a later Premier, Duff Roblin, who is now a Senator, established the Manitoba Telephone system as a publicly owned Crown corporation. A Conservative Government of Ontario established Ontario Hydro as a Crown corporation. A Social Credit Government of British Columbia, when W. A. C. Bennett was Premier, established B.C. Hydro and B.C. Rail as publicly owned Crown corporations. It was a Liberal Government of Quebec with Mr. Lesage as Premier which bought out private power companies and established Quebec Hydro as a Crown corporation.

Mr. Riis: What about Alberta Telephone?

Mr. Orlikow: I could go on and on. My colleague reminds me of Alberta Telephone. There was also Saskatchewan Telephone.

Why did these various Governments establish Crown corporations? They established them because there was a need for certain types of services. The private sector did not believe it would realize a profit from the services and was not interested or ready to go into those fields. Therefore Governments established the hundreds, if not thousands, of Crown corporations now existing in Canada.

I am not saying that all those Crown corporations are now necessary. I am not saying that all of them are operating as efficiently as they should be. They are like any other public or private organization. Sometimes they are not performing their functions as they should. However, to sell off federal Crown corporations, not because they have outlived their usefulness or because they are not being operated efficiently, is simply to follow an ideological view not based upon reality.

In the establishment and operation of Canadian Crown corporations we have historically done things in a way which is very different from the way they were done in the United States because our needs and abilities are different. Hon. Members opposite have suggested that socialists are so in favour of public ownership we are critical of all private sector operations. It is not true. It is not the position of the New Democratic Party of Canada. It is not the position of all Social Democratic Parties in countries throughout the world. This is particularly so in western Canada where its Social Democratic Parties are allied with our Party. As is the case with our Party, they belong to Socialists International. They have also accepted the reality that, for the foreseeable future, their countries will operate with a mixture of public and private ownership. Indeed, in Sweden, where the Social Democratic Party has governed for 50 of the last 60 years, there is much less public ownership than in Canada. That is because their needs are different from ours and they have not moved as quickly into public ownership as we have, whatever Government has been in office nationally or provincially.

• (1640)

How did we come to own Canadair? The people of Canada, through the Government of the day, bought Canadair in 1976 from General Dynamics, a multinational corporation whose centre of operations is in the U.S. We paid $48 million. Why? Because General Dynamics was losing money and not prepared to operate the company any longer. The Government had a choice. It could let the company close down with a loss of thousands of jobs and the technology associated with the company, or it could, as it decided to do, I think quite correctly, buy the company and avoid the disappearance of such an important part of Montreal's technological base.

Government involvement in and ownership of the aerospace industry is not unique to Canada. It is a fact of life in most countries with an aerospace industry. The only country where this is not the case is the U.S. The reason is that the demands of the U.S. for production of military aircraft is so great that the privately-owned industry is profitable and able to function. That is not true in other countries. In Great Britain, France and West Germany, to mention just three, a substantial part of the aerospace industry is owned by the Government. Why? Because they know it is in the public interest.

We have to ask ourselves if we had to buy Canadair in 1976 because General Dynamics was losing money and was not prepared to continue, what happens if the aircraft industry has another slump? What happens if sales decline precipitously in the 1980s or 1990s? What happens if Bombardier decides it cannot show a profit, which its shareholders rightly require, and continue to operate Canadair? Will we have to repurchase Canadair at what will probably be an exorbitant price after having virtually given it away with this legislation?

Canadair is Canada's top aircraft manufacturer. It now has 4,500 employees. Since it was first established it has produced over 4,000 aircraft. Its latest and successful product is the Challenger executive jet. That plane was brought to its present state of excellence in large part due to substantial federal expenditures on research and development. Without that assistance Canadair would probably have been shut down in the 1970s. At that time world aircraft markets were depressed. Sales dried up and by 1984 the Government had put over two billion of taxpayers' dollars into Canadair. I do not question that assistance. Without it Canadair would no longer be operating. However, in recent years the market has improved. Sales are being made. Canadair could begin to recoup some of that $2 billion. Yet now the Conservative Government, for purely ideological reasons, proposes to sell Canadair to the private sector at a fire sale price. Members of the NDP will never agree to that decision.

Let us look at the financial situation of the company. Experts have placed its value at between $300 and $400 million. Bombardier will pay only $120 million to take over Canadair. Right there we have a tremendous loss. We have lost the $2 billion and somewhere between $175 or $200 million we would get if the company was priced at its proper value.

• (1650)

That is not all the Government has done to persuade Bombardier to take over Canadair. Under the proposed agreement, if Bombardier enhances its research and development efforts it will get, without further payment, special shares in the company which are being kept by the Government. The Government fattened up the offer by approving $30 million in DIPP assistance for the production of the CL-227 system and $20 million to assist Canadair in its participation in a joint venture with West Germany on the CL-289. In other words, Bombardier got another gift of $50 million. Canadair also got the F-18 defence contract which will be worth $1.5 billion over the next 20 years. I could deal with this issue for more time than I am allowed for my entire speech. Canadair was awarded that contract even though the bid of the Winnipeg consortium was lower and was evaluated by 75 senior civil servants as better technologically. I must assume that was partly in order to persuade Bombardier to buy Canadair.

In summary, this is a great deal for Bombardier. I cannot blame Bombardier for being the recipient of a great deal for itself and its shareholders. However, I believe it is a terrible deal for the people of Canada. What will happen if the market for aircraft goes soft and Bombardier decides that it does not want to continue the operation?

I have one other point to make with regard to this deal. This deal is contrary to the promises made by the present Minister of Finance (Mr. Wilson) when he was in Opposition. On August 21, 1984, in regard to such a proposal, he said:

> We will set up a separate crown corporation for Canadair and de Havilland with a mandate for development of the aerospace industry and not merely financial control. This organization will be responsible for developing in conjunction with the Aerospace strategy so that Canadair and de Havilland will become commercially viable and will continue to be so into the next century.

Having made that promise, the Minister proposed that we sell de Havilland, which we did. He now proposes that we sell Canadair. As I have indicated, we opposed the sale of de Havilland as we now oppose the sale of Canadair.

Mr. Epp (Thunder Bay—Nipigon): Madam Speaker, I appreciate the opportunity to add a few words to the insightful statements of my friend from Winnipeg North. He has explored in depth the issues involved in the privatization of Canadair.

I was talking to a friend in Thunder Bay on the weekend who was active in the Conservative Party not long ago. He indicated to me his sense of alienation from his Party, his disaffection with what the Government is doing. I explored his views while appreciating that, although he may be disaffected from the Conservative Party, that hardly made him a candidate to join the New Democratic Party, given his rather harsh views on how small Government should be.

The aspect of his comments which is immediately relevent to what we are discussing today deals with the integrity which should characterize Government and the breaking of faith carried out time after time by the Conservative Government.

He commented on the fact that in the summer of 1984 he campaigned with the present Minister of Finance (Mr. Wilson). At that time he asked why they were not saying what they planned to do, why they were not telling the people of Canada what their policies would be if they formed the Government. The Minister of Finance told him at that time that they would not get elected if they did that, that he should not press them to be explicit on these matters. In effect, I guess he was following the Crosbie strategy.

That is immediately relevant because on August 24, 1984 the present Minister of Finance issued a statement about the Canadian aerospace industry. He said explicitly that he envisaged the two Crown corporations, Canadair and de Havilland, being brought under the direction of a new entity, one Crown corporation, which would ensure that the substantial public investment in these companies, particularly in Canadair, did not go to waste, that the corporations were effectively managed, and that they carried out their operations in a business-like way. He suggested that there might be some participation by the private sector in sales of aircraft. He clearly indicated something of his dislike for public enterprise with regard to ideology.

In the statement made during the election campaign there was a very clear promise to the employees of Canadair and de Havilland, to people in Montreal and Toronto, and to the people of Canada that a Conservative Government would use the public enterprise forum to ensure that substantial investments in the aerospace industry were made to the benefit of the people of Canada.

In light of that, what is one to say of what was actually done? When this gentleman became the Minister of Finance he issued a budget paper on privatization in which he said explicitly that Crown corporations will not be sold at distressed prices merely to transfer them quickly to the private sector. My friend from Winnipeg North has pointed out how cheaply Bombardier acquired this company in relation to its value as determined by experts in the industry, its book value and its break-up value. By all those standards Bombardier has been given a gift. Canadair is being privatized merely for the sake of ideology.

The Acting Speaker (Mrs. Champagne): It is with regret that I must interrupt the Hon. Member. It being five o'clock p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBER'S BUSINESS--MOTIONS

[*English*]

THE FAMILY

GOVERNMENT COMMUNICATIONS PROGRAM—THE FAMILY AND MARRIAGE

Mr. Reginald Stackhouse (Scarborough West) moved:

The Family

That, in the opinion of this House, the Government should consider the advisability of sponsoring, with the provinces, a communications program, including the use of television, that will affirm the importance of marriage and family life.

He said: Madam Speaker, this is the first time I have had the opportunity to speak while you have been in the chair. Belated as my remarks may be, may I offer my compliments, congratulations and hope that you will enjoy the House as much as I am sure the House will appreciate your presiding over us.

• (1700)

The motion I introduce today was introduced earlier this year in a debate during Private Member's hour that occasioned so much enthusiasm on the part of Members that at six o'clock they were still talking. Therefore, I have brought the resolution back to the chamber so that we may have another opportunity to address it. However, I do offer the caution that I hope Members will be restrained in their enthusiasm sufficiently that we might conclude the debate today with an affirmative vote.

Having said that, I must offer a word of explanation and apology to you and other Members of the House. As luck would have it, I am chairing a meeting of a Standing Committee of the House and have just come from its session which is still progressing. Due to the nature of the agenda, I must go back after I conclude my remarks. I regret that very much because, otherwise, I could look forward to the contributions of fellow Members from all parties. I regret that I will have to delay that experience until *Hansard* is printed and I can read their contributions.

The motion before us would have been debated yesterday, but the House will recall that the agenda for last Friday was postponed until yesterday, and yesterday's until today because of a very worthy cause last Friday, as some would see it. Consequently, there has been a conflict in my agenda, having a committee meeting at the same time as my Private Member's motion is debated.

I want to begin by reminding the House of the fundamental importance of the family, not only to the persons who comprise a family unit but to society itself. Regardless of other changes in our society, social history shows that the family is permanently the foundation upon which any society must rest. The family offers a unique satisfaction to the basic permanent universal human need for belonging, regardless of what culture, what region of the world. We have a common humanity with certain common needs, including the need to belong to each other, the need to care for one another and be cared for by one another. The family has met that need to an extraordinary degree, since time immemorial.

The form of the family has varied from time to time. We have had the patriarchal family, with its stretched out membership. We have had the narrower domestic family, and in latter years we have had what sociologists have called the

nuclear, atomic family of the mother, father and perhaps one, two or three children.

We have seen the development of other forms of the family. For example, there is the family in which there are perhaps three generations sharing and caring for one another. We have seen a family of just adults, providing the satisfaction for that need of belonging. We have seen sibling groups form family communities and relationships.

The point I wish to emphasize is that regardless of the form of the family, of how it has changed even in our own lifetimes and how it may change in the balance of this century and into the 21st century, some form of the family will be needed. Therefore, it behooves this Parliament and the Government to take the required steps to strengthen the capability of families, regardless of their varied forms in this country, to meet the needs of men and women of all ages, as well as children.

A major phenomenon of our changing society has been family breakdown. There has been a remarkable increase of divorce, separation and other disruptions of previously normal family ties. That has brought a cost as well as a benefit. It is a cost to the persons who have had to undergo that kind of breakdown. They certainly do not merit judgment by anyone, for I have met so many who have had to suffer more than their deserved share of pain and disappointment. There is a cost to children who very often lose, not only their sense of stability in the society immediately around them but the sense of credibility of those relationships and the credibility of the humanity to whom they want to turn.

I am not unmindful that sometimes, hopefully often, a family breakdown brings benefit. I can only support those who felt they had no other reasonable choice than to bring to an end a relationship that was injurious to them. However, I say that we should not be unmindful of the cost that is borne by the persons participating, and we should note the cost to the national society itself. There is a cost to us all.

What can we do about it? Part of the answer lies in legislation. We have addressed that through reforms to the Divorce Act that provide, among other things, for tighter administration of court orders for support. We have addressed those problems that legislation can solve, but legislation cannot meet every need.

There are some needs that can be satisfied much better by education. We need to remind ourselves over and over again that the law is not only a regulator, it is an educator. The law, by means open to it, transmits ideas, convictions and understanding that are part of developing a healthy society.

We have seen in our time that education is not only a matter of that which is communicated in classrooms, but that there is a great classroom that has no walls—the classroom of the country itself. One of the most powerful means of education today lies in television which, for good and often for ill, educates the populous throughout the day and night.

This motion calls on the Government to seriously consider adopting an education program, of which television would be a part, to communicate the values of family life to our people. I hope that the House will support this motion. I hope the Government will take the required steps to realize it and thereby fulfil a commitment contained in the Throne Speech when, on the advice of the Government, Her Excellency said: "My Government will take steps to strengthen the family in Canada". Such an education program as I suggest in this motion would bring about such a strengthening.

[*Translation*]

Mrs. Lucie Pépin (Outremont): Mr. Speaker, I have been listening very carefully, and I have every respect for the Hon. Member's views on the family. However, it seems to me that his motion was addressed mainly to the traditional family and marriage.

I think that if the present Government—if the Hon. Member wants communications programs on the family, we would have to ensure that the image presented by these programs is not just the traditional one. And I say this because when we look at the report published by the Quebec advisory committee on family policy last year, one of the major reports on the subject, it says that the majority of families today are not traditional, and that for the past ten years, if I am not mistaken, only 20 per cent of families in Quebec have been two-parent families. I think the national figure is 19 per cent. So I don't mind sponsoring a communications program on marriage and the family, provided it would also consider what is happening in 1986 and what will happen in 1990. Another point is that we should not force these values on Canadian men and women. Today, I think the supportive approach is preferable. We must remember that the majority of our families are single-parent families headed by women, and that when we present the image of a traditional family, it is one where the wife or mother stays home.

I want to be very clear on this. Let there be no mistake about my intentions. I am not condemning the traditional family, on the contrary. But I think that in society today, there are very few families where women have the option of staying home. When we consider the economics of the issue and when we consider the cost of educating children—we should remember that in 42 per cent of married couples with children, the woman has to work outside the home.

Talking about marriage is fine, but I think it would be advisable to look at the report on the family published last year, where it discusses the traditional marriage, the life expectancy of a marriage, and so forth. The family is very important, and it is definitely the wellspring of society, but in 1986, there are more nuclear families than traditional families.

When we talk about the family, I think it is very important to consider the parents' jobs, the women's jobs. We must discuss the position of women on the labour market. We should discuss the possibility of part-time work for most working mothers who have to supplement the family's

earnings, and I think the Government, since the federal Government will be sponsoring this program with the provincial Governments, should come up with a number of answers. I am referring to day-care, a very important point, part-time work and work sharing.

It would be possible to make a program with this approach and to say that, in 1986, we have the traditional family unit, but also the nuclear family, and ask what can be done to help a family or a couple that wants children to survive in the eighties. In that case, I could support the proposal of the Hon. Member. However, if we simply do a program to promote or encourage traditional families, I do not think that it would meet the needs of the majority of Canadians.

We also have to recall that, in the 21st century, two thirds of the Canadian population will be senior citizens. Our young people will make up the families we will need to help us. What type of families, of services and of society will they need?

In my opinion, before setting up such a communications network, we should have answers to all these questions. You cannot promote one type of family more than another. There are now many women's groups, including one called REAL Women, which support the traditional family. That is all very well, but they often forget that the majority of women who are on the labour market and who must use day-care services have no other choice but to earn a living. They often suggest that if a mother puts her children in day-care, she is not a good mother.

I cannot support this view and I have to point out that it is not because you are not a traditional wife that you are not a good wife, and more important, that you are not a good mother.

The image is often what remains the longest in people's minds. Children will watch these television programs. I am quite in favour of having a television program, but it should be done with an open mind and I am concerned that the attitude of this Government as far as the family is concerned does not quite correspond to my own attitude or that of other Members. I do not think that this Government is really open-minded about all types of families. Before doing such a program, I would encourage all the members of the Conservative Government to read the report on family policy published last year by the Champagne-Gilbert Commission. If they agree with most of the recommendations of that Commission, it would mean that the Conservative Government is very modern in its views and I could then perhaps agree with the request of the Hon. Member and support such a program.

Otherwise, I do not think it would be possible to have such a program, unless it were very open and dealt with the nuclear family, the different types of families, the support and childcare services, work-sharing and also the remuneration of homemakers.

This is therefore another aspect which should be dealt with. So if we are prepared to discuss such a report and put forward quite "*avant-garde*" ideas, then I think it would be alright, but if the approach and the purpose of this communication program is simply to promote the traditional family, I am afraid I could not support it, not that I am against the traditional family, being the eldest of seven children, and I think that it is very important. In 1986, the outlook must be different, and people must know and accept the fact that there are different sorts of families, that children now may have stepfathers or stepmothers, and that this is now part of our life style.

• (1710)

[*English*]

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, I am very pleased to have the opportunity to rise today to speak on the motion of the Hon. Member for Scarborough West (Mr. Stackhouse). I want to commend him for raising such an important matter in this House. I do not think we spend enough time debating really crucial questions, such as the survival of the family as well as its well functioning. I am certainly very pleased to support his proposal that the Government should consider the advisability of sponsoring, with the provinces, a communications program, including the use of television, obviously, the most important and influential medium at our disposal, which will affirm the importance of marriage and family life.

I note that in addressing his remarks to the House the Hon. Member stressed the great diversity of Canadian families. He did not just talk about the traditional family which is declining numerically as other forms of families emerge. He did recognize the different kinds of age configurations and talked about single parent families. Of course, we see the traditional family is now a minority and so many families have only one parent. There is, of course, blended families and great kinds of extended families. All of these families are part of the richness and diversity of Canadian life. These are facts of life that we must indeed accept.

We also know that many families in Canada are in a lot of trouble. There are single-parent families headed by women, and these particularly have a great possibility of living in poverty. More than a million Canadian children are living under the poverty line. These are very sad facts that ought also to be addressed.

The family certainly needs better presentation on television. There should be greater psychological and social supports for marriage and the family. However, we also need economic supports. It is a scandal to have a million children living in poverty.

Why are so many elderly women living in poverty? It is because they were traditional homemakers and there is no pension plan for homemaker spouses. Women who have devoted their lives to raising their children in a traditional fashion are told what a great job they have done, yet they are told that it is not important enough for them to receive pensions in their own names, and they can jolly well live in

poverty because there is no economic recognition for the contributions they have made. That too is a scandal in society. I wonder what kind of advertisement it is for marriage and the family when people who have devoted themselves to supporting the family are living in poverty as a result of society's lack of gratitude for the important work they have done.

• (1720)

One in 10 Canadian wives is beaten by her partner, either her husband or her common-law spouse. What kind of advertisement for marriage and the family is it when a family cannot even be a place of safety for one out of 10 women, an astonishing proportion? Certainly this is a problem we must address. Marriage and the family must be places of refuge, strength and satisfaction for people. Certainly male roles must change. We must get at the one in 10 Canadian husbands who considers it appropriate to beat his spouse. There must be non-violent resolutions of family disputes. These are issues that we must address.

Current portrayals of the family on television do not help. Of course, there is a great deal of violence on television and there is a great deal of trivialization of violence. In particular, American programming is more violent than Canadian programming or programming that comes from other countries. It trivializes violence by showing that there are no important consequences, when of course real pain and long-term psychological scars emerge from being beaten or being the victim of other violent acts. The television programming we now have is not very favourable to family life and is not a very good advertisement for marriage and the family. I think the Hon. Member's proposals in this regard are very well taken.

Let us look for a few moments at the family as it is portrayed on television. Very often it is the traditional family that is seen. The male is the bread-winner and the female is the parent at home full time with the children. Usually the family is richer than average. The problems of a typical Canadian family in making ends meet and having both parents working in order to pay a mortgage are not shown on television. Reality is not a very important theme. People do not see real problems portrayed on the screen. They see highly glamorized and very rich families, and they see families with some quite astonishing problems surrounded by a great deal of violence. I do not think any of this helps develop a healthy family life in Canada.

Thanks to the pressures women are putting on the CRTC and Parliament, women are increasingly being portrayed in other family roles on television. This is a refreshing change, because when watching television 10 years ago one would not have thought that women held jobs as economists, Parliamentarians and scientists, or that they did anything else but look after the family. One would have thought that their roles were confined to the family, and that of course was quite an inaccurate reflection of the roles of Canadian women and indeed the roles of women in any other country.

There has been greater realism in the portrayal of women's roles on television. However, I must say that there has been no corresponding change in the portrayal of men's roles on television. We still see the traditional male who does not have much responsibility in the family and whose role is outside the family. If we want to encourage Canadian fathers and husbands to play an important role in the family, to be involved with their children, to share in child care tasks and to have the joy of being with their children, we need not look to television because it does not help in that respect. Television still flogs the old example of a highly divided family with the wife full time at home and the husband full time outside the home. It does not show that many families are trying to meld these roles. Of course, it would be desirable to make it possible for parents to share these tasks. It would be desirable for both parents to have a shorter work week so they could share in the child care tasks within the family. We cannot change the roles of women without changing the roles of men. That must be true in how men and women are portrayed on television as well. There has been a slight improvement in the portrayal of women, but men are still portrayed in a very traditional way.

Of course, the trivialization of violence on television is not helping at all. REAL Women have protested that we do not see enough traditional women on television. I would like to quarrel with that argument in one respect. Statistically, it does not hold up. In fact, we do not see very many women on television at all, but we still see a disproportionate number of traditional women. I think REAL Women do have a point and this is a point that has been made by feminists for many years. That is that women in traditional roles have been denigrated on television.

Think of all the advertising that shows women in domestic roles looking, quite frankly, like idiots. Women are portrayed as being inordinately concerned with pleasing their husbands by shining up their homes. This obsession with cleanliness is one which no normal Canadian homemaker has ever had. No one believes that this is the way to success and happiness. These advertisements portray the stupidity of women in their deference to male experts who tell them how to clean their houses. These are roles which have been the mainstay of advertising over the years and, although there have been some improvements, this denigrates the role of the traditional woman and the role of all women. I think we must all complain about that. It is certainly not a very good advertisement for marriage and the family to show these roles in such unflattering terms.

If we accept that the problems I have enumerated are real problems for the Canadian family, we have to look at some solutions. Unfortunately, when we begin to look at solutions we see that they will cost money. The violent television programs that do not help promote family life are imported at a relatively cheap cost. They are mass produced and production costs have already been absorbed. They are for sale for retransmission in Canada at very cheap rates relative to production costs in Canada. It is expensive to create new material in Canada

that is non-violent and pro-family. It is expensive to show *Anne of Green Gables* rather than to import some violent American programming. It will cost money to produce our own Canadian content shows which portray our different values.

Anne of Green Gables is an example of a very fine program which has been widely shown.

I would hope to see more such programming in Canada, but it does cost money. The main source of Canadian programming, the CBC, has had to cut back on Canadian programming. There has been very little Canadian production on the part of the other networks. The CTV, the English-speaking private network, produces almost no Canadian drama or entertainment. Of course, it is out to make money. It can make money by importing these relatively cheap American and very violent shows. It can get away with importing these, rather than producing its own. We must look at the economics of television broadcasting. If we want solutions, we must have better rules on violence. I note that the Canadian Association of Broadcasters is developing some guidelines on violence. They are not very strong ones, and I do not think they are adequate. These must be developed. There must be Canadian content regulations that will be good, strong ones. We need good public television, and it will have to be funded.

• (1730)

I see that my time is almost up, Madam Speaker. In closing, I wish to congratulate the Member and say that I certainly support the intentions of his motion, but we will have to look at the economics of broadcasting as part of the solution. There are no easy solutions. I am with him in spirit. We should be looking toward the solutions. We must look at how we will manage our own broadcasting, if we are going to have a television communications policy that actually does support the Canadian family.

[*Translation*]

Mrs. Monique Tardif (Parliamentary Secretary to Minister of National Health and Welfare): Madam Speaker, I sincerely appreciate this opportunity to debate the motion introduced today by my colleague from Scarborough West (Mr. Stackhouse) because it enables me to repeat and comment further on some of the last throne speech observations pertaining to the family. In the speech, Madam Speaker, Her Excellency the Governor General emphasized that the Government is resolved to defend and strengthen the institution of the Canadian family.

Because the well-being of Canadians generally is predicated on the well-being of Canadian families, we must remain ever aware of the current evolution of family structures and expectations.

Most Canadians look upon the family as the institution which can most influence the education and social upbringing of children. Fortunately, most of them equate as well this influence with the sound physical, affective and intellectual development of the family members throughout the various stages of life, and a healthy family will always foster the physical and psychological well-being of its members.

No one can deny that, in recent decades, the tensions harboured by Canadian families have given rise to new family structures, as evidenced by the ever increasing number of single-parent or reconstituted families.

The growing number of incidents which attest to the existence of violence against children, older people and women, as well as other family problems, prove that such tensions did have a very strong impact on the family's capacity to adapt and function. Fortunately, those families have shown the strength and flexibility needed to face that kind of problems. But some of them need help in times of strain in order to continue adjusting themselves, and it is towards the latter that governments have a special responsibility for providing the kinds of support that are appropriate to their new requirements.

I would like to mention two achievements that illustrate what is being done now in support of families. The first is a study conducted in Montreal, with funding from the Department of National Health and Welfare. The study dealt with a program of family enhancement. It had interesting results because it showed that consolidating adjustment potentials within the family has preventive benefits. The study showed that one is not born a parent. Child rearing techniques can be learned and should be taught, and those basic techniques that can solve problems can apply in a number of situations. The study also showed that early action and information reduce the need for later treatment to reduce the devastating and long-lasting effects of family breakdown.

The second example I would like to point out is the result of work done at the Health Promotion Directorate in the Department of National Health and Welfare. It is a unique program entitled "Family Passport" aimed at getting family members to carry on together various activities related to the family group's health and welfare. The program was tried in the field, results are very encouraging and developing work will be further advanced next year.

It is often said there is a danger that the government may ask the wrong questions, get the wrong answers and act accordingly when trying to solve a problem. My view is that that is not necessarily the case. Quite the opposite, I believe that the more co-operation and consultation there is, especially when the welfare in a society is involved, the less chance there is of that kind of error happening. It is also obvious that in an atmosphere of strong co-operation, the government and non-government sectors can form a powerful alliance to do what neither one could achieve by itself. That is exactly what the Government of Canada, through its National Health and Welfare Department, has done in various respects to support marriage as an institution and the family.

For instance, the Department co-sponsored a series of workshops on marriage preparation and family mediation in divorce cases. The objective was the gradual building of a

Canadian network of leading competent people who could in turn train others and promote the creation of services.

The Department's Health Services and Promotion Branch accomplished considerable work to develop collective strategies concerning programs designed to strenghen the family's strong points. Thanks to both extramural research programs, the essential financial assistance has been provided and measures to support the family have been assessed.

In the last few years, the National Clearinghouse of Family Violence succeeded in raising in all sectors a record level of interest about the problem of violence against women and children. As for the National Day Care Information Centre, it helped keep up to date the information base and the necessary specialized councils to promote the development and growth of day-care services in Canada. Of course there is room for more work and co-operation in that field as in others and there are opportunities to implement new means to co-operate with associations which will enhance the efforts of the Government, professionals, the volunteer sector and the public.

Despite a freedom to choose other lifestyles, many people in our society recognize the benefits and values that family life embodies. Therefore, we must ensure that our programs follow the movement initiated in order to support the family. We must also examine as rigorously as possible the resources we put to work to support marriage and family life are used.

I do not think a lengthy debate is necessary to determine our needs; we know what they all are, to some extent.

What the Government cannot and must not do directly could however be done with its help by numerous other organizations of the social system. We will then have developed a strong and permanent framework for the survival and well-being of the family.

In conclusion, Madam Speaker, for me, the family is the backbone of our society and the Government must continue to act to support that institution.

I would like to move, seconded by the Hon. Member for Beauharnois—Salabery (Mr. Hudon):

That the motion be amended by striking out the words "in the opinion of this House, the government should consider the advisability of sponsoring, with the provinces, a communications program" and substituting the following therefor: "the Standing Committee on National Health and Welfare be empowered to study the feasability of a federal-provincial communications program,".

The Acting Speaker (Mrs. Champagne): Mrs. Tardif (Charlesbourg), seconded by Mr. Hudon, moves the following amendment: That the motion be amended by striking out the words "in the opinion of this House, the government should consider the advisability of sponsoring, with the provinces, a communications program" and substituting the following therefor: "the Standing Committee on National Health and Welfare be empowered to study the feasability of a federal-provincial communications program,".

The debate is on the amendment.

The Hon. Member for Outremont (Mrs. Pépin).

Mrs. Lucie Pépin (Outremont): Madam Speaker, I am quite prepared to support a proposal or an amendment of this kind. However, I want to be sure—and I have been listening to my colleagues—that when we talk about the family, we do not forget the issue of unmarried mothers and teenage pregnancies.

Today, one of our major problems in Canada is teenage pregnancies. The percentage is very high, and it seems not much or at least very little is being done to help these young mothers.

In a number of provinces in Canada, especially in certain regions, and I heard this when I was travelling with the Commission on Day Care, it seems that when these teenagers who may be 14, 15 or 16 become pregnant, their parents turn them out of the house. They go on welfare, they have to drop out of school and often they keep their children. The children are taken in by the family, often unemployed or on welfare. The young mother cannot find work, and if she does, it is usually poorly paid, and in many cases this means another generation of Canadians will be living on welfare.

We spent a lot of time discussing the possibility of giving parenting courses to these single mothers.

I also think these young people should be taught contraception. Every time the word contraception is mentioned, people blush or otherwise react. Everybody is dead set against adding this particular item to the program because they say it is being permissive. When we see children of 14 and 15 get pregnant, have children and then fail to give them an education, I think that when, first of all, they are not given a chance to finish high school and second, they are given no information at all about contraception, it may not be permissive, but it is just encouraging them to get pregnant and have a second and a third child that in turn will be dependent on Government assistance.

So if we are to have one of these communications programs, I hope we will be able to talk about the traditional family, the single-parent family, violence, support services such as day care, and that we might also talk a lot about single mothers and teenager pregnancies. Indeed the Government has to get involved and create a special program for these young mothers, first and foremost to help them avoid having more children out of wedlock, at least not when they are still teenagers. We do need a prevention program.

So I would hope such an education program might be included so as to enable single mothers to continue their secondary education, perhaps in general and vocational colleges, and then that they have access to sexual education programs.

I hope this recommendation will be considered and integrated into the program. Nobody can skate around this issue, especially when we know that 19 per cent of all childbirths in one of the Atlantic provinces last year involved teenagers. Whenever we want to raise this problem in committee everybody is embarrassed and they all say: We should not talk

about this because recommendations of this nature might be construed as a sign of permissiviness on our part.

On the contrary, I suggest we would show that we do assume our responsibilities and that we must encourage young people to continue their studies, give them means, day-care and support services so they will be able to keep their children. But then we must also provide them with whatever is necessary to make it possible for them to become self-supporting just so they will be in a position to bring up those children.

• (1740)

[*English*]

Mr. Albert Cooper (Peace River): Madam Speaker, I am pleased to have an opportunity to participate in the debate this afternoon. It provides me with an opportunity to reaffirm my support for the Canadian family and its importance in society. It also provides Hon. Members with an opportunity to reflect upon the role which Governments have played in the past and will play in the future. It is an important opportunity for those of us in the House.

I have a plaque in my home of which I often think. I should like to paraphrase what it says. Essentially it indicates that if an individual is right within himself, there will be some harmony in his home. If there is harmony in the home, that harmony will continue out into the community, extend across the nation, and ultimately affect the entire world. I often think of it because it reaffirms the importance of the base unit we are discussing today.

As Members of Parliament we must consider the significance of families and their role in society. Also we must consider the impact of families upon the nation. There has been a tendency for some time for us to take the family unit for granted. As a result we have often neglected it by not proposing legislation which could be of assistance, or by simply ignoring it and some of the problems surrounding it.

The debate today has been indicative of the problems we face. All Members of Parliament have examples in their constituencies of problems and stresses experienced by families. I refer to wife battery and its impact upon communities. I can think of the impact it has had upon families in communities and towns in my area. One frustration I have experienced as a Member of Parliament is that in some communities there are now homes to which women can come with their children for security and protection. However, there has been no support for men, support in the sense of counselling or helping them address a serious problem which is hurting the family unit.

I am certainly pleased to be involved in this debate. I do not want to take up too much time because I should like to see the House of Commons reach a decision this afternoon. It is important for Governments to provide leadership based upon a clear understanding of the problems and the kinds of threats faced by families. Governments should look toward solutions to help alleviate the problems. They should not divert them momentarily or side-step them or come up with band-aid solutions. It is important for us to be involved in informed discussions.

I am also pleased with the amendment offered by my colleague to refer the matter to the Standing Committee on National Health and Welfare. I certainly support it because committee stage would provide us with an opportunity for discussion and informed debate. It would also provide us with an opportunity to draw upon the arguments and concerns demonstrated this afternoon. Hopefully the committee would consider looking at the experiences of various families throughout Canada which have dealt with frustrations and problems. It should look at the solutions they have come forward with and the activities in which they have involved themselves.

I should like to refer to an example which I think speaks well of what we are trying to accomplish—some families in Vancouver with the common problem of dealing with disabled family members. Often they were told that there was no choice but to institutionalize their children. Of course it was a real frustration for them. It did not seem to matter which way they turned. The common piece of advice they received from the bureaucracy providing the service was: "We are the experts. We know how to handle the situation. The only solution is to institutionalize your children". The parents began to say: "Wait a minute. We have a right to be involved in the process. We have a contribution to make. We have some decisions we would like to see taken". They formed a society called Community Living Society and began to lobby to try to improve their particular situation. With a fair amount of effort they were able to obtain funding from the Province of British Columbia, which further enhanced their ability to do something. The net result was that they were able to start providing services and facilities and take into their own hands the resolution of a problem which had caused all of them so much hardship. That is the kind of leadership we want to look to. It speaks well of the kind of potential Canadians have.

• (1750)

As well, their experience was the subject of a film produced by the Department of National Health and Welfare. It is available to the Canadian public and we can now sit down and see their struggles firsthand, and how they overcame their problems. We can then begin to realize how isolated we have become from the difficulties people face on a daily basis.

I know other Members wish to speak on this matter so I will not take up any more time of the House, other than to say I am very pleased that this motion has given us the opportunity to reflect on a problem fundamental to our society. We have had the opportunity to stop and think about what we as Members of Parliament can do to address the problems faced by a most significant part of our society. I am pleased to see the motion and indicate my support for the amendment, as well as the main motion put forward by the Hon. Member for Scarborough West (Mr. Stackhouse).

Mr. Jim Jepson (London East): Madam Speaker, I would like to speak in favour of this well-intended motion brought forward by the Hon. Member for Scarborough West (Mr. Stackhouse). Let me focus on what I believe is the foundation of our country, that being the family unit. I know others wish to speak so I will be very brief.

This evening I have heard various comments about the organization known as REAL Women. I regret that there are people in this country who look upon the traditional views of that organization as an attack on the family unit. They are in fact reinforcing family values. I regret that this has happened, but we see attacks on the family unit from every direction and that is why it is so important to have legislation such as this. It will reinforce and refocus our attention on this very important issue.

[*Translation*]

Mr. Léo Duguay (Saint-Boniface): Madam Speaker, I am pleased to rise today to support both the motion moved by my colleague the Hon. Member for Scarborough West (Mr. Stackhouse) and the amendment put forward by the Hon. Member for Charlesbourg (Mrs. Tardif).

[*English*]

I wanted to make only one or two simple and straightforward comments in order to emphasize the importance of this resolution. Contrary to the myth, and it is a myth, the high marriage and remarriage rates in this country indicate that neither marriage nor the family has gone out of style. The family is the principal means through which we care for one another. It is the primary unit of learning, education and socialization. It is a source of emotional sustenance and support, and a significant unit of both economic production and consumption. If we lose sight of the family we will be weakened as a society. All of our efforts to promote the well-being of the Canadian family must be maintained. Families remain the primary care givers for children and the primary providers of emotional support for adult members. They remain the primary context in which human values are cultivated. The family today in Canada is being rediscovered and our commitment to family life in its various forms must be maintained. That is why I take pleasure in supporting this resolution and the amendment.

Some Hon. Members: Question.

The Acting Speaker (Mrs. Champagne): The question is on the amendment. Is it the pleasure of the House to adopt the amendment?

Some Hon. Members: Agreed.

Motion (Mrs. Tardif (Charlesbourg)) agreed to.

The Acting Speaker (Mrs. Champagne): Shall the motion, as amended, carry?

Some Hon. Members: Agreed.

Motion (Mr. Stackhouse) as amended agreed to.

The Acting Speaker (Mrs. Champagne): Shall I call it six o'clock?

Some Hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

CANADA POST CORPORATION—(A) APPARENT CONTRADICTION IN GOVERNMENT POLICIES—(B) APPARENT INEQUITIES CONCERNING POSTAL SERVICE

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Madam Speaker, I rise tonight to deal with the postal service in Canada. For the past few months, Canadians have been held hostages by this Government which is cutting essential services. In a modern society such as ours, a postal service is essential. Yet, for all sorts of reasons, the Conservative Government has decided to question its existence.

Madam Speaker, it would be appropriate to list the different actions which this Government has taken. First of all, there was the Marchment Commission which produced a very interesting report, including a recommendation that the Government allow Canada Post five years to soak up its deficit. A few months later, without any sound study, the Minister of Finance (Mr. Wilson) decided suddenly that it should eliminate its deficit within one year.

Because of that, Canada Post has taken steps to meet this demand from the Government. First, it submitted a plan of operation which the Government has accepted as such, except for a part which was referred to a committee; but it has accepted the notion, not on a temporary but on a permanent basis, that from now on, all new residences in Canada would not be entitled to postal home delivery, but that they would have access to superboxes. We learned recently on TV that these so-called superboxes are not really "super", because anybody could very easily open them and steal the mail.

We have also learned that Canada Post is planning to close several thousand post offices in rural areas, resulting in thousands of jobs being lost. Canada Post's plan of operation is also considering increases in postal rates for first class mail which are before the committee, but there are other increases which are not clear—and they are waiting to implement them—and which could have a very negative impact on publications, especially multicultural papers which are sent home; if the costs for mailing these papers were to increase, I do not think that their publishers could absord them, so that a great many weeklies for instance would likely disappear.

So, Madam Speaker, they spared nothing, they turned the Canadian postal service upside down in the name of deficit reduction. The cause is a worthy one, but if they want to

reduce the deficit, they should be consistent and not ask Canadians always to foot the bill while millions of dollars are handed out to big corporations in the guise of tax favours. Concerning the matter being debated tonight, I was indeed referring to the Auditor General's Report, Note 4.44, where it is said that some $100 million were handed out to Canadian or multinational corporations while Canadians, people living in rural areas, were asked to accept reduced postal services and post office shutdowns in the name of the deficit. If the deficit is to be reduced, why extend income tax favours? Should they not impose fiscal restraint across the board, instead of focusing it on those who have the greatest need of those services, Madam Speaker?

• (1800)

[*English*]

The Government is reducing the effectiveness, if there was any, of our postal service. One night Dick Watson of Surrey, B.C., came home and saw a machine digging a hole for the installation of supermailboxes in front of his house. He used all his savings to buy a home for his family and suddenly his peace and tranquility will disappear because of all the traffic which will necessarily go past the supermailbox. How would the Minister feel if that happened to him? The Government has once again proven that in its efforts to reduce the deficit it always hits the wrong people, while giving millions of dollars worth of tax exemptions to companies and multinationals.

[*Translation*]

Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance): Madam Speaker, it is with pleasure that I take part in this debate. How indecent, and there is no other word, what the Hon. Member for Saint-Léonard—Anjou (Mr. Gagliano) has just been uttering. Madam Speaker, the Hon. Member for Saint-Léonard—Anjou, when dealing with the Canada Post question talks about big corporations and income tax credits. But the tax law as we know it, Madam Speaker, was enacted under his Government when in power—an Income Tax Act that is that thick. They enacted an Income Tax Act with scientific research credits, with tax havens for boats and hotels, a law that allowed the setting up of blind partnerships where all kinds of tax shellgames were played. It is not this Government, but his Government which created all that, and since 1984, Madam Speaker, we have been trying to put some sort of order into that legislation which has been described by tax experts and people in general as an incomprehensible, unimplementable, an unwanted legislation which they kept on. The Minister of Finance, in his last Budget, under the previous Liberal Government, was about to increase still further the complexities of the Income Tax Act. Two months after coming into office, Madam Speaker, that is in November 1984, we immediately dealt with the problem of scientific research income tax credit. That problem we solved, and not three years later. We solved the problem two months after being elected. In May 1985, we solved the problem of tax havens for boats and hotels that his Government had put in place.

Mr. Gagliano: And the Florida capital gains exemption?

Mr. Vincent: Yes, Madam Speaker, and we had the good sense to grant a $500,000 capital gains tax exemption. I recall a television program on which the Hon. Member for Laval-des-Rapides (Mr. Garneau) was told by all the participants at a round table discussion that he was playing politics by criticizing the $500,000 capital gains tax exemption. This is what he was told on the air by all the participants. He was told: "You, the Member of Parliament for Laval-des-Rapides, a former bank president, how can you oppose such an economically important initiative, something which is so much to the advantage of all Canadians, Western farmers as well as people in Quebec and small businesses throughout the country? You are playing politics." Today, the Hon. Member for Saint-Léonard—Anjou (Mr. Gagliano) is doing the same thing.

We have a problem with the postal service deficit. That is true. We have a problem with the Income Tax Act, which is too complicated. There were too many abuses of the tax system. We are now solving this problem. I hope that the Hon. Member for Saint-Léonard—Anjou understands what I have been telling him.

• (1805)

[*English*]

TRADE—ANNOUNCED CLOSURE OF LUMBER MILL AT NAIRN, ONTARIO. (B) RESTORATION OF JOBS—GOVERNMENT POSITION

Mr. Maurice Foster (Algoma): Mr. Speaker, on November 26 I put a question to the Minister for International Trade (Miss Carney) concerning the Government's intention with regard to the softwood countervail being imposed by the United States. The question was precipitated by a telegram sent to the Prime Minister (Mr. Mulroney) on the previous day. It was sent by the Senior Vice-President of E. B. Eddy Forest Products Limited, which has a large mill in Nairn in my constituency.

I will read the telegram because it is very important. It was sent by Mr. E. F. Boswell, Senior Vice-President, and member of the senior committee of the Canadian Forest Industries Council. He states in his telegram:

> We at E. B. Eddy Forest Products were shocked to watch the Government of Canada take a 180 degree change in its position on the softwood lumber countervail case.
>
> With large sawmill operations in Ontario and Quebec, it has been necessary for us today to announce a suspension of operations at our mill in Nairn Centre, Ontario, which is the largest sawmill in the province.

Actually, it is the largest sawmill east of the Rockies.

> We have spent thousands and thousands of dollars supporting the efforts of the Canadian Forest Industries Council only to have your Government annul all of that effort at the most critical time in the defence of our case.
>
> It is unbelievable that any Government could so abandon such a large Canadian industry and all of its employees.

That telegram really tells it all. It outlines exactly how the softwood lumber industry, one of the largest employers in Canada, has been undercut by the Government's decision to knuckle under and negotiate a side deal with the U.S. Government rather than fight it out in the courts.

In this case, it involves a sawmill that employes some 300 people that will be shut down in a week or two due to the Government's undercutting of the Canadian Forest Industries Council which I understand has spent some $8 million preparing and fighting that case before the U.S. trade tribunals. It has been undercut by the Minister for International Trade who has done so many flip-flops this year it is difficult to tell on which side she is flopping right now.

When the International Trade Commission made its preliminary ruling in July, the entire forest products industry was going to fight the imposition of a countervail duty. Some time in September or early October, the Minister made her commitment to make a final offer of a 10 per cent side deal rather than fight it all the way. When the decision was made with the International Trade Commission and the Department of Commerce in the United States, they imposed a 15 per cent countervail duty. The Minister stood up in the House and said that she would fight that all the way. That went on for several weeks.

At the First Ministers meeting in Vancouver, after having a *tête-à-tête* with Secretary Baldrige in Washington, suddenly she advised the Ministers that she would make another final offer of a side deal at 15 per cent. That is where the Canadian Forest Industries Council parted company with the Minister. I believe a lot of the provincial Governments are parting company as well. They were told she had a deal and 24 hours later she did not have a deal, so no one knows where the whole situation stands.

• (1810)

However, the workers at Nairn Centre, Ontario, know where they are going to be. They are going to be out on the street in a week or so. Likewise the workers at Searchmont, Ontario whose mill was shut down earlier. One hundred and fifty workers were laid off. The stud mill operation at Dubreuilville, Ontario is operating at about a third of its capacity because it simply cannot pay the level of countervail duty. The prices on two by four studding has not risen. The mill is absorbing the total countervail imposed by the United States. The same thing is happening at the sawmill at Terrace Bay. It is certainly an extremely serious situation.

What is being applied to the softwood lumber industry, if the Minister capitulates rather than fight this through the trade tribunal in the United States, we will have to face on other lumber commodities, certainly on every dollar of softwood lumber we sell to the United States. That could be applied to almost every commodity. It really impinges on our sovereignty because in effect the United States is dictating the price of our commodities. Even though we like to think we are a manufacturing country, we still depend to a great extent on these resource industries. Therefore, I hope the Minister will stand firm and fight this countervail as we fought it successfully in 1983 and not continue to capitulate, trying to make a side deal which has very bad overtones for the future of our industries in northern Ontario, many of which are shutting down at this very moment because of the way the Government has mismanaged this matter.

Mr. John McDermid (Parliamentary Secretary to Minister for International Trade): Mr. Speaker, there were more wrong statements in the seven minute speech by my hon. friend, the Hon. Member for Algoma (Mr. Foster), than I could possibly cover in the three minutes I have to reply. However, I will cover some of it. First, the action which was brought against the four provinces was brought by the United States industry. It was brought against the four provinces by the U.S. Commerce Department after presentation was made by the U.S. lumber industry through the countervailing system, which is American law, the same way as the Canadian corn producers, through our Canadian law, have brought an action against the American corn producers. There is no linkage between those two. It is American law.

Mr. Foster: The Government didn't try to make any side deals.

Mr. McDermid: I sat and listened to the Hon. Member and perhaps he will extend me the same courtesy. Before a preliminary decision was rendered by the Commerce Department, the unions, the lumber industry and the provinces requested the federal Government, and the federal Government agreed, to try and reach an agreement outside of the preliminary decision. That was not accepted. The preliminary decision came down. Many representations were made and, as a matter of fact, representations are continuing to be made on this particular issue.

After meetings with the provinces for a couple of days, and then attending the First Ministers' Conference, it was decided that they would attempt once more to try to solve this problem once and for all so we could get those workers back to work. One of the reasons they are not selling lumber right now is the uncertainty in the industry. The Americans want our lumber. It is of much higher quality than theirs. It is competitively priced. However, with all of this uncertainty they are not buying right now. That is why the mills are closing down. We want to clear that muddiness as quickly and as properly as we can. If we can reach an agreement outside the Commerce Department decision, then the matter will be decided once and for all.

• (1815)

The Hon. Member has bragged that the case in 1983 was won, but the problem was not solved. The problem still exists and the American industry has spent hundreds of millions of dollars fighting the Canadian lumber industry. It will continue to do so if we do not reach a settlement outside that agreement.

By the way, I have met with the Mayor of Terrace Bay, the union people and sawmill operators from the North. They

want action now. They want jobs now. They do not want something that will be dragged out in the courts for six or eight months. They want their jobs to be preserved now and they want a decision now. That is why the union is supporting the Government's steps to get this matter settled. They want to wipe out that uncertainty so that they can get back to work.

There has been no flip-flopping on the part of the Government. We are fighting this thing right down the line. The speech made by the Hon. Member today demonstrated his total lack of knowledge of the issues and all the options available. If he took some time to be briefed on exactly what the issues are and on the down sides and up sides of all the options, he would not have made some of the outlandish statements he made today.

PHARMACEUTICAL INDUSTRY—REQUEST THAT COST IMPACT STUDIES BE RELEASED. (B) REQUEST THAT MINISTER PROMISE TO RELEASE STUDIES

Mr. Steven W. Langdon (Essex—Windsor): Madam Speaker, my comments today arise from the interchange that occurred between me and the Minister of Consumer and Corporate Affairs (Mr. Andre) on November 19, 1986. In attempting to defend his position on pharmaceuticals, the Minister refused to release certain studies that had been prepared by the Government at that time.

I suppose there are four things that I want to put strongly on the record with reference to the answer provided me by the Minister and with reference to the entire policy of the Government in this area. First, I must say that I just came from spending a weekend in my home constituency of Windsor. While I was there, senior citizens presented to me hundreds of petitions indicating their complete disagreement with the policy that they saw would cost them money because of higher prices in the future.

I read an interesting piece in *The Ottawa Citizen* this morning written by a man whose views I usually do not take that seriously. Michael Walker, the head of the Fraser Institute, a very right-wing research institute, indicated that in his view, the Government was making a serious mistake in not admitting that there would be price increases. Anyone who has any sense of logic or any economic background or training will recognize that when the patent system is changed so as to give privileges to foreign companies, it is bound to push up prices as a result.

All we have to do to understand what will likely happen to the industry as a result of this legislation is to look not that far back to 1969 when there was no legislation in force of the kind that is in force now. We will see that all of the pipe-dreams and pie in the sky about which the Government talks of great new investments and research and development and the building of a great new drug industry here in Canada will be seen for what they actually are.

• (1820)

It is a mirage which has no possibility of being attained. In fact, at that time we had three studies take place, because our drug prices in Canada were the highest in the developed countries of the world. Finally, we were able to bring in a new approach which gave the generic manufacturers a chance to compete; not a chance to steal the product of a company, but a chance to compete by paying a 4 per cent royalty to the company involved. When that happened, lo and behold what all of us predicted would take place did in fact take place. The prices of generic drugs and, more important, the prices of non-generic drugs in this country came down dramatically.

That is what this whole issue is about. We believe that the studies that the Government has undertaken under the Privy Council Office will in fact demonstrate that precisely. That is why we have asked the Government to put those studies on the public record. We have continually received a stonewalling from the Minister. It tells me that those studies do demonstrate our position, that prices will rise, that a great many people will be hurt, and that we will not get the benefits that the Government says we will.

I ask yet again, for the sake of the openness, which this Government professed to believe in when it first came into office, that those studies be released, and that we have a chance to talk in committee and in the House on the basis of the solid information which we expect and hope will be contained within those Privy Council studies.

[*Translation*]

Mrs. Gabrielle Bertrand (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Madam Speaker, the amendments to the Patent Act, as contained in Bill C-22, represent the efforts of this Government to increase the level of pharmaceutical research and development in Canada and create more jobs for Canadians. With this legislation, which the opposition is attempting to delay using a variety of tactics much to the detriment of Canadians, the Government is taking another step towards the promotion of sustained economic growth and job creation while providing for the protection of Canadian consumers.

[*English*]

Some Hon. Members opposite have repeatedly demanded that cost studies relative to the amendments be made public. The Minister has repeatedly offered to discuss such estimates when the Bill is in legislative committee. As the Minister stated before the House, we have second reading and then committee study. The purpose of committee study is to analyse and deal with the necessary details of policy and legislation. Surely Hon. Members opposite are aware of this, yet they continue avoiding the very thing that they ask for.

• (1825)

[*Translation*]

It is reasonable to conclude that the opposition's demands for the studies followed by their refusal to have them placed before committee is nothing more than a further example of their attempts to stall the progress of this Bill and the benefits it will bring to Canadians.

Committee study will provide the appropriate forum for examination and discussion of the issue of costs. It provides for an evaluation and assessment in which all parties share as well as members of the public and the industry. Committee study allows for a variety of informed opinions to be heard. Thus, it is a more appropriate opportunity for constructive discussion of the studies which were the basis of the policy. Ideas and interpretations of the points which this Bill addresses will require the consideration of experts on the subject, both of the Government and elsewhere. Let us have a full and open examination of the issue. That is how progress can be made on this issue and not through repetitious debate *ad infinitum*.

To use the issue of cost study as a procedural wrangle to delay this policy is not fair to the Canadian public. The proper place to review such information is in committee, where testimony from all informed witnesses can be heard. There is no need for procedural tactics designed simply to hold up the Bill.

The proposed amendments to the Patent Act are a balanced package of amendments designed to fulfill a variety of objectives for the benefit of all Canadians. By reviewing the information which backs this Bill in committee, we will get efficient and effective discussion appropriate to its importance.

The Acting Speaker (Mrs. Champagne): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 3(1).

At 6.26 p.m., the House adjourned.

HOUSE OF COMMONS

Wednesday, December 3, 1986

The House met at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

HUMAN RIGHTS

U.S.S.R.—NON-DELIVERY OF FAMILY GIFTS SENT BY CANADIAN RELATIVES

Miss Aideen Nicholson (Trinity): Mr. Speaker, now that the gift-giving season is here I would like to draw the Government's attention to a situation that continues to distress and frustrate Canadians who are trying to maintain contact with family and friends in Eastern Bloc countries.

It is a sad fact that a person in Canada who sends a simple, inexpensive gift as a token of affection to an elderly parent, or to a dear friend in the U.S.S.R., must be prepared to have the package returned by the Soviet authorities, without any explanation of why it was not delivered.

This is not a new situation, and since there are obvious human rights implications I would urge the Government to use all possible means to remind Soviet authorities of their obligations under international human rights agreements, and to work for improvement in this particular situation.

* * *

• (1405)

DISASTERS

DAMAGE CAUSED BY FLOODING IN LAKE ST. CLAIR-LAKE ERIE AREA

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, this week 1,200 homes were hit by flooding in my constituency and along Lake Erie. This tragedy is a warning of worse flooding to come in the whole Lake St. Clair-Lake Erie area.

Just last week the International Joint Commission agreed that it was possible to fight the flooding. As the Great Lakes Coalition stressed, dredging and capital works in the Niagara River can significantly lower water levels.

Back in April the Minister of the Environment (Mr. McMillan) promised coalition representatives that he would act. However, nothing has happened. I believe strongly that a man-made solution to the flooding exists. I tell the Government that it must act now to achieve it.

HEALTH

THREAT CAUSED BY AIDS EPIDEMIC—NEED FOR MEDICAL RESEARCH

Mr. John Oostrom (Willowdale): Mr. Speaker, the Panos Institute, a London-based research group which specializes in Third World issues, concludes that AIDS could wipe out half the population of some African countries. The impact of such a tragic occurrence will be devastating to African countries.

Canada must be concerned about the pending catastrophe. If the virus were to become more infectious, it could threaten human existence the world over. The strains which such an epidemic would impose upon our health system and facilities would be equivalent to the results of an atomic war.

Canada would have to impose immigration AID tests. Canada must make AIDS research a major priority, for if we only pay lip service to this festering problem, the results could be devastating to Canada.

Canada has the facilities, the personnel, and a track record in medical research to help find a solution. Banting gave the world the cure for diabetes; the same can happen for AIDS. Let us all support drug patent Bill C-22 which will provide research funds for a future AIDS cure.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

FORGET REPORT—EARLY RETIREES—OPPORTUNITY TO MAKE SPEEDY DECISIONS

Mr. Jean-Pierre Blackburn (Jonquière): At long last, Mr. Speaker, after spending 17 months to study, to hold meetings and to analyze briefs, the Forget Commission is about to release its report. It will now be up to us as Government Members to listen to the people and give serious consideration to the recommendations aimed at improving the unemployment insurance system.

Mr. Speaker, our Government had also given the Forget Commission a mandate to examine the thorny issue of early retirees. As Member for the particularly hard hit region of Saguenay—Lac-Saint-Jean, I can tell you that I had an opportunity to meet with a number of early retirees. They drew my attention to the fact that this legislation has been harmful to them because they retired early with the conviction

that they would be eligible for unemployment insurance benefits. They were badly mistaken.

Mr. Speaker, I hope the Forget Commission will take a clear position so that, as soon as possible, we Government Members will be in a position to make a decision in the best interest of early retirees.

* * *

OFFICIAL LANGUAGES

LANGUAGE TRAINING—NECESSITY TO PUT PROGRESSIVE POLICIES FORWARD

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, last week, the Language Training and Development Branch had a meeting with all employees to explain the new language training policies adopted by Treasury Board on October 23, 1986. The new guidelines will eliminate 25 per cent of the language training received up to now by public servants during normal working hours. If demand continues to exist, training will have to be provided by private instructors outside normal working hours.

This proposal means a cut of around 48 per cent in person-years set aside for language training. The proposal reflects the Government's position that the Public Service of Canada has a sufficiently large pool of bilingual resources. Mr. Speaker, this is a false assumption, and the Commissioner of Official Languages has said so every year. Official languages instruction depends on the attitude of the managers responsible for implementing the policy, and they certainly are not all enthusiastic proponents of bilinguism. When is this Government going to stop saying one thing and doing the exact opposite? When will this Government get up enough courage to introduce progressive policies regarding our official language programs?

* * *

[*English*]

UNEMPLOYMENT INSURANCE

COVERAGE FOR PERFORMING ARTISTS URGED

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, for years now Government has been studying the plight of artists. Numerous recommendations have been made to improve the financial situation particularly of performing artists.

Two task forces and a parliamentary committee have recommended including performing artists under unemployment insurance. These are people in Canada who experience considerable periods of unemployment between engagements, and they are not very well paid when they work.

The Government has delayed enacting any improvement in the situation on the grounds that the Forget Commission was studying the matter. Now that we have the Forget Commission report, which does not even address the issue, it is time for action.

I call upon the Government to perform now, to stop delaying, and to enact the necessary changes before the Conservative Government's theatre run is over. Performing artists are the Government's spectators now. They will be among the players in the next election.

* * *

• (1410)

NORTH ATLANTIC TREATY ORGANIZATION

LIBERAL PARTY POLICY RESOLUTION

Mr. Bob Hicks (Scarborough East): Mr. Speaker, this past weekend's Liberal Party gathering highlighted the divisions which are increasingly becoming more and more evident to a growing number of Canadians. It is a Party heading in all directions. The divisions within the Liberal Party escalate as Liberal Members of Parliament insist that the Leader accept policy resolutions as policies of the Party. The Leader, who says he has returned the Party to the grassroots, tells these same people that certain policy resolutions do not count.

At the convention, Mr. Speaker, the grassroots voted to make Canada a nuclear free zone. The Leader says: "Let's really think about this one". Our NATO allies do not have to think about it. They know that such a detrimental policy would be in conflict with our NATO obligations. Where does the Liberal Party stand on this important issue? Canadians and our allies do not want, need, or deserve uncertainty in our NATO policies.

* * *

ACCESS TO INFORMATION

RELEASE OF RECORDS—CONSULTATIONS WITH PRIME MINISTER'S OFFICE

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I want to share with you a letter sent by Mr. Paul M. Tellier, Clerk of the Privy Council and Secretary to the Cabinet, to Mr. James H. Taylor, Under-Secretary of State for External Affairs. It says, in part:

> The Prime Minister has asked me to communicate with you with respect to the processing by your Department of requests for access to departmental records under the Access to Information Act.
>
> It is important that you and your responsible officials ensure that your Minister is fully informed and that he personally signs off on the proposed release of any information that is potentially embarrassing either to your Department or to the Government.

In addition, where the records being requested relate to the Prime Minister or the operations of his Office, once your Minister has signed off, you should arrange for consultations on the material being proposed for disclosure with Dr. J. A. Doucet, Senior Advisor to the Prime Minister.

It is my opinion that the Government, instead of trying to hide embarrassing information, should avoid creating such embarrassment for itself in the first place and then it would not have to incite others to flout the law.

* * *

RIGHT TO LIFE

ALLIANCE FOR LIFE—ORGANIZATION'S APPLICATION FOR FUNDING

Mr. Rob Nicholson (Niagara Falls): Mr. Speaker, there are a great many people in this country working very hard to provide alternatives to abortion, finding caring and compassionate solutions to the problem of unexpected pregnancy. One such group is the national organization Alliance for Life which co-ordinates pro-life educational activities through its 255 affiliates across the country.

Alliance for Life has recently applied for a grant under the funding program for National Voluntary Health and Social Service Organizations administered by the Minister of National Health and Welfare (Mr. Epp). Provision of a sustaining grant to Alliance for Life would allow the organization to identify areas where help is needed for distressed pregnant women, to expand education programs relevant to adolescents whereby teen pregnancies would be reduced, and to hire personnel to set up self-help groups for post-abortion trauma. I would hope that the officials concerned in the Department of National Health and Welfare will quickly approve the application of this most worth-while organization.

* * *

HUMAN RIGHTS

EL SALVADOR—INCREASE IN VIOLATIONS

Mr. Dan Heap (Spadina): Mr. Speaker, assasinations, political imprisonment, and "captures" by government armed forces are growing in El Salvador. In the first 10 months of 1985 there were 2,392 of these major crimes against human rights. In the first 10 months of 1986 there were 3,238, an increase of 35 per cent in one year. Yet the Canadian Government pretends that the Salvadoran regime of Napoleon Duarte is democratic and is reducing the violations of human rights. What nonsense, Mr. Speaker.

Many independent Canadian observers have exposed the continuing oppression in El Salvador. Now Professor Meyer Brownstone, who months ago received Canada's Pearson Medal for Peace, has reported publicly on his recent visit to El Salvador. He not only recounts these growing bloody human rights violations but he also reports that Canada's $8 million aid project is entangled in Salvadoran Government mismanagement and corruption, with a local bank raking off $1 million in fees and storage charges for fertilizer before it is all delivered.

Once again I call upon the Government of Canada to stop this aid to Duarte's corrupt and murderous Government and to conduct a public inquiry into the use of the aid that has already been sent.

* * *

[*Translation*]

PHARMACEUTICAL INDUSTRY

QUEBEC'S RIGHT TO BE IN CENTRE OF INDUSTRY CREATING WELL PAID JOBS

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, I should like to tell the House that we Quebec Conservative Members will long remember the hostile attitude towards Quebec which Quebec Liberal Members across the aisle have adopted in recent days in their unrelenting attack against our proposed drug legislation. The *Fédération de l'âge d'or de la province de Québec*, the Quebec senior citizen federation, fully supports more laboratory and drug industry research to promote better health among elderly Canadians.

The Quebec National Assembly has unanimously endorsed our initiative. Quebec press, radio and TV reporters are enthusiastic about our Bill, and I would refer Hon. Members to editorials which appeared in *Le Droit* and *La Presse* about drug industry piracy, respectively on November 19 and 27, 1986. Ever since 1968 when the present Liberal leader gave free rein to pill copiers, there has been no research, innovation and new jobs in Quebec.

Mr. Speaker, time has come for the Liberals to acknowledge that Quebec has the right and the ability to be restored as a drug industry centre which creates gainful employment, and they ought to stop putting their own petty partisan ambitions ahead of the interests of Quebecers.

* * *

• (1415)

[*English*]

REFUGEES

IRANIAN IN UNITED STATES—REQUEST FOR PERMISSION TO ENTER CANADA

Mr. Sergio Marchi (York West): Mr. Speaker, the Minister of State for Immigration (Mr. Weiner) has accused me of misrepresentation and spreading fear among Canadians concerning the 25-year old Iranian who has asked for refugee status in Canada. The Minister is confused and inconsistent.

He is looking for scapegoats to hide his own shortcomings. The facts are very clear and the options many. He can immediately issue a ministerial permit to allow this man into the country. He can grant him refugee status, or allow the community of Yarmouth to sponsor him as one of 6,000 people who will be sponsored by individual communities, over and above government sponsorship, in 1986.

For the Minister to claim that he does not have the power under the regulations to allow this person to come to Canada is a complete and very irresponsible fabrication. That he takes this position when Canadians are prepared to feed, house, and employ this person is a disgrace. The Minister has the power to save this man. He can allow people from Nova Scotia to sponsor this man as they have sponsored four others in the last year, and I cannot understand why he is looking for excuses not to do it. He should simply say he does not wish to extend the hand of compassion and humanitarianism or allow Canadians to act in the spirit of the prestigous award Canada received for helping others in need. That is what he should be doing instead of hiding behind excuses.

ORAL QUESTION PERIOD

[*English*]

PHARMACEUTICAL INDUSTRY

AMENDING LEGISLATION—POSITION OF CANADIAN DRUG MANUFACTURERS ASSOCIATION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. On November 25 my colleague from Saint-Michel—Ahuntsic asked the Minister why he had changed the drug legislation so that multinationals are no longer required to manufacture active ingredients in Canada. As found at page 1504 of *Hansard*, the Minister said:

—we did it because we were asked to by the generic companies and the Canadian Drug Manufacturers Association.

The Minister is now in receipt of a letter from the Chairman of the CDMA which says:

Your statement in the House of Commons totally misrepresents our meeting. We demand that you retract immediately this false assertion.

Will the Minister admit he was wrong and retract that assertion?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, actually the first time that question was asked by his colleague was on November 21. He will find a complete answer at page 1399 of *Hansard*. In fact this is a ridiculous discussion.

I wish the Hon. Member would co-operate in getting this Bill to committee so we can follow up on it. However, if he insists on knowing, on September 9, in Toronto, at the offices of Policy Concepts, the lobbying firm for the CDMA, my executive assistant met with Dr. Calenti, head of the CDMA, and Dr. Kubela, head of Torcan. They said then that the manufacturing provisions of the June 27 draft would not permit the generic companies to get into manufacturing. They would like to see either the first right of refusal removed, which would deny patent protection and is obviously something we do not approve of, or a window of opportunity between licences to manufacture and import. We thought that was a good idea, proceeded with it, and incorporated it into Bill C-22.

CHANGE FROM DRAFT BILL

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I suggest it is not a ridiculous discussion despite the Minister's attempt to waffle his way out of the situation.

Some Hon. Members: Oh, oh!

• (1420)

Mr. Turner (Vancouver Quadra): In response to a question from the Hon. Member for Oshawa yesterday he said it again:

It was removed from the Bill because the Canadian Drug Manufacturers Association—asked that it be removed.

Why did he change the legislation? Will he retract his earlier statement? Who influenced him to change that Bill?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, for the sixth time in this House of Commons, I will repeat. Dr. Calenti, head of CDMA, and Dr. Kubela, head of Torcan, in a meeting on September 9 in Toronto suggested that the provisions in the June 27 draft would not provide the generic companies with an opportunity to get into manufacturing and that they would prefer to have a window of opportunity between licences to manufacture and import. They wanted four to five years. We provided three years. However, the genesis of the idea was from that group. We thought it was a good idea. We would like to get the Bill to committee to demonstrate to the Hon. Member and the rest of the country why it is a good idea.

[*Translation*]

REQUEST THAT PRIME MINISTER SEEK MINISTER'S RESIGNATION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the letter from the Pharmaceutical Manufacturers Association of Canada is quite clear. My question to the Deputy Prime Minister is therefore: Considering that his Minister has misled the House, is he going to advise the Prime Minister to ask for the Minister's resignation?

[*English*]

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, questions about who said what to whom and when are a ridiculous waste of the time of this House.

Some Hon. Members: Oh, oh!

Mr. Ouellet: Arrogant.

Mr. Andre: If the Hon. Member is really interested in Bill C-22, its provisions, and its effects on manufacturing, research, and health care of Canadians, he will co-operate with the House in sending his Bill to committee where we will have all of these discussions as parliamentary procedure dictates we should.

POSITION OF MULTINATIONAL COMPANIES

Mrs. Thérèse Killens (Saint-Michel—Ahuntsic): Mr. Speaker, we know who influenced the Minister. Mr. Stettler of the U.S. multinationals said last month that the November 7 Bill is more satisfactory to them than the June one. He claimed the penalties in the June Bill were too harsh. Can the Minister explain why the U.S. multinationals are happier with this Bill than with the June Bill?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, one of the people who influenced me on this Bill was Dr. Philip Seeman, the head of the Pharmacology Department of the University of Toronto, who said in Toronto yesterday:

> Senior citizens are being seriously misled by politicians, who tell them prices will skyrocket or that their provincial drug plans may be cut, but they're being denied drugs that could improve their life.

We want to stop that denial.

Some Hon. Members: Hear, hear!

[*Translation*]

INQUIRY WHY AMERICAN MULTINATIONAL COMPANIES PREFER NOVEMBER 7 BILL

Mrs. Thérèse Killens (Saint-Michel—Ahuntsic): Mr. Speaker, obviously, the Minister was influenced in some way. On a program televised by the CBC last month, Mr. Stettler, representing the U.S. multinationals, said that the Bill introduced on November 7 was more acceptable than the June Bill. Could the Minister explain this preference of the U.S. multinationals?

[*English*]

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I was also influenced by the writer of a letter to the editor in Saturday's *Globe and Mail* who said:

> As a father of two children with cystic fibrosis I find appalling the hysterical criticism by, among others, the opposition parties concerning proposals to amend the Patent Act.
>
> Our family literally depends for its survival on more and better drugs. Companies producing only generic drugs have contributed nothing to our survival and will not in future.
>
> Any proposal that will encourage the development of better drugs deserves universal support.

I support that father of sick children and the father of any sick children who want more health care in this country. If the Member does, she will support this Bill.

Some Hon. Members: Hear, hear!

• (1425)

PROPOSED COMMITTEE HEARINGS

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question on the same subject is directed to the Deputy Prime Minister and Government House Leader. I was just informed before Question Period that the Government has refused to go along with a request to have a committee studying this Bill go to Halifax, Vancouver, Montreal, and a number of other communities, and that the Government plans to bring in closure. Will he tell the House if the real reason that the Government will now try to stop this Bill being discussed throughout the country with the people of Canada is that he has been informed by the Nova Scotia Government that it wants the federal Government to withdraw the Bill because, in the view of the Nova Scotia Government, this Bill will serve only the interests of international drug companies and that Nova Scotians ought not to be treated like guinea-pigs?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Not at all, Mr. Speaker. The fact is that we have had discussions for some time, trying to work out a proposition. I believe the Government has put forth a very reasonable proposition, with additional time for debate at second reading, and conditions to travel. It is certainly a new step in the new spirit of parliamentary reform to have a legislative committee travel and visit various cities across the country, as was requested by the New Democratic Party. We were really proposing up to two and a half months for further consideration of this Bill.

What we are really after is to allow the debate on this Bill to go ahead so that all Canadians and all parliamentarians can get a full understanding of the comprehensive nature of the Bill, and all the facts can be laid out on the table so that the people of Canada can judge. However, the opposition Parties have been frustrating our attempts to bring the Bill ahead and send it to committee for full discussion.

PUBLIC'S VIEWS

Hon. Edward Broadbent (Oshawa): Mr. Speaker, will the Deputy Prime Minister confirm that what the Government really wanted to do in those negotiations was effectively shut off all debate in the House of Commons after the committee hearings took place outside the House of Commons? Will the Minister confirm that? More specifically, will he acknowledge that the Government of Nova Scotia, a Conservative Government, has now joined with thousands of Canadians across the country and demanded that this Bill be taken off the Order Paper?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am surprised that the Hon. Leader of the New Democratic Party keeps insisting that the people of Canada only see things his way. The Minister of Consumer and Corporate Affairs has been citing many, many experts on this subject who fully support

the Government's initiative. Quite frankly, when the Government proposes up to two and a half months to consider this Bill, that certainly does not sound like a Government that is stifling debate.

Mr. Broadbent: The Minister knows full well that it is the same Government that wanted virtually no debate after the hearings. That is the reality and the Minister knows it.

POSITION OF CANADIAN DRUG MANUFACTURERS ASSOCIATION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I want to return to the Minister responsible for the Bill. He could not have been more explicit when he said to me in the House yesterday, with reference to a clause that was taken out of the Bill: "It was removed from the Bill because the Canadian Drug Manufacturers Association which represents the generic companies asked that it be removed". The letter that he received from that association, with reference to a meeting on October 14, said that quite the opposite request was made, that they wanted it in to ensure Canadian manufacturing took place in Canada. Will he confirm that he was at that meeting and that what they were saying was the case? If so, will he do the right thing and admit that he misled the House yesterday?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, for the seventh or eighth time, this question was originally asked on November 21. I refer the Hon. Leader of the NDP to page 1399 of *Hansard*. I repeat that on September 9 in Toronto, at a meeting between my staff and Doctor Calenti and Doctor Kubela, the generic companies suggested that the manufacturing provisions would not allow them to get into the fine chemicals manufacturing because the brand names would manufacture the major drugs, which are the only ones generics are interested in copying.

They suggested that they would have an opportunity to get into fine chemicals if we would change, to provide a gap between licences to manufacture and import. We provided that three-year gap. The idea came from the CDMA and turned out to be an idea that we found reasonable because it would bring on generic competition in those major drugs a little earlier. It was their initial suggestion and their idea which we adopted. If the Hon. Member is suggesting that we have adopted all of their suggestions, we have not. They are in the business of copying, and obviously they are opposed to anything that gets in the way of their being able to copy other people's discoveries.

* * *

• (1430)

CANADIAN HUMAN RIGHTS COMMISSION

PRE-COMMITTEE BRIEFINGS FOR TRIBUNAL APPOINTEES

Ms. Sheila Copps (Hamilton East): Mr. Speaker, my question is directed to the Deputy Prime Minister. Can he tell the House under whose authority the Prime Minister's Office organized a secret coaching yesterday of Progressive Conservative Human Rights appointees just hours before the appointees were supposed to come before a committee and testify about their own suitability as candidates for the Human Rights Tribunal?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there is nothing secret about the briefings. The candidates had this opportunity available to them. They could respond to the invitation and if they chose not to, they did not have to do so. The fact is it was to provide a clearer outline of their duties and obligations and to remind them of the conflict of interest qualifications which are required. It was quite normal to outline these things to the candidates.

I might just remind the Hon. Member that this is a new process which has been adopted by the Government. This Government is not ashamed of the appointments it makes.

Some Hon. Members: Oh, oh!

Mr. Mazankowski: That is why we are prepared to have the candidates come before a parliamentary committee for consideration.

Ms. Copps: Mr. Speaker, the process was so open that even the Clerk of the committee did not even know about the secret meeting taking place over at the Langevin Block.

GOVERNMENT POSITION

Ms. Sheila Copps (Hamilton East): First we had the resumés doctored, which was proven yesterday. Now we have appointees being coached. Just how low will the Government stoop—

Some Hon. Members: Order.

Ms. Copps: —to get its unqualified PC appointees on the Human Rights Tribunal, which deserves better?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the short answer to the Hon. Member's question is that we have opened up a secret process. The Hon. Member, and the Party of which she is a member, are the experts on secrecy.

REVIEW OF APPOINTMENTS

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, my question is directed to the Minister of Justice who is responsible for the Canadian Human Rights Commission. He presumably recognizes that it is the role of the Clerk of the committee to brief appointees with respect to procedures before that committee. Does the Minister not recognize that this blatant political interference by the Prime Minister's Office—after the news of doctored resumés and after restrictions by Tories on the number of appointees who could be

reviewed—makes a total mockery of the parliamentary oversight process in this important area of human rights?

Hon. Ray Hnatyshyn (Minister of Justice and Attorney General of Canada): Quite the contrary, Mr. Speaker. The purpose of briefings, if they are requested, is to allow people who have never appeared before a parliamentary committee to understand the nature and scope of the procedure, as the Hon. Member suggests, but also to get an insight with respect to the function and role of public officials. They are public officials and have the right to question what is expected of them in carrying out their responsibility. This has been going on as a continuing process. It is not a secret process. It is a logical process, as pointed out by the Deputy Prime Minister.

Mr. Robinson: Mr. Speaker, the only person who requested these meetings was the official from the Prime Minister's Office who put the meetings together. This is nothing more than blatant political thuggery by the Prime Minister, and that's not good enough.

An Hon. Member: Right on.

Some Hon. Members: Oh, oh!

Mr. Robinson: It is thuggery, that is all it is, Mr. Speaker.

Some Hon. Members: Oh, oh!

Mr. Speaker: Order, please. I do not know whether the Hon. Member has made it better or worse by calling it "political thuggery"—

Some Hon. Members: Oh, oh!

Mr. Speaker: —but it might have been worse if it was just "thuggery". In any event, I would urge all Hon. Members to use as much discretion with their language as possible.

* * *

ACCESS TO INFORMATION

REFERRAL OF INQUIRIES TO PRIME MINISTER'S OFFICE

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, my supplementary question is directed to the Deputy Prime Minister. In view of the additional news today that the Prime Minister has ordered all Government Departments to vet through his office any potentially embarrassing requests under the Access to Information Act, will the Deputy Prime Minister explain to the House why the Prime Minister is using his office in a way which displays such utter contempt not just for the access to information legislation but for Parliament itself?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, perhaps it might be worthwhile to remind the Hon. Member that there would not have been an Access to Information Act had it not been for this Government.

Some Hon. Members: Hear, hear!

Mr. Mazankowski: Second, it is perfectly normal to ensure that accurate and timely information is provided, and that is all that was covered in this particular request.

REFERENCE TO POTENTIALLY EMBARRASSING INFORMATION

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is also directed to the Deputy Prime Minister and it is on the same topic. In the letter the Clerk of the Privy Council sent to certain Deputy Ministers, he said in part that Ministers were personally to sign off on proposed release of information which is potentially embarrassing. It is not for accuracy but for embarrassment. Since when is potential embarrassment a criterion for screening information under the Access to Information Act?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Very simply put, Mr. Speaker, from time to time inaccurate information could be embarrassing, I suspect.

[*Translation*]

ACCESS TO INFORMATION ACT

Mr. Don Boudria (Glengarry—Prescott—Russell): I have a supplementary for the Deputy Prime Minister.

Instead of trying to get around the Access to Information Act in order to hide embarrassing situation, perhaps the Government should avoid getting into such situations in the first place. Wouldn't that be better than refusing to disclose the facts to Parliament and the people of Canada?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): I repeat, Mr. Speaker, it is a fairly normal process to ensure that the information which is provided is accurate—

Mr. Boudria: And not embarrassing.

Mr. Mazankowski: I rest my case there. The Hon. Member would certainly like to find embarrassing information. He not only makes it a hobby, he makes it a full-time occupation.

* * *

UNEMPLOYMENT INSURANCE

SITUATION OF EARLY RETIREES

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my question is directed to the Minister of Employment and Immigration and it has to do with the Forget Commission Report. The Minister told me on Monday he would answer

questions in the House Wednesday afternoon. That is now. The time has arrived.

Some Hon. Members: Oh, oh!

Mr. Turner (Vancouver Quadra): The time is now.

Mr. Clark (Yellowhead): The time has arrived.

Mr. Speaker: I know all Hon. Members would want to remain silent so the Hon. Member can get on with the question—because if he does not, the time will never arrive.

Some Hon. Members: Oh, oh!

Mr. Rodriguez: Mr. Speaker, my question has to do with the thousands of Canadians who lost their unemployment insurance benefits because they happen to have taken an early retirement pension from their workplaces. The Minister and the Government have been saying all along: "We will wait for the Forget Commission Report". The Forget Commission Report has now come down. It states the Government was wrong in the way it went about doing that. Can the Minister stand in his place right now and tell the House that he intends to replace those unemployment insurance benefits which were so cruelly taken away from unemployed workers?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I think the Hon. Member must realize that three o'clock is still the afternoon.

[*English*]

Mr. Blaikie: Is he going to answer questions or is he just going to make a statement?

Mr. Rodriguez: Mr. Speaker—

Some Hon. Members: Oh, oh!

An Hon. Member: Wait for them.

Mr. Blaikie: Order over there.

REQUEST FOR REINSTATEMENT OF BENEFITS FOR EARLY RETIREES

Mr. John R. Rodriguez (Nickel Belt): The Minister knows full well there are no question permitted after he makes a statement this afternoon at three o'clock. He specifically said he would answer questions about the Forget Commission Report Wednesday afternoon. I want to tell him these people are waiting.

Some Hon. Members: Oh, oh!

An Hon. Member: Listen to the fat cats laugh.

Mr. Speaker: I think all Hon. Members will note that the Hon. Member for Nickel Belt is seeking the Chair's help, assistance, and protection. The Hon. Member for Nickel Belt.

Mr. Rodriguez: The Government might think it is funny, Mr. Speaker, but there are thousands of unemployed workers who do not think it is funny and who are watching. Will the Minister stand in his place right now and tell us—and do not send me notes—when he will replace those benefits which were removed from unemployed workers?

• (1440)

Some Hon. Members: Hear, hear!

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the day before yesterday I said, as the Hon. Member just recalled, that I would provide details or answers this afternoon. I wasn't joking when I said two minutes ago that at three o'clock this afternoon I would provide details on the pensions issue. But I repeat, three o'clock is still part of the afternoon.

* * *

[*English*]

AIR TRANSPORT

PURCHASE OF CANADIAN PACIFIC AIRLINES BY PACIFIC WESTERN AIRLINES

Hon. André Ouellet (Papineau): Mr. Speaker, my question is for the Minister of Transport. Yesterday we learned of CP Air being purchased by Pacific Western. Does the Minister realize that in the document *Freedom to Move* his Government promised that deregulation would increase competition? Since then we have witnessed seven major takeovers in the airline industry. Is the Minister ready to allow this move to take place that will result in there being only two major airlines in Canada? Is his Government ready to allow this to take place?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I regret the savage attack that the Hon. Member has made upon his colleague, the Hon. Member for Winnipeg—Fort Garry, who introduced the deregulation policy with respect to air transportation three years ago.

Mr. Broadbent: You had a choice.

Mr. Crosbie: The hon. gentleman should have made his protests then when he was in Cabinet and approved that policy.

In the meantime, I think that Canada will be better served by having two healthy competitors than by having the giant Air Canada and a group of financially weak or regionally small airlines. We will have both. We will have two large competitive national airlines and a plethora of smaller regional and local airlines.

[*Translation*]

MINISTER'S POSITION

Hon. André Ouellet (Papineau): Mr. Speaker, to me it is obvious that the present Minister of Transport disagrees entirely with what was said and reported by his predecessor, who said on page 26: "Regulation will provide new opportunities for many segments of the air transportation industry and for many users, especially in the field of local and regional services."

What does the Minister intend to do to ensure there will be no increase in the cost to travellers, that the quality of service, especially in remote areas, will not deteriorate and that, and this is particularly important, there will still be a certain measure of competition in this field?

[*English*]

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I am very surprised that after the proposed National Transportation Act was introduced into the House some six months ago and a new version was introduced several weeks ago, the Official Opposition transportation critic does not know what is in it. I refer the hon. gentleman to the Bill in which he will find there are many safeguards with respect to all the matters to which he refers, including northern and remote service. A national transportation agency will be set up which will be able to consider matters of competition and have matters referred to it. There are many protections. I suggest the hon. gentleman read the Bill. It is a genuine piece of art.

Some Hon. Members: Hear, hear!

* * *

CAPITAL PUNISHMENT

TIMING OF PARLIAMENTARY VOTE

Mr. Jim Jepson (London East): Mr. Speaker, my question is for the Deputy Prime Minister. A clear majority of Canadians have indicated to the House that they want capital punishment reinstated. We have heard from the previous Minister that we can expect a free vote. My question is simply this. When can we expect this vote?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, as the Hon. Member knows, the Government's position is quite clear on this issue. At the present time I am currently examining options as to how this issue might be brought forth.

VOTING DATE INQUIRY

Mr. Bob Hicks (Scarborough East): Mr. Speaker, I have a supplementary question for the Deputy Prime Minister. His answer is not good enough. It is not good enough for Canadians and not good enough for the Members of this House. Trying to get a commitment from our own Government is like trying to walk across an ocean full of whipped cream on snowshoes.

Some Hon. Members: Hear, hear!

Mr. Hicks: Will the Deputy Prime Minister relate to the House the calendar year in which this important matter will be discussed?

Some Hon. Members: Hear, hear!

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I can only assure the Hon. Member that I will take his vigorous representation very seriously.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF NEW BRUNSWICK MINISTER OF COMMERCE AND TECHNOLOGY

Mr. Speaker: I wish to draw to the attention of Hon. Members the presence in the gallery of the Hon. Fernand Dubé, Minister of Commerce and Technology for the Province of New Brunswick.

Some Hon. Members: Hear, hear!

* * *

UNEMPLOYMENT INSURANCE

LEVEL OF BENEFITS

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, my question is for the Minister of Employment and Immigration. It concerns the principle of unemployment insurance and the basic level of support that it is supposed to provide to the unemployed. The Minister may answer my question with regard to the Forget Commission or not.

If the recommendations of the Forget Commission were in place now 23 per cent of women claimants would be receiving less than $50 a week on which to live. Will the Minister assure the House that the Government will not cut benefits to Canadian men and women?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I think it is premature at this stage, now that we are about to table one of the most important reports ever produced by a royal commission of inquiry, to give any assurances or any commitment on the part of the Government in this respect. We are going to table the report this afternoon. We will make a statement, and at that time, I expect there will be a debate and discussion and an opportunity for Members to express their views.

REQUEST THAT GOVERNMENT CATEGORICALLY REJECT ALL BENEFIT REDUCTIONS

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, I want to ask the Minister to do something about the benefits principle so that the unemployed can survive. Considering the fact that the Forget report's main recommendation is to make the benefits structure an annual one, which would result in unemployment insurance cutbacks for three quarters of the unemployed in this country, will the Minister reject out-of-hand any reduction in benefits in Canada?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the Minister of Finance and the Prime Minister have already promised, the Minister of Finance when he brought down the Budget, and the Prime Minister when he said, in answer to a question put in this House, that the unemployment insurance review would not lead to a cut in federal contributions for the unemployed. I think what we have here is a matter of principle. This is a general statement, and within this context, we shall be discussing the implementation of the principle in the weeks to come. I think the Minister of Finance and the Prime Minister were very clear in this respect.

* * *

[*English*]

CANADA POST CORPORATION

SUPERMAILBOXES—REQUEST THAT INSTALLATION BE STOPPED

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, my question is for the Minister responsible for the Post Office. Since the supermailbox was introduced we have proved that it is discriminatory to Canadians, that it opens easily, reduces property value, and interferes with the privacy of mail. Will the Minister ask Canada Post to stop installation of this "super-duper" mailbox and restore home mail delivery?

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, if the Hon. Member says that the case has been proven, then I wonder about his standard of proof. For example, he is talking about restoring home delivery where mail is left unattended in front of homes, and this is going on in the cities of this country. We put it in a locked box, and he claims that this is not safer. I do not know what he is talking about.

[*Translation*]

REQUEST FOR REINSTATEMENT OF HOME MAIL DELIVERY

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, why does the Minister not admit that Canadians have seen enough of these superboxes, why not stop installing them and restore home delivery service?

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): The Liberal Party should hire a new information agency, Mr. Speaker. A poll taken last summer among people now serviced through these boxes reveals that 94 per cent of them are quite satisfied. Consult Canadians first, then you might make more enlightened utterances in the House.

• (1450)

[*English*]

Mr. Orlikow: That is nonsense. Come on, tell the truth.

* * *

NATIONAL REVENUE

SCIENTIFIC RESEARCH TAX CREDIT PROGRAM INVESTIGATION

Mr. Simon de Jong (Regina East): Mr. Speaker, my question is addressed to the Minister of National Revenue. The Minister and the Government have committed themselves to vigorously pursue those who have abused the SRTC program that cost the Canadian taxpayers some $3 billion in tax scams. Can the Minister confirm that not one more dollar in cash or securities was collected by the Government between the period of January to October, 1986?

Hon. Elmer M. MacKay (Minister of National Revenue): Mr. Speaker, I will certainly confirm that to my hon. friend when I check to see what the precise situation is. He has stated in the past that we are not vigorously pursuing the SRTC investigations. This is not so. We have 120 p.y.'s, and we have ample resources to pursue and to make certain that these fraudulent schemes, if they turn out to be such, are fully investigated and prosecuted.

NUMBER OF INVESTIGATORS

Mr. Simon de Jong (Regina East): My supplementary question, through you, Mr. Speaker, is this. Will the Minister confirm if, in fact, there are only 15 full-time members on the staff who are dealing with attempting to get back some $3 billion lost through this scheme?

Will the Minister confirm that the quota system is again back in use in his Department? This means that the small firms will be checked, but the large firms are getting away.

Hon. Elmer M. MacKay (Minister of National Revenue): First of all I can assure my hon. friend that with respect to the latter part of his question he is absolutely wrong. The quota system is not back in effect. We are treating all taxpayers fairly and equitably.

Second, with respect to the information that he wishes to receive with regard to SRTC investigations and procedures, I can confirm that we have ample resources to do that job which we are committed to do on behalf of taxpayers. If more resources are required, they are available.

ENERGY

DEREGULATION OF NATURAL GAS INDUSTRY—EFFECT ON SMALL PRODUCERS AND CONSUMERS

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. The deregulation of natural gas has been devastating to the small gas producers in western Canada. Now the Ontario Energy Board has stated that residential users of natural gas are being overcharged. How can the Government continue to support this program of deregulation which is so blatantly unfair to both the small producers and the residential users of natural gas?

[*Translation*]

Hon. Marcel Masse (Minister of Energy, Mines and Resources): Mr. Speaker, in the discharge of their duties provincial agencies like that of Ontario may state their views on this question, however it is the market place which determines the situation and the agencies simply assume their responsibilities in their own regulatory sector.

[*English*]

PRICE CHARGED TO CONSUMERS

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, the Minister told the consumers of natural gas that the price for natural gas would come down with deregulation. If the Government is determined to continue with deregulation, will the Minister now assure the consumers of natural gas that they will be able to get natural gas at a fair price this year—not next year, not in five years, but beginning this year?

Hon. Marcel Masse (Minister of Energy, Mines and Resources): At a fair price this year, yes, Mr. Speaker.

* * *

LABOUR RELATIONS

BILL C-45—INQUIRY CONCERNING PROCLAMATION

Mr. Barry Turner (Ottawa—Carleton): Mr. Speaker, my question is addressed to the Government House Leader. Bill C-45, an Act respecting employment and employer and employee relations in the Senate, the House of Commons and the Library of Parliament was passed by the House and received Royal Assent from the other place on June 27 of this year. Can the Government House Leader indicate to us when this Bill will be Gazetted, so that the employees of Parliament Hill will finally have some legal rights?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, this is a matter that is currently before the Board of Internal Economy, on which there are representatives of all Parties, including yourself, Sir. This issue is currently being considered. As a matter of fact it will be dealt with at tonight's meeting. There is a disposition to proceed, at least on parts of this Bill, at the earliest possible date. I would expect that there would be a recommendation coming forward from the Board of Internal Economy in the very near future.

* * *

AIR CANADA

DRUG TESTING OF PROSPECTIVE EMPLOYEES

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, my question is for the congenial Minister of Transport. I am sure that that is not a contradiction in terms.

I am sure that the Minister is aware that a few weeks ago Air Canada began conducting secret and mandatory drug tests on all possible future employees. Has Air Canada explained to the Minister why, when the initial test is positive, that the Air Canada drug test manual does not require a second test, which is the only acceptable confirmation procedure that would stand up in a court of law? By the way, a second test is routine for race horses when the first test proves positive. Why does Air Canada not require a second test?

Hon. John C. Crosbie (Minister of Transport): I am glad to be called congenial. That has been one of my dominant traits for many years.

As I understand it from Air Canada, these tests are conducted as part of the regular medical examination that any applicant for a new job with Air Canada has to have. No one has been called in for a test who already works at Air Canada. They are very simple tests to do, and can be done very easily when the normal medical examination is done.

With reference to the question of a second test, or the exact point that the hon. gentleman is asking, I will have to check into that and report back to him.

REQUEST FOR MORATORIUM ON EMPLOYEE DRUG TESTING

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, in the absence of the Prime Minister I wonder whether the Minister of Transport can speak on his behalf and tell us whether or not, because of the controversy around this issue, the Government is now ready to put an end to employee drug testing in this country, or at the very least impose a moratorium on drug testing until we have some minimum national standards, so that prospective employees have some rights?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, from the point of view of a national drug strategy I wish to tell the Hon. Member, as has been stated before, that the Government does not have any intention to move into mandatory drug testing. There is a condition, which I think has been generally accepted by the public, namely, that where health and safety are a consideration, this type of testing is legitimate. Obviously, even then there must be some

very serious concerns raised in terms of appeal or second testing, as the Minister of Transport has raised.

Mr. Nystrom: For Air Canada baggage people?

Mr. Epp (Provencher): But those are the conditions under which the Government is proceeding on its national program.

* * *

TRADE

UNITED STATES DUTY ON CANADIAN SOFTWOOD LUMBER

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, my question is for the Minister for International Trade. Yesterday I received a letter from the Ontario Lumber Manufacturers' Association which states in part:

> The entire industry, across Canada, remains resolute in its unanimous decision, through C.F.I.C., to continue the lumber C.V.D. defence to the end, without concessions or deals such as the Government proposals which have seriously compromised our position.

I ask the Minister, Mr. Speaker, why has she refused to support the lumber industry and its thousands of workers across the country? Why has she been so weak?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, on this very difficult issue we have been consistent in our efforts to seek a solution which will retain Canada's sovereignty, keep the revenues in Canada, leave the provinces the right to manage their own natural resources, which they own, and the flexibility to increase stumpage fees, which are theirs, thereby protecting Canadian industry and protecting Canadian jobs. That has been the consistent approach we have taken from the start of this very difficult situation. We have had the support of the nine provinces that own the timber, and the labour union involved, and a lot of the industry.

CANADIAN SOVEREIGNTY—MINISTER'S POSITION

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, the letter goes on to state:

> It is one thing to negotiate dollars and cents; it is completely unacceptable to negotiate Canada's sovereignty.

• (1500)

Why has the Minister buckled under to U.S. pressure and failed to defend Canadian sovereign interests in determining the value of our own natural resources?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the Hon. Member has it exactly backward. The process we are following, should it be successful and remove this distasteful precedent from the books, will protect our sovereignty. The course he is suggesting will put our sovereignty at risk and open every resource industry in the country to American scrutiny and American management. That is what he will not understand and he fails to accept.

Mr. Penner: Join the industry and fight the thing.

* * *

APARTHEID

SOUTH AFRICA—POSITION OF BORDERING STATES ON IMPOSITION OF SANCTIONS

Mr. John Oostrom (Willowdale): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. Recently some top ranking officials from African States surrounding South Africa requested that Canada become involved in the military defence of South African transport corridors and key economic projects in Zambia and Zimbabwe. However, the two states bordering South Africa have failed to impose sanctions. Is the Minister investigating the matter? Will he inform these two Commonwealth countries of Canada's disapproval of conducting trade with South Africa?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, there are several elements to that question. Let me try to sort them out and answer each one. First, if the States referred to are Zambia and Zimbabwe, they have both committed themselves to undertaking the elements of the Nassau Accord, and I believe they will within their capacity to do that. Second, Canada has no intention to provide military aid in the region, although we intend to continue and to increase our aid to Zimbabwe, to Zambia, to other countries in the front line states, and to SADCC. Third, I think any fair minded individual would acknowledge, in terms of the burden being borne caused by apartheid, that people who live in Zambia and Zimbabwe bear much more of the burden and often much more lethally than we do in Canada.

* * *

DISASTERS

CHERNOBYL NUCLEAR ACCIDENT—EFFECT ON CARIBOU IN LABRADOR AND QUEBEC

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, my question is for either the Minister of National Health and Welfare or perhaps the Minister of Indian Affairs and Northern Development. It was the Minister of National Health who answered questions relating to Chernobyl in the spring. He may be aware that scientists are looking into the possibility that at least 30,000 caribou in Labrador and Quebec died from radiation contamination caused by the Chernobyl nuclear disaster, according to a provincial wildlife biologist in Newfoundland today. What is the federal Government doing in respect of this possibility? What investigations are taking place as a result of federal government action?

When will we have a statement by the Minister on what monitoring took place in Canada after Chernobyl, where it

took place, what they were monitoring, and just what was the total result as far as radioactive contamination in Canada was concerned as a consequence result of the Chernobyl accident?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, taking the Hon. Member's last question first, if I might, at the time of the Chernobyl accident and the days and weeks following, very full information along the lines mentioned by the Hon. Member was given. If he feels it would be helpful for the House and the country for an update to be given from that period onward, I would be willing to consider it and do it. In terms of the effect upon wildlife north of the sixtieth parallel, I have not had any notice of it. I will check it. In respect of other areas affected, all I can say at this stage is that the information I have received indicates that Canadians are not at risk. I will double-check it.

ABILITY TO MONITOR RADIOACTIVE CONTAMINATION

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, I think it would be very useful if the Minister would provide the House with an update on what information was gathered respecting radioactive contamination in Canada. I hope he will look into the problem north of the sixtieth parallel. It is on the CP wire, if he is looking for information.

Many serious questions have been raised in respect of Canada's ability to monitor, and what it monitors, in terms of radioactive contamination, as a result of the inquiry the Hon. Member for Vancouver—Kingsway and I have been conducting across the country. Will the Minister assure us that he will make a statement in the House respecting our ability to monitor, and provide an opportunity for Hon. Members to ask questions about this very important topic?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, as I indicated in my first answer, I am willing to make the information available. With regard to what would be the best form and what would be the best approach in terms of discussing it with the Parties in the House, obviously I would leave that to the Deputy Prime Minister. However, I will be as open as possible.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

RETROACTIVE REIMBURSEMENT OF EARLY RETIREES—GOVERNMENT POSITION

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, my question is for the Minister of Employment and Immigration. For almost eleven months now early retirees throughout Canada have been waiting for an answer as to how they should fare under the unemployment insurance system. We know that the Forget report commissioned by the former and present Ministers will be tabled today. Should the Forget

Commission recommend retroactive payments, apparently the Government will honour this commitment and pay up. The Minister said a moment ago that he would answer at three o'clock. It is now 3.05 p.m., and elderly Canadians want to know where they stand. Can the Minister live up to his promise to respond in time and forthwith tell the thousands of elderly who are waiting for his answer that indeed they will get a retroactive payment?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I fail to see what my colleague is driving at. As I just said, I am about to table the report. I should like to correct his statement. The Hon. Member is saying that if the Forget Commission should recommend such or such a thing, the Government is committed to act on it. Not at all. The Government did undertake to seek the advice of the Forget Commission, and now we have the answer. All I can say to my colleague is that, if the Chair will allow me, I will table these documents in two or three minutes. Then I will respond to your questions.

* * *

[*English*]

PRIVILEGE

Mr. Speaker: The Chair should like to advise the House that it has received notice of two questions of privilege, one from the Hon. Member for Burnaby (Mr. Robinson) and one from the Hon. Member for Hamilton East (Ms. Copps). The questions of privilege are on the same subject. The Chair proposes to hear both Hon. Members, one after the other. The Hon. Member for Hamilton East served notice just prior to the Hon. Member for Burnaby, so the Chair will recognize first the Hon. Member for Hamilton East.

COMMITTEE CONSIDERATION OF ORDER IN COUNCIL APPOINTMENTS—ALLEGED COACHING OF WITNESSES

Ms. Sheila Copps (Hamilton East): Mr. Speaker, yesterday the Standing Committee on Human Rights met pursuant to Standing Order 104 to review the qualifications of seven recent appointees to the Canadian Human Rights Tribunal panel. During the course of questioning it was revealed that at least three witnesses had attended a secret meeting earlier that same day in the Prime Minister's Office. Invitations were extended by a staff member from the Prime Minister's Office. In attendance at the meeting were officials of the office of the Prime Minister (Mr. Mulroney), the office of the Minister of Justice (Mr. Hnatyshyn), and the Parliamentary Secretary to the Minister.

Witnesses who attended the meeting informed the committee that during the meeting it was discussed what types of questions would be asked at the committee hearing and what personal characteristics the witnesses should promote in their

responses. One witness stated that officials had in their possession copies of their resumés.

The Clerk of the Standing Committee on Human Rights who had invited all witnesses to contact him with any questions regarding the committee procedure had no prior knowledge of the secret meeting in the Prime Minister's Office. For officials of the Prime Minister's office, the office of the Minister of Justice, and the Parliamentary Secretary to meet secretly with and coach witnesses being called before a committee of the House is an extremely serious breach of privilege.

I draw Your Honour's attention to citation 638 of Beauchesne's Fifth Edition which reads:

> To tamper with a witness in regard to the evidence to be given before the House or any committee or to endeavour directly or indirectly, to deter or hinder any person from appearing or giving evidence is a breach of privilege. Corruption or intimidation is not an essential ingredient in this offence. It is equally a breach of privilege to attempt, by persuasion or solicitations of any kind, to induce a witness not to attend, or to withhold evidence or to give false evidence.

I conclude by stating that if you find, Mr. Speaker, a prima facie case of breach of privilege, I am prepared to move the necessary motion.

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I gave notice this morning of a similar question of privilege arising from the events which took place yesterday in the Standing Committee on Human Rights. I should like to add some background to the question of privilege.

The appointments in question are made on the recommendation of the Minister of Justice pursuant to Section 38.1 and Section 38.2 of the Canadian Human Rights Act. These particular appointments are of a quasi-judicial nature to a very important tribunal position. The tribunal appointees in question are appointed by the president of the Human Rights Tribunal, a distinguished Canadian, Mr. Sidney Lederman, who in turn appoints people to hear complaints which have arisen under the provisions of the Canadian Human Rights Act. The Tribunal appointees have very extensive powers to call evidence and other powers of a quasi-judicial nature. I think it is important to underline the fact that we are dealing here with appointments of a quasi-judicial nature which are subject to review under the provisions of the Standing Orders. My colleague, the Hon. Member for Hamilton East (Ms. Copps), has already referred to the relevent Standing Order.

• (1510)

Under Standing Order 103 it is a Minister of the Crown who lays upon the Table the appointments and under Standing Order 104 it is up to the committee to which the appointments are referred to decide whether or not to examine the qualifications and competence of the appointee or nominee.

Surely there are serious questions about the integrity of this process when the Parliamentary Secretary to the Minister of Justice (Mr. Gérin) himself participates in a meeting to brief the appointees before their appearance before the Standing Committee on Human Rights. What we are dealing with here is a situation in which the Prime Minister's office has involved itself for the purpose of briefing witnesses who are to appear before a committee of this Parliament. Why would the Prime Minister's office involve itself in this way? The Prime Minister's office was not responsible for these appointments. These people were appointed by the Minister of Justice (Mr. Hnatyshyn). The individual who briefed these appointees is a Mr. Denis Jolette of the Prime Minister's office.

I want to note as well that these individuals did not request any sort of briefing by the Prime Minister's office or indeed by anyone else. Rather, the secretary to the official from the Prime Minister's Office, whose name is Reneé Levasseur, telephoned the appointees the previous day to urge them to attend the meeting which was held yesterday morning in the Prime Minister's office in the Langevin Block. There was no discussion whatever with the clerk of the Committee about this particular meeting. The clerk did not even know that the meeting was taking place. There was no discussion whatever with the full-time staff of the committee. They knew nothing about the meeting. There was no discussion with members of the committee. The Hon. Member from Hamilton East and myself and other members of the committee were not informed that this briefing, this coaching, by the Prime Minister's office was taking place.

The issue here is quite clear and yet is very fundamental, Mr. Speaker. We as a Parliament have embarked upon a process of scrutiny, of review, of the appointments made by the Government. Surely the process of review is tainted, is undermined, if prior to the committee in question conducting that review the Prime Minister's office meets with the people that are appointed and briefs them about what to expect before that review. That surely constitutes a breach of the privileges of all Members of this House. What it does is effectively undermine one of the very important new Standing Orders of the House of Commons itself.

It may be coincidence that the two people who were briefed that morning in the office of the Prime Minister (Mr. Mulroney) just happened to be the two people who were requested to appear before the committee by the two Opposition Members of Parliament on the committee. It may be coincidence, Mr. Speaker, but I doubt it. That again raises very grave questions about the purpose of this particular briefing.

Your Honour is aware of the maxim that justice must not only be done, it must be seen to be done as well. Yesterday in the committee the Parliamentary Secretary to the Minister of Justice was very candid and straightforward with the committee. He said that he did not know who had convened the meeting and that it was not himself. He said he did not know who was invited to attend the meeting because he did not issue the invitations. What we have is the Prime Minister's office involving itself in this process. As I suggest, what could give rise to a clearer prima facie case of a breach of the privileges of this House and of the Members of this House than that kind of political interference in the oversight process of Parliament itself?

I urge Your Honour to recognize that indeed we do have Standing Orders here which have been undermined and thwarted by the conduct of the Government and by the conduct of the Prime Minister's office.

One final point. I have mentioned that we are dealing here with quasi-judicial appointments. Your Honour can imagine the uproar if the Prime Minister's office were to brief people being appointed to judicial positions. We are not just dealing with any quasi-judicial appointment here, we are dealing with a situation in which these appointees have come under signficant attack because it has been suggested that they were, in some cases, appointed on the basis of their political credentials. There have been questions about the doctoring of resumes. There have been concerns expressed about the nature of the review process itself. Taken in that context, as well as a situation in which questions were already raised about the partisan political involvement in this important human rights oversight process, to allow this kind of blatant political manipulation by the Prime Minister's office to proceed is a clear breach of the privileges of the Members of this House. Certainly I too am prepared to move the necessary motion should Your Honour find that a prima facie case has been established.

Mr. Speaker: Before calling on other Members, perhaps the Chair could direct a question to the Hon. Member for Burnaby (Mr. Robinson). I think it is important that the Chair understand exactly what the point is that the Hon. Member for Burnaby (Mr. Robinson) and the Hon. Member for Hamilton East (Ms. Copps) are making.

There has been reference—I think just now by the Member from Burnaby—to the fact that one or more of these suggested appointments may have political affiliation. The Chair would like to know clearly whether the position which the Hon. Member is taking is that any person who is a member of a political Party is automatically barred from being considered by a Government for these appointments. I think it very important that that point be clarified now. If the answer to that is in the negative, then the Chair will be able to deal with the matter more easily. Could the Hon. Member for Burnaby please clarify?

Mr. Robinson: If there was one issue upon which all members of the Standing Committee on Human Rights were unanimous, it was that the mere fact of political affiliation, if it is coupled with other qualifications such as recognized competence in the field of human rights, clearly does not disqualify an individual for appointment to the Human Rights Tribunal.

That was not the concern, but rather that the appointments made in a number of cases were made solely on the basis of political qualification; in other words, solely on the basis of Progressive Conservative political affiliation and in the absence of any other qualifications whatever. No one, I believe, would suggest that political affiliation in and of itself would disqualify any individual otherwise qualified from serving on this or other government tribunals.

• (1520)

Mr. Speaker: Perhaps the Chair can help. I take it that the Hon. Member for Burnaby (Mr. Robinson) is making it quite clear that the political affiliation of someone named to this particular Commission is not in itself the issue.

Mr. Robinson: No.

Mr. Speaker: I think it is important that that be clarified before the discussion goes any further. The Chair would remind all Hon. Members that many Canadians belong to political parties, and not all to one political party. No doubt in the thousands of appointments made by any Government to judicial or quasi-judicial bodies it would be healthy for democracy to have a fair and even mix. However, the Chair takes the representation of the Hon. Member for Burnaby as not precluding someone from consideration because that person happens to be a member of a political party. I thank the Hon. Member for his contribution.

Are there other Hon. Members rising?

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I would like to make a few remarks on this alleged tampering with committee witnesses. It is odd to see that coalition complaining about a process of review of appointments which is new to the Canadian political scene. It was instituted by the Prime Minister (Mr. Mulroney) and our Government in response to concern that the appointments—the process which was so abused by the Liberal Party—should be reviewed by a parliamentary committee. This is the first time it has been done in Canada. The Liberal-NDP coalition Government in the Province of Ontario has refused to institute any such process.

Some Hon. Members: Shame!

Mr. Lewis: Now we have the Liberal-NDP coalition here arguing that the way we are doing it does not quite suit their convenience.

Some Hon. Members: Hear, hear!

Mr. Speaker: There is always on both sides of the House a temptation to broaden the debate on a question of privilege. The Chair senses that perhaps the debate is about to be broadened, so I would ask the Parliamentary Secretary to stay on the point which, I remind all Hon. Members, has been narrowed somewhat by the questions asked by the Chair and the answers given by the Hon. Member for Burnaby.

Mr. Lewis: Mr. Speaker, I was about to finish my remarks at that point anyway because I did not want to embarrass them any further.

I want to refer directly to Beauchesne's because there is an allegation here of tampering and breach of privilege by persuasion or solicitation. As I said, this is a new process. People are being asked to come to Ottawa to appear before a standing committee which contains Members who hope to make political gain out of examining them as to their qualifications.

An Hon. Member: That is the only thing they have in mind.

Mr. Robinson: Point of order.

Mr. Mazankowski: Can't stand the heat.

Mr. Speaker: Order, please. The Chair wants to be more than fair in hearing arguments on all important points in the matter raised by the Hon. Member for Hamilton East (Ms. Copps) and the Hon. Member for Burnaby. All Hon. Members know it is very difficult for the Chair to adjudicate upon sometimes severely conflicting points of view if motives are questioned. I ask all Hon. Members to refrain from doing that as much as is humanly possible in this very human place. I will continue to hear the Parliamentary Secretary.

Mr. Lewis: Mr. Speaker, we have dealt with two items. I think it is important to pin down the allegations that witnesses were tampered with, that they were asked to change their testimony, such that they came to the committee with a different view than the day they got off the plane, train or out of the car. I think it is perfectly reasonable to help people understand the procedure. It is new to them. We have no wish on either side to embarrass them over the process. Therefore, certain arrangements were made to facilitate an understanding of that process.

Mr. Robinson: That is the clerk's job.

Mr. Lewis: If that is the clerk's job, name one committee in which it is being done by the clerk.

Mr. Robinson: That is the clerk's job.

Mr. Lewis: Name one committee where it is being done. This is a new procedure.

Mr. Speaker: The Parliamentary Secretary is a veteran of the House of Commons. His exhortation to the other side to do one thing or another may or may not be received with dispatch and concurrence, but at least it should be put through the Chair.

Mr. Lewis: I am sorry, Mr. Speaker. Having dealt with that item, let us look at what the witnesses are being reviewed on. They get an understanding of the process and the questions to be asked, which are naturally as to competence and ability to fulfil the requirements of the appointment. I would also point out to the other side that we have brought in tougher conflict of interest guidelines. I do not believe, with all due respect, that Clerks of the committees are schooled in those guidelines. I think it is only fair that these witnesses have some understanding of those guidelines and the questions which may be put concerning them before they appear before a committee. This is done simply to make the witnesses aware of the process.

In all of the allegations we have not heard that any testimony was being interfered with. When you have a résumé before you which states the person's qualifications, the questions asked concern those qualifications and competence for the appointment. Surely that cannot be changed. If you have the qualifications, then you have the qualifications.

Ms. Copps: You changed the résumés.

Mr. Lewis: The Hon. Member is new to this process because it was not in effect in the Province of Ontario and we just brought it in here now. She understands that.

I am sorry, Mr. Speaker, I got off the track there. In finding that there has been an abuse of the privilege of members of these committees, whether it is this committee or any other, surely there has to be more proof than we have heard here today that a witness has been tampered with or that there has been, directly or indirectly, any attempt to deter or hinder any person from appearing. Deter or hinder! We set up the process to get them before the committee so how can we be deterring or hindering? We are bringing them in and explaining the process.

This entire question of privilege revolves around whether or not anything untoward was done in trying to explain to a Canadian citizens who have decided to come forward and serve their country as appointees how the process works. Should they not have the right to understand the process whereby they appear before a parliamentary committee? I believe we owe it to any individual coming before a committee to be questioned on their abilities and competence to go over the process with them. It is not to change their résumé, not to suggest we are going to do anything different than ask them questions. We have a duty to tell them the nature of the process and, I submit, that is all that has been done and nothing more.

Some Hon. Members: Hear, hear!

Ms. Copps: Mr. Speaker, I realize this is a very serious question and one which you will have to deliberate at some length. I believe as you review the transcripts of the meetings last night you will see that clear evidence was presented from at least two witnesses that the résumés were tampered with. More specifically, they indicated to the committee that they had sent résumés which included their political connections and those résumés had been altered. The witnesses stated that they had not altered the résumés, that the original résumés sent included a reference to membership in the Progressive Conservative Party. I believe that if you review the résumés and the "blues", Mr. Speaker, you will see that there was clear evidence of tampering, if the words of the witnesses are to be believed.

• (1530)

Mr. Speaker: I will continue to hear Hon. Members, but there is something that I feel I am duty bound to clarify with all Members. I happen to know that one of the witnesses before this particular committee is a member of the riding association of the riding which I represent. I want to assure Hon. Members that I have had no discussions with that citizen. I want Hon. Members to know that the Chair is listening to submissions with very great care. I felt I owed a duty to make it clear to all Hon. Members that one of the persons involved is a member of the riding association in my own constituency. I have had nothing to do with influencing what that person has said or done. In case there is any doubt, I want it to be absolutely clear to the House that that is the case.

I noticed that the Hon. Member for Hamilton East and the Member for Burnaby did not mention that. I take it that that was out of regard for the Chair, and that is a courtesy which the Chair very much appreciated. I feel honourbound to make that clear to all Hon. Members. I do not think that affects the argument, but I would rather have that understood than have suggestions made by anyone at any other time which might impute the integrity of this entire discussion. I thank Hon. Members for hearing me on that point.

Ms. Copps: Mr. Speaker, I have made my point. I would like to respond to the statement with regard to evidence of tampering. I believe that if the Speaker examines the transcript of the meeting he will discover that there is evidence of tampering with at least two of the résumés, and possibly three, of the appointees before the Human Rights Tribunal. I believe you should take that into consideration in making your decision, Mr. Speaker.

Mr. John Nunziata (York South—Weston): Mr. Speaker, I wish to make a very brief submission on this issue. In particular, I would like to reply to some of the comments made by the Parliamentary Secretary. He indicated that the witnesses were asked to appear in the Prime Minister's Office in order to allow them to understand the process and ask questions about the nature of the appearance they were about to make before the Parliamentary Committee. With the greatest of respect, Mr. Speaker, his arguments are not very persuasive.

It is of paramount importance to ask why the individuals were asked to appear in the Prime Minister's Office to be briefed or coached by officials from the offices of the Minister of Justice (Mr. Hnatyshyn) and the Prime Minister (Mr. Mulroney). Certain conclusions can be drawn from what occurred. Other Hon. Members have drawn those conclusions and I agree with the submissions made by them.

In my view, to condone what happened would set a very dangerous precedent. The integrity of the parliamentary committee process has been threatened by the actions of the Conservative Government in this case. It is not the role of the Prime Minister's Office to invite witnesses to be coached or briefed to help them understand the committee process. If such as responsibility exists, it is that of the nonpartisan clerk of the committee. It is inappropriate for the Prime Minister's Office or that of any other Minister of the Crown to invite witnesses who are about to appear before a committee to attend briefings. That would threaten the integrity of the parliamentary committee process. The conclusion which can be drawn quite readily is that the evidence of such witnesses would be tainted and not objective. If such a thing occurred within the criminal justice system, I suggest it would be tantamount to the obstruction of justice.

Mr. Nowlan: Poppycock.

Mr. Nunziata: It is not the role of the Prime Minister's Office to try to convince witnesses to give certain testimony before a parliamentary committee. In my view the Government introduced this reform to enable the Opposition to ask questions in order to satisfy Parliament and Canadians that people were being appointed to various boards and commissions based on merit. That which the Government has done has created considerable cynicism with regard to government appointments. It has also created considerable cynicism about our system.

I urge you, Mr. Speaker, to rule that there has indeed been a breach of the privileges of this House. In my view, the Government of Canada, through the Prime Minister's office, has shown contempt for this Parliament.

Mr. Reginald Stackhouse (Scarborough West): Mr. Speaker, I am glad to speak on this matter both as a member of the House and as Chairman of the Committee on Human Rights. I noted your remarks from the chair, Mr. Speaker. Your reference in no way added to the knowledge which members of the committee had. Every member of the committee was fully aware of the political affiliation of the appointee to whom you referred. We were aware of that because it was contained in a résumé which was circulated to each member of the committee. We all received copies of résumés which outlined the political affiliation of each appointee. While I welcome your statement and understand your reasons for making it, I point out to the House that we were all aware of the affiliations of that and other appointees.

That is representative of the fullness of knowledge available to members of the committee, either through papers circulated among us or through knowledge gained by questions freely asked with very few restrictions during the extended series of hearings. As an example of that, the committee discovered the holding of the information meeting which has occasioned this debate.

There has been no attempt to restrict this committee or any member of it from seeking the knowledge required to carry out the responsibility given to us by Standing Order 104. That is clear from the fact that this private meeting, which has been falsely called a secret meeting—and there is a difference—was fully described to us by the Parliamentary Secretary who was in attendance at our meeting and by each of the witnesses who attended that meeting. There was not the slightest attempt to

withhold any information which any member of the committee desired to obtain. So free was the opportunity for seeking information that two witnesses who had been examined before we gained knowledge that the morning meeting had been held were brought back to the table at the conclusion of the examination of other witnesses. Their examination was resumed so that we could ask them about the morning meeting. There was nothing secretive about it.

• (1540)

I have the same transcript as the one to which Opposition Members have referred. We do not have the full transcript yet. I believe it is only a transcript of the first three witnesses examined. When you take the time to examine the transcript, when it is available, I am confident that you will see that, as reported by the witnesses who testified, the character of the morning meeting was primarily to acquaint the witnesses with the procedures that would be followed and the kind of meeting they were going to enter yesterday afternoon. Many of them indicated that they had never appeared before a parliamentary committee previously and that they were glad to have the opportunity. I point out that if you examine the transcript you will see, as will any other Member of the House, that there was not any testimony given yesterday that would encourage or support any indication by any member of the committee or the House that what went on at that meeting in any way prejudiced the testimony that those witnesses gave to us yesterday afternoon.

Ms. Copps: How do you know?

Mr. Stackhouse: No evidence at all. There was not the slightest shred of evidence that would support the conclusion that in any way that meeting tampered with the legitimate exercise of the rights and duties of those witnesses.

One can hold an opinion as to whether the meeting should have been held, but I submit that the evidence will show that there has been no breach of privileges of the Members of this House, especially members of that committee, by the meeting that was held and to which reference has been made.

I submit further that this matter is not a prima facie case of a breach of the privileges of the House, to be determined here, because it should be discussed by the committee itself. It is the committee that should deal with this matter, not the House in a plenary session. I make that point without reiterating the argument that I offered the House and the Speaker yesterday.

I suggest that the committee has the exclusive right to determine this. It is not in keeping with the traditions and procedures of the House, or the parliamentary tradition of which we are descendants, to bring into the House disagreements about the conduct of the affairs of a parliamentary standing committee. I hope we can settle that, because it will be a very negative, counterproductive precendent if every member of every committee who has some disagreement with the way in which a committee has conducted its affairs believes he or she has an opportunity to come back to the House the next day and open the question in this chamber rather than in the committee where it should be referred.

For example, our committee will be meeting as soon as tomorrow morning. Every member of the committee has an opportunity to return to the subject with which we were dealing yesterday and, in fact, we already have a notice of motion to that effect. I submit that it is within the competence of the committee to order its life and deal with this issue. For that second reason, there is not a prima facie case of the breach of privileges of Members of the House.

I hope this can be disposed of expeditiously so that the House can get on with its proper business and that the committee can soon deal with the concerns of human rights of Canadians, as it was constituted to do.

Hon. Herb Gray (Windsor West): Mr. Speaker, the Hon. Member who just took his seat argued that the matter before us is one that should be dealt with by the committee in question and not by the House. I am informed that when this matter was raised in the committee, the majority, the government supporters, voted not to question officials of the Prime Minister's Office who were involved in this morning meeting in order to get further information about what happened there. While the Hon. Member spoke at great length and with great eloquence about this matter, particularly the infamous morning meeting, I am also informed that he personally was not present at that morning meeting and is not in a position personally to say what did or did not happen there.

I particularly want to say to Your Honour that the contention of the Hon. Member who just spoke that this is not a matter of privilege to be dealt with in the House but a matter to be dealt with by the committee, is certainly not supported by the authorities. The citation in Beauchesne is taken verbatim from Erskine May's *Parliamentary Practice* which states:

> To tamper with a witness in regard to the evidence to be given before either House or any committee of either House or to endeavour, directly or indirectly, to deter or hinder any person from appearing or giving evidence is a breach of privilege.

Interestingly enough, this is a citation which is based on a resolution to this effect, passed by the House of Commons of the United Kingdom on February 21, 1700 and, according to Erskine May, a resolution which has been regularly renewed in every succeeding session. If there is something that creates concern—and I certainly submit that there is—then on the basis of the precedent in question it can only be dealt with by the House as a breach of privilege.

I am not aware of any doctrine, tradition or precedent which enables a parliamentary committee to decide on a matter of breach of privilege. For that matter, I am not aware of any doctrine, tradition or precedent which says that a parliamentary committee or members of a parliamentary committee as such have privileges which can be dealt with or decided upon by a committee. The whole matter of parliamentary privilege

can only be dealt with by the House, not by a parliamentary committee which is simply a subsidiary body.

If there is a breach of privilege, and one could argue that the Hon. Member who just spoke is conceding that, then it must be dealt with in the House. I suggest that the Conservative Member who just spoke may well be conceding that there is a breach of privilege, because he was saying that this is a matter that has to be dealt with in the committee. At least at the conclusion of his remarks he was not arguing that there was nothing to be dealt with at all. He was saying that it had to be dealt with in the committee, and that is why I say that the Hon. Member seems to be conceding that there was a breach of privilege. If that is the case, then the precedents you must consider, going back to the resolution of the British House of Commons adopted in 1700, say that it is a matter to be dealt with in the House and not in the parliamentary committee.

I have one final point, Mr. Speaker. The Hon. Member to whom I have been referring talked about whether there is evidence of tampering. The precedent is clear. It says that tampering in the sense of "corruption or intimidation, though unusual, is not an essential ingredient in this offence". The concluding words of the citation which I believe has already been brought before you say that: "It is equally a breach of privilege to attempt by persuasion or solicitations of any kind to induce a witness not to attend or withhold evidence or to give false evidence". Therefore, if the words spoken by the officials in question of the Prime Minister's Office, no matter how gentle or kind they may have been, amounted to persuasion or solicitations of any kind, then in the words of the citation there is a breach of privilege. I submit with the greatest respect that a prima facie case of breach of privilege has been proven.

• (1550)

Mr. Rod Murphy (Churchill): Mr. Speaker, I would also like to add a few words to this question of privilege raised by Members of the two opposition Parties.

No one is arguing that the Prime Minister's Office actually interviewed these people. It has been accepted that that has actually happened. However, there are two questions which have to be answered. Why was that done and what effect does that have on our committee system? Some Members of the Government have said it was done to coach the witnesses on what happens in front of a committee. If that was the only reason the Prime Minister's Office thought it was necessary to bring witnesses of committees into that office, then I would say it does not sound like there was any reason to do so in the first place because obviously—

Mr. Speaker: The Hon. Member who has a reputation in the House as being a skilled Parliamentarian will realize he may be putting the Chair in some difficulty. I would caution the Hon. Member who is an experienced Member of Parliament not to get too close to something which may be, I am afraid, imputing motives to the very people about whom we are speaking or of other Hon. Members of the House. I know the Hon. Member would not want to stray too far into that area if that is not his intention. Will the Hon. Member please continue.

Mr. Murphy: Mr. Speaker, I am not sure what you thought I was going to say, but I certainly do not think I was going to say anything which went against the rules of the House.

Mr. Speaker: Provided the Hon. Member is now quite sure he will not say anything which goes against the rules of the House, the Chair's intervention might have been helpful.

Mr. Murphy: I would almost accuse you of filibustering, Mr. Speaker, but that would be against the rules of the House.

The problem we face with this whole process is that the Prime Minister's Office, for some reason, brought these witnesses who were called before a committee of the House, and did some sort of coaching. We have no knowledge as to what took place in that coaching process. Obviously, the Prime Minister's Office felt it had to do this despite the fact that any Clerk of any committee is quite capable of explaining to witnesses what happens in committee and what are the procedures of a committee.

Mr. Speaker: I wonder if I could ask the Hon. Member a question. Imagine for a moment that a constituent of the Hon. Member is here and is called to come before a committee and the Hon. Member receives a call from the constituent who asks: "Can you tell me what this is all about and give me some advice." I wonder what the response of the Hon. Member would be?

Mr. Murphy: I think that is a very valid question, Mr. Speaker. I suspect that I would either give that person information or refer him to the Clerk. However, that is not what happened in this situation. As we understand it, and as people have explained it to us in addressing the question of privilege, the witnesses did not telephone the Prime Minister's Office and say: "Please tell us what is going on". The Prime Minister's Office called these witnesses in and said they must come in or should come in, whatever phraseology was used, and it would review and explain how the process works.

My problem with that is that committees of the House of Commons, through the new rules of the House, have an obligation to review various Government appointees. That was a right granted by the House and, I must admit, was a promise of the Prime Minister (Mr. Mulroney). The problem that we will have, especially those of us in the opposition, is that if there is going to be coaching of witnesses, as there quite often is in court cases, then the committees themselves, and especially the opposition Members of those committees, will need to have the same abilities, training and resources in order to ensure that the process is fair.

I am not a lawyer, Mr. Speaker, but I do know enough about law to recognize that there is some equality in the system. It is true that a lawyer will brief his or her client. That will happen. However, we do not have that same ability in our

committees. That is the danger in what is happening here. If the Prime Minister's Office, with all of its resources, is going to bring in witnesses before they are even seen by Members of the committee, that will create an unfairness in the system which will guarantee that the committees will not work. I think that is a very serious breach of the procedures of this House and the intent of our committees.

Mr. Speaker: I want to be very careful here. The Hon. Member for Annapolis Valley—Hants (Mr. Nowlan).

Mr. Pat Nowlan (Annapolis Valley—Hants): Mr. Speaker, I will be very brief. I am not a member of the committee but I have been a Member of the House for a few years and I am chairman of a committee. I must say, without getting into the words of the formal notice of motion of privilege, that I as a Member of the House feel my privileges, in a reverse way, have been imposed upon and insulted by such a fictitious, specious motion of privilege put forward by the opposition. Never, since this new session has begun with its new rules, have I heard more of a mountain out of a molehill made by parliamentary pigmies who are trying to pervert the new parliamentary reform process.

Mr. Murphy: Order.

Mr. Nowlan: Quite frankly, Mr. Speaker, if Hon. Members opposite do not have more responsibility in trying to interpret these new areas of parliamentary reform—they are only provisionary rules—the sooner we get rid of them and get back to basic parliamentary order, the better it will be.

I must say, Mr. Speaker, to your credit you posed a question to the Hon. Member who just spoke which was a question I was asking myself as I listened to the Hon. Member for Burnaby (Mr. Robinson) and the Hon. Member for Hamilton East (Ms. Copps). I do not know if the Hon. Member for Hamilton East is a lawyer, but the Hon. Member for Burnaby is a lawyer and very much a member of the Committee on Justice. To suggest that a client cannot be briefed by the lawyer without tainting his evidence as suggested by the Hon. Member for York South—Weston (Mr. Nunziata), who is also a lawyer of dubious skill, is an insult to any Parliamentarian, to any lawyer, or to anyone in the legal world—

Mr. Speaker: Order, please. The Chair is not absolutely certain that to call another Hon. Member a lawyer of dubious skill would come as any surprise to the general public, but it may be creating an atmosphere in which other Hon. Members are inclined to respond in like fashion. I am reminded of what Shakespeare had one of his characters say some hundreds of years ago: "The first thing we should do is let us hang all the lawyers". I am sure the Hon. Member would not want to go that far.

Mr. Nowlan: I understand, Mr. Speaker, and you are in the chair to exercise moderation because those of us in the common field of the House sometimes do get a little excited. I used to be a member of the profession, and as far as I am concerned it is the last of the priesthoods and the faster it is defrocked and put back in the world of reality, the better it is.

I have not participated that much in some of these points of order, and you did denote the fact that perhaps I was not as moderate as I usually am. But, I have listened to this poppycock for an hour about a private meeting, as my hon. friend from Scarborough called it, which is totally distinct from a secret meeting. This was not a secret conclave, a cabal, a meeting under the cloak of darkness under the Peace Tower or climbing into the back door of the Langevin Building to pervert evidence before the committe. This "tainted" evidence, as it is called by the Hon. Member for Hamilton East, was allegedly in documents which were changed before and after these witnesses ever appeared.

There is absolutely no question of privilege here. The Hon. House Leader for the Official Opposition, who has come through an awful traumatic weekend trying to find out where he fits on the spectrum of free trade, or on any subject, let alone as leader, can be excused for his participation this afternoon. He is a notable Member of this House and I think a Member of some repute of the bar society of the land. For him to say that certain things said by the Hon. Member for Scarborough East (Mr. Hicks) lead *ipso facto* to an automatic question of privilege is one of the most facetious and superficial arguments that has ever been presented in this Chamber. Unless the tone and logic of debate starts to pick up, Mr. Speaker, you might as well turn off the cameras completely because the people of Canada will be turned off completely.

• (1600)

Let us get back to the business of the House, which is an interesting motion dealing with the Post Office. Evidentally, members of the New Democratic Party want to filibuster on an opposition day. I used to be in opposition and when we had an opposition day we treated it as the holy of holies because we were serious about the subject. Yet this opposition—

Mr. Speaker: Order, please. The Hon. Member's intervention has been helpful. I think it is probably appropriate to ask Hon. Members if any can constrain themselves from entering into the debate. I now recognize the Hon. Member for Winnipeg North Centre (Mr. Keeper).

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I wish to relate to you an experience we had at our committee with regarding an Order in Council appointment. I think it touches on what you will be dealing with in terms of this question of privilege. While the Chair may rule that the contact between the Prime Minister's office and the witness before he appeared before committee was a breach of privilege, Your Honour might also rule that the outcome of such a contact had an impact on the effectiveness of the committee to do its job.

It is with regard to the second point that I wish to comment. A Mr. Spector, who is now a senior civil servant, appeared before our committee. He was previously assistant to the

Premier of British Columbia before he became assistant to the Prime Minister of Canada. When questioned in committee with respect to his views on public policy he would not answer.

The job of the committee is to evaluate the suitability of a candidate to perform the job to which he or she has been appointed by Order in Council. There are several basis upon which this evaluation can be made. It can be done on the basis of the number of degrees the person has, the type of work experience he or she has, or any record concerning public attitudes. The other basis upon which the evaluation can be made is with respect to the candidate's attitudes on public policy that fall within the area in which he or she will be working. The gentleman to whom I am referring was involved in the area of federal-provincial relations. This is the type of examination which would take place before the American Congress.

What I think is of interest and of relevance to this question of privilege is that the official to whom I have referred refused to answer any questions with regard to his views on public policy. This left the appearance that he had been, shall I say, coached or instructed, or at least that he had had some conversations—

Mr. Speaker: Order, please. The Chair is reluctant to interrupt the Hon. Member. Apart from the propriety of proceeding with these remarks concerning another person in another place and in another situation, the Chair is wondering how helpful they are in terms of deciding this point. I ask the Hon. Member to ensure that his arguments, which are always helpful to the Chair, keep on the point.

Mr. Keeper: Mr. Speaker, I am endeavouring to keep to the point.

The point I am making is that the committee has been assigned a task. That task is to review a candidate's suitability for appointment by Order in Council to a specific position. I am suggesting that one of the basis upon which it is necessary for the committee to examine a witness is with regard to his or her attitude on public policy as it relates to the position. The experience we have had with regard to at least one such appointment was that the witness who appeared before the committee refused to answer such questions. I am suggesting to Your Honour that this had the appearance of having been done as a result of instructions from his civil service or political boss.

I suggest this is relevant in terms of Your Honour's consideration of this point. If Your Honour is dealing with the question of whether a witness has been coached or not before appearing before the committee and whether that is a breach of privilege, then the experience which I relate is relevant to Your Honour's ruling. It is something which affected our capacity to judge whether or not the person was suitable for the position. We had, shall I say, one of the legs of the three-legged stool with which we had to judge the quality of this appointment taken away.

Mr. Albert Cooper (Peace River): Mr. Speaker, I wish to participate briefly in this question of privilege. I wish to touch upon what I consider to be the four key points of discussion here. First, I wish to touch on the whole concept of what we are dealing with since it is a new process. Second, I wish to deal with the business of Citation 638 of Beauchesne's, that is, the concern about tampering with witnesses. Third, I wish to talk about the concept of briefing witnesses. Fourth, I wish to talk about the role of the committee.

Dealing first with the process that is under discussion, I think it is absolutely imperative that all Members of the House understand the dangers that we are now engaging in. One of the things talked about in the McGrath Task Force was the danger of partisan activity and partisan use of committee procedures and the impact that that would have on the reforms. The reforms that we are dealing with today are extremely important to the committees and extremely important to the House of Commons. I think they are extremely important to all Canadians. This type of partisan approach to the issue and this partisan use of the rules will subvert that process and destroy any reforms that possibly have a chance of succeeding. We have to remember that they are provisional rules and that we are now in the test run. If we wish them to survive, and I am certainly one who wishes that they do, then we have to be very careful with the type of things that are being brought before the House of Commons.

My second point is with respect to Citation 638 of Beauchesne's. The whole tone of that paragraph is with respect to the concern that witnesses have been tampered with, tampered with in the sense of not appearing before the committee or being discouraged to appear; tampered with in terms of their evidence; or tampered with in terms of the type of things they will say to the committee. I think it is absolutely essential to go back to that meeting and have a look at what happened there to see if in fact any tampering went on. The impression I have as a result of conversations I have had with members of the committee is that the meeting was extremely open and frank. There was no desire on the part of any of the witnesses or on the part of the Parliamentary Secretary to deny in any way the fact that this briefing meeting took place. So there was a very open procedure. There was no impression of tampering in any way.

As experienced Members of the House will know, if they are concerned about evidence that is being put before the committee by the House, then they have the right to swear a witness. There was no request by any member of the committee to have any of the witnesses sworn. Obviously, there was a sense that the evidence coming from the witnesses was in fact relevant and had not been tampered with.

The third point with which I would like to deal concerns the idea of briefing witnesses. I find it absolutely absurd that someone would rise in the House of Commons and take the position that witnesses should not be briefed by anyone but the clerk. Anyone who has spent any time in the House of Commons, or on any of its committees, will have realized and

witnessed personally Members of Parliament and various other people briefing witnesses before the committee, It is a totally acceptable form of behaviour. This is the type of thing that our traditions are built on, and it has gone on for a long time. It is almost laughable to find that to be a fundamental part of a point of privilege.

• (1610)

Citation 630 of Beauchesne's goes on to indicate that witnesses before a committee have the right to counsel. What is that, if it is not legalized and acceptable briefing in the eyes of Beauchesne?

The fourth point that I wish to touch on very quickly is the point raised by the Opposition House Leader when he stated, if I understood him correctly, that the committee has no role to play in privilege. On page 24 of Beauchesne's, paragraph 76, it states:

> Breaches of privilege in committee may be dealt with only by the House itself on report from the committee.

Now, if there had been a serious breach of privilege in the viewpoint of the Members who have raised this before the House, I would suggest to you that their first obligation would be to raise that point of privilege at the place of the so-called crime, which would have been in the committee. The committee would then hear the arguments, the chairman would then hear the arguments and rule whether it was a case of privilege, and then the committee would report accordingly to the House of Commons. That never happened. That proves the point at which I began, that really what we are engaged in here is not a point of privilege but a partisan exercise which undermines the role of committees, and has certainly taken up a good deal of the time of the opposition debate in the House of Commons today.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I wish to add two or three comments to what I believe is a very useful debate. I am pleased that we are having it today. Hopefully, as a result of your ruling, this type of debate and topic will not be raised again in the House.

The comments of my hon. friend, the Member for Peace River (Mr. Cooper), were thoughtful comments, particularly on the perceived partisan nature of this activity that is being debated here today. As the Hon. Member has indicated, the new provisional rules are very much appreciated by all Members of the House. They certainly have added a new dimension for those people who receive appointments to various boards and other organizations associated with the federal Government.

From the role I played, particularly on the Standing Committee on Finance and Economic Affairs when various officials who had received a government appointment were before that committee, I recall that they were in attendance with absolutely no briefing or no coaching of any type. As a matter of fact, on a number of occasions I recall individuals stating that they had literally got off the plane and walked into the committee room, and were not even certain of the procedures, or what types of questions would be put to them. Nevertheless, in a non-partisan way the appropriate questions were put from all sides of the committee table. By and large, I think people felt that a complete and appropriate vetting had taken place.

One of the questions, Mr. Speaker, that you must look at is this. These individuals were appointed by the Minister of Justice (Mr. Hnatyshyn), which is quite appropriate. The information that we have is that when they arrived they had been summoned by the Prime Minister's Office, not by the Minister of Justice's office, not by the clerk of the appropriate committee, not by Members of Parliament from their appropriate or respective constituent, but by the Prime Minister's Office.

The question that must be asked is why would the Prime Minister's Office, of all offices, want to contact these individuals for briefing, or coaching, or providing certain types of information or advice on how to approach the committee. That is the critical question. If there is any political involvement, if there is any partisan aspect of this discussion, surely to goodness that is it. The question is why does the Prime Minister's Office involve itself in a matter that was strictly that of the committee? If any part of the Cabinet should be involved, Mr. Speaker, certainly it should be the Minister of Justice who ought to have been involved in terms of concern that the individuals coming before the appropriate committee within his jurisdiction would receive at least a briefing on the rules, regulations and procedures of that committee.

I submit to you that we also are concerned about the possible partisan involvement in this particular discussion. But I say it is the involvement of the Prime Minister's Office where the partisan nature becomes a reality.

[*Translation*]

Mr. François Gérin (Parliamentary Secretary to Minister of Justice and Attorney General of Canada): Mr. Speaker, I was involved in the questions raised by the Hon. Member for Burnaby (Mr. Robinson) and by the Hon. Member for Hamilton East (Ms. Copps), and since they had received an explanation last night, I find it hard to understand their present approach.

First of all, I would like to make it clear that the meeting held yesterday morning was not a secret one in any respect. There was no secret about the number of people who attended the meeting, about who was invited, or about where the meeting was held, and I may add that when a witness was unable to name the people who were present, I immediately agreed to give the Committee the requested information, without any reservations. So it was not exactly what you would call a secret meeting.

Furthermore, and here it becomes a matter of personal privilege as a Member of this House, I may not have many years of experience in the House, and my English may not be perfect, but when I heard the word "tampering", I sent for a

French-English dictionary and an English dictionary, to check the meaning. In the English dictionary, the word "tamper" is defined as follows:

To alter, corrupt, pervert—

And that was never, not in any way, either directly or indirectly or otherwise, the case.

Yesterday, I told the Hon. Member for Hamilton East that I could not accept the allegations she was making. Considering the personalities of the two Members, and I have come to realize in the two years I have been here—

[*English*]

Ms. Copps: That's imputing motives.

Mr. Mazankowski: He is speaking on a point of privilege.

Ms. Copps: He's impugning the integrity. He cannot comment on someone's character.

Mr. Speaker: Order, please. I would like to say to the Hon. Member for Hamilton East (Ms. Copps) that we are in the midst of a point of privilege. I will hear the Hon. Member at the appropriate time. Will the Hon. Member for Mégantic—Compton—Stanstead (Mr. Gérin) please continue.

[*Translation*]

Mr. Gérin: Mr. Speaker, I have come to realize in the past two years that they often get carried away. This time I am willing to forgive and forget, but I have to say this will be the last time.

In fact, once they had been advised the meeting had taken place, the two Members had an opportunity to ask the witnesses who were present at the meeting all the relevant questions, and no one cast any doubts on the good faith or the actual testimony of these people.

So what I find particularly distressing is that today, after having had this opportunity to ask these questions, they say there has been a case of tampering, as they say in English. There was no tampering.

It is extremely distressing, because in addition to attacking me, Mr. Speaker, they are also attacking people who have been appointed to the Human Rights Tribunal, distinguished Canadians with extremely high professional qualifications. In fact, I was surprised to see how qualified some of these people are.

And today, they are being accused of having submitted to "tampering". That we cannot accept, Mr. Speaker.

In concluding, I would like to say that if the two Members want to pursue the issue, let them make a clear and specific charge, and in that case, there are other rules in the House that may apply. However, they will then have to suffer the consequences of having made unfounded charges.

• (1620)

[*English*]

Mr. Blaine A. Thacker (Lethbridge—Foothills): Mr. Speaker, with respect, we who have been around the House for some time—

Mr. Speaker: Order, please. Perhaps I could interrupt the Hon. Member; I know he will graciously agree. I think the Chair has heard the issue fully. If it would please the House, the Chair would prefer the Hon. Member for Lethbridge—Foothills (Mr. Thacker) to be the last speaker on the issue.

Mr. Thacker: Mr. Speaker, we know from history how serious is a breach of privilege question. If someone tries to block any Hon. Member from getting into the House to perform his or her duty or to give a speech, that is a true question of privilege, perhaps the only one.

A question of privilege has been raised over some conduct on a committee. There has been no allegation that the rights of Members to question have been interfered with or that any questions were prohibited. There is no doubt that that would be a question of privilege, but not the events of today.

The Hon. Member for Burnaby (Mr. Robinson) has not been in the House since making his speech. I will tell the House where he has been—

Mr. Speaker: Order, please. I must ask all Hon. Members to respect the custom of the House—and it is an ancient and honourable tradition—that we do not comment in the House on whether or not a Member is in his or her place. All Hon. Members know that there are pressing duties on Members of Parliament. People are often visiting them, and Hon. Members must go to other places. I hope all Hon. Members would agree with the Chair that we should be very careful not to comment upon the absence of any Member from the Chamber. The absence of a Member one day is coupled with the absence of another Hon. Member another day. Given the press of obligations and duties which all Hon. Members owe to their constituents and to the country, continual attendance in the Chamber is sometimes very difficult. I know the Hon. Member would agree that the better course is not to make reference to the absence of a Member. I know the Hon. Member would want to support the Chair in that regard.

Mr. Thacker: Mr. Speaker, I remind you of the judicial principle in a court of equity, the court you are operating in today—when one comes into a court of equity, one must have clean hands.

What about the rights of the witnesses? It will be a frosty Friday before I will agree to the extension of these rules. Thousands of citizens across the land give hundreds and hundreds of hours each year out of their lives to make Canada the civilized country it is. We put in place a temporary process so that they could be quizzed on their qualifications. They have fundamental rights. They have the fundamental right to privacy. Another right is to belong to a political Party.

I have attended appointment hearings, and the very first question raised by members of the Opposition is about membership of a political Party. We know what members of the Opposition are trying to achieve. They are trying to build up a record so that they can rise in the House and say that only Conservatives were appointed. Particularly in respect of human rights, I know of several members of the Conservative Party who in the past wanted to serve on human rights tribunals but were never permitted to do so, even though they had distinguished careers in the area. They were never permitted to serve because they were members of our Party. There is a small group of human rights people who feel that unless we adopt its narrow view, we are no longer qualified. That is what they are trying to do, and that is fundamentally wrong.

I think, Mr. Speaker, you could take it as judicial notice that a question of privilege must be a most serious matter. This question of privilege does not qualify, as the vast majority of applications do not qualify. It is simply an attempt to discredit the Government in any way possible. It is unfair to the people who have given of their time to stand for public office. I submit that it should be dismissed out of hand for that reason alone.

Mr. Speaker: If it is the general disposition of the House, I think this is the appropriate place to move on to another proceeding. I want to say to the Hon. Member for Burnaby and to the Hon. Member for Hamilton East that I will consider very carefully their representations. I say to all other Hon. Members that the Chair will give the matter full consideration.

Also I say to them something about which some Hon. Members with a lot of experience in the House may be wondering, that is, why the debate has gone on as long as it has. It has gone on as long as it has because, in the opinion of the Chair, when all Hon. Members agree upon parliamentary reforms—and clearly the whole process we are discussing is one of those reforms—it takes a while for them to find out how to make a new approach work. I hope the discussion which has taken place today will assist Hon. Members in making the system work.

The Chair will look very carefully at the evidence which has been given here and at the comments of all Hon. Members. I say to all Hon. Members who have contributed to the discussion this afternoon that the Chair is grateful for their interventions. It is to be hoped that the Chair can make a ruling on the matter which will assist the House to continue in the spirit of reform, and at the same time have appropriate consideration for the sensibilities of witnesses who are called in front of commmittees of the House. The Chair will endeavour to deal with the matter in an appropriate way. Again I thank all Hon. Members for their interventions. If it is the disposition of the House, the Chair would now want to move on to other matters.

ROUTINE PROCEEDINGS

[*Translation*]

UNEMPLOYMENT INSURANCE

TABLING OF REPORT OF THE COMMISSION OF INQUIRY

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, pursuant to the provisions of Standing Order 67(2), I wish to table, in both official languages, two copies of the Report of the Commission of Inquiry on Unemployment Insurance.

* * *

LAW REFORM COMMISSION

TABLING OF THIRTIETH REPORT

Hon. Ray Hnatyshyn (Minister of Justice and Attorney General of Canada): As Minister of Justice, Mr. Speaker, I am pleased to table, in both official languages, report No. 30 of the Law Reform Commission of Canada entitled "Recodifying Criminal Law", Volume I.

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UNEMPLOYMENT INSURANCE

RESUME OF REPORT OF COMMISSION OF INQUIRY

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, we have just tabled in the House the Summary of the Report of the Commission of Inquiry on Unemployment Insurance.

[*English*]

I want to thank the commissioners for their efforts on what is acknowledged by everyone to be a complex issue. We regret that the commissioners were unable to present a consensus report.

I am tabling the report of the commission which includes a minority report of two commissioners and supplementary statements by four commissioners.

[*Translation*]

Over the past few years the Macdonald Commission, the Newfoundland House Commission and others have analyzed the unemployment insurance system. The recommendations flowing from these various studies do not necessarily reach a consensus.

The Government does not endorse the Forget report nor any other, and it will not respond directly and specifically to the Forget report recommendations. However these reports will be used as background papers whenever the Government undertakes a study of the unemployment insurance question.

Admittedly the present unemployment insurance system does call for changes. As stated in the 1985 Budget, our aim is to improve and simplify the unemployment insurance program, to make it more equitable and ensure that it paves the way for labour market employment opportunities.

• (1630)

[*English*]

I want to emphasize, as did the Minister of Finance (Mr. Wilson) in his Budget of May, 1985, that our purpose is not to reduce federal contributions to the unemployed. The main objective of unemployment insurance will always be to provide temporary income protection for unemployed workers. The unemployment insurance program should also be able to enhance work incentives and prospects for long-lasting and productive employment.

[*Translation*]

The Government will listen to the views expressed as a result of the publication of these studies. Mr. Speaker, I now commit myself to appear before the House, by May 15, 1987 at the latest, to unveil the Government's proposals.

[*English*]

Finally with respect to the issue of pension regulations, I will be announcing the Government's decision before Christmas. Better than that, Mr. Speaker, I will be back to the House this Friday.

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, finally we have the Forget Commission Report, eight months late, nearly $3 million over cost and with two dissenting reports representing the views of three of the six commissioners, a commission wrought with divisions and leaks.

I want to remind the House again that the cost of this commission amounting to $6.8 million was paid out of the unemployment insurance benefit fund, for the benefit of unemployed workers instead of being paid out of general revenue. This in my opinion is illegal and it will be further challenged.

I was disappointed that the Minister had so little to say about the report today. After all these months, he had nothing to say about any of the recommendations in the report. While we in the Liberal Party believe that there are some imperfections in the unemployment insurance system and they should be corrected, there are some good recommendations in the report but some recommendations should be rejected immediately. First, the recommendation to abolish the extending of benefits in the regions to be replaced by some vague earning supplement system. You do not replace a specific program that helps workers when they are unemployed by a vague pie-in-the-sky proposal.

The second recommendation that should be rejected immediately is the one to annualize the benefits in order to calculate their amounts. Under this system we will very seriously hurt workers who are unemployed, especially seasonal workers who are not able to work for long periods of time. We must recognize that we live in a country that is basically a resource-based economy, a country with severe winters having many workers working on a seasonal basis. This proposal is completely unacceptable and should be rejected.

Finally, Recommendation No. 33 to do away with benefits for fishermen should be rejected immediately. It is proposing the abolition of a specific benefit for fishermen, a fair benefit, for something that is very vague. There are other recommendations that should be questioned but I will not comment on them today. We strongly support part of Recommendation No. 26, Mr. Speaker recommending that those cuts in unemployment insurance, where there were early retirement pensions, be rescinded as of January 5, 1986. I am pleased to see the Minister will be in the House on Friday to give the Government's response to that recommendation. One wonders why those cuts were made at all and why we had to wait. Those cuts caused a lot of concern and hardship to workers all over the country.

Finally, the Minister has not indicated the process we should go through. He says he will listen to the debate on the report as it is discussed across the country. Will this be referred to a committee? Will there be a federal-provincial conference? The report impacts on the provinces, especially by cutting back on unemployment insurance benefits because more people will be thrown into the welfare system. The Minister does not put forward any ideas for discussion in this respect. The report is filled with the philosophy of the Fraser Institute, namely, that if you make people starve they will find a job. That is no way to deal with human beings. The hidden agenda in this report is to save money in order to cut the deficit. Three billion dollars will be saved. There is no response from the Government as to what will be done with that $3 billion.

Unemployment insurance is important not only for those legitimately out of work but also for the economy by maintaining purchasing power.

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, finally the day has arrived for the Forget Commission Report. The Minister has had it since Friday. I want to take up where the Minister left off in his statement. He says that the Government will listen to the public debate that will follow the study. We have had the debate, Mr. Speaker. Over 475 briefs were presented to the Forget Commission. Where has the Minister been? The debate has taken place, Mr. Minister. What we are now concerning ourselves with is the Draconian recommendations contained in the report. To cut $3 billion from the unemployment insurance fund is the mandate the Government gave the Forget Commission. Where did Mr. Forget cut the $3 billion? He cut from regional extended benefits with a system of annualization that will cost the Atlantic region $640 million in direct transfer payments of UIC. It will cost Quebec $1 billion and it will cost the west $500 million.

This is the Government that parades around as the great unifier of Canada, the great reconciliator. It is not enough for

the Minister. I can understand why his statement was so brief, he would rather cut bait than fish. I do not blame him because he cannot win an election with these Draconian proposals of Mr. Forget. We have the spectacle of Mr. Forget and his commissioners having been paid $750 a day plus expenses affecting 78 per cent of those who collect unemployment insurance, over 50 per cent of whom will get less than $100 if you put the annualization into effect.

Isn't it great that the rich on $750 a day can say to the unemployed in Atlantic Canada, in Quebec and in the West: "You are getting too much in unemployment insurance"? That $3 billion neatly removes from the Government any responsibility for unemployment. What it says to the people of the country, to the unemployed and to the regions is, "You are responsible for your own unemployment, not the Government". This completely absolves the Government of any responsibility for regional strategies to create employment.

Mr. Forget also recommends setting up a Crown corporation. The UIC will be a Crown corporation supported strictly by contributions from employer and employee. We have a model of a Crown corporation, namely, the Post Office. The ultimate irony, to rub salt into the wounds, is to say to the people who pay their contributions to the unemployment insurance fund that they have to pay $7 for the Forget Commission study. You should be ashamed of yourselves over there.

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PRAIRIE GRAIN ADVANCE PAYMENTS ACT

PRESENTATION OF REPORT OF LEGISLATIVE COMMITTEE

Hon. J. Robert Howie (York—Sunbury): Mr. Speaker, I have the honour to present the report of the legislative committee on Bill C-12, an Act to amend the Prairie Grain Advance Payments Act, without amendment, in both official languages.

[*Editor's Note: See today's Votes and Proceedings*]

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PETITIONS

OPPOSITION TO PROPOSED CHANGE TO PATENT ACT

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, pursuant to Standing Order 106, I wish to table a petition which has been certified correct as to form and content by the Clerk of Petitions. The petition is from residents of the Thunder Bay area who are asking that the Government of Canada abandon the current proposals for the Patent Act legislation. They want Parliament to reject these proposals which they believe will increase prescription drug prices for Canadians.

• (1640)

I have a second petition, certified correct as to form and content under Standing Order 106, from residents in the area of Churchill, Manitoba. They believe the Patent Act proposals put forward by the federal Government will result in higher costs to provincial government drug plans and consumers.

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, I, too, have a petition certified correct under Standing Order 106. It is signed by many residents of Prince Albert, Saskatchewan. My seat-mate knows that area very well. It calls upon Parliament to reject the proposed changes to the Patent Act which they say will increase prices for Canadians and they will suffer as a result.

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, it is my honour and duty to present on behalf of the Pinetree Heritage Club Inc. of Christopher Lake, Saskatchewan, a petition they forwarded to me. They feel the proposal to change the Patent Act will end up increasing the price of drugs and call upon Parliament to reject these proposals. They go on to say that these increases will affect all of them in their age group.

Mr. Derek Blackburn (Brant): Mr. Speaker, I have the honour and duty to present a petition signed by several people from Vancouver and the Lower Mainland of British Columbia who object to the Government's attempt to tamper with the Patent Act. They say this will result in greatly increased prices for drugs for ordinary Canadians. They call upon Parliament to reject these proposals.

Mr. Dan Heap (Spadina): Mr. Speaker, it is my honour and pleasure to introduce a petition which has been declared in order by the Clerk of Petitions. It is from a number of people in British Columbia, places like Nelson, Trail, Castlegar, Rossland, Salmo and so on. They are all concerned about the Government's proposed legislation which would in their opinion cause drug prices to be increased unnecessarily and cause great hardship to a number of Canadians, particularly senior citizens. They feel this is a concession to pressure from the multinationals based in the U.S. and they ask Parliament to reject the Government's proposals.

REMOVAL OF MAILBOXES BY CANADA POST

Mr. Dan Heap (Spadina): I have another petition from many people in Spadina and other parts of Toronto. It refers to the action taken by Canada Post in removing one-third of the mailboxes from the City of Toronto in recent weeks without consultation with the people concerned. They feel this will cause great inconvenience and even hardship, particularly for the elderly or young children who may be mailing letters. They ask Parliament to ensure that Canada Post replaces the mailboxes and does not take them away again without first consulting with the people concerned.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE IN GOOSE BAY

Mr. Dan Heap (Spadina): I also have a petition, found in order by the Clerk of Petitions, from a large number of people in Spadina who are concerned about the Government's proposal to increase low-level flight training out of Goose Bay, Labrador. They point out that this training already disrupts the life of native people. They are also of the opinion that it does not promote peace but makes war more likely. They ask Parliament to ensure that the Government stops that activity and not try to establish a NATO base there.

OPPOSITION TO PROPOSED CHANGE TO PATENT ACT

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, I have the honour to present a petition pursuant to Standing Order 106. It has been certified correct as to form and content. Like every other petition I have presented on this issue, it has not been verified by the Deputy Prime Minister (Mr. Mazankowski) and does not need to be verified by him even though on one occasion he sought that authority for himself. That authority was not granted him by the Chair or by the NDP caucus.

I might say just a word about the petition itself. The petitioners protest the federal Government's proposals to change the Patent Act concerning prescription drugs. These proposals will increase drug prices despite what the Minister for Consumer and Corporate Affairs (Mr. Andre) says. It would severely restrict the ability of average Canadians to buy necessary prescription drugs. It would unfairly hurt those whose health needs require the purchase of prescription drugs on an ongoing basis and most certainly result in higher costs to provincial government drug plans. These changes are another example, unfortunately, of Canadian government concessions to the U.S. at the expense of average Canadians.

[*Translation*]

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, I also have a petition signed by some 50 to 60 people from the Province of Quebec. All these petitioners submit that the Canadian Government proposal to amend the Patents Act will cause hardship for Canadian men and women, because the legislation will increase the price of drugs in this country, a hardship for senior citizens, sick persons, etc. here in Canada.

They also submit, Mr. Speaker, that this Government legislation will cause hardship to the provinces because there will be cost increases where provincial health care programs are concerned.

They also submit that the proposed amendments are another example of concessions made by the federal Government to the United States with respect to the free trade negotiations.

Finally, Mr. Speaker, they suggest to us, Members of Parliament, and I quote: "For those reasons, they humbly pray that Parliament will reject those proposals that would increase the price of drugs for Canadian men and women."

[*English*]

Mr. Les Benjamin (Regina West): Mr. Speaker, I have two petitions. One is from residents of Thompson, Manitoba, who believe that the Government's proposals to amend the Patent Act will result in higher costs to provincial drug plans. They humbly pray that Parliament will reject these proposals.

I have another petition from an organization calling itself Senior Power. I am assured that thousands more of these are on their way. Senior Power from Regina humbly prays that Parliament reject the Government's proposals to amend the Patent Act pertaining to drugs. They, too, believe it will mean increased costs for them and for a very good provincial drug plan in Saskatchewan.

[*Translation*]

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I have two petitions, the first one concerning the Patents Act. More specifically, drug patents will increase the price of drugs to Canadian consumers. Also, the admendments will affect mainly people with health conditions requiring constant medication. Those proposals will mean cost increases for provincial health programs. Those proposals also are another example of concessions made by the Canadian Government to the United States with respect to the free trade negotiations.

For those reasons, your petitioners humbly pray that Parliament will reject those proposals that would increase the price of drugs for Canadian men and women.

• (1650)

[*English*]

The second petition says that the federal Government's proposal to change the Patent Act as it relates to prescription drugs will increase drug prices for Canadian consumers, that these changes will hurt Canadians who must rely on drug treatment on an ongoing basis, and that these changes will result in increased costs for provincial government drug programs. It states further that these increases are an example of the federal Government giving in to American interests in the free trade negotiations. The petitioners therefore call upon Parliament and the Government to withdraw the amendments which the Government is seeking to put before the House.

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, I, too, have petitions which have been certified by the Clerk to be correct as to form and content. It is my pleasure to present the first petition from residents of the Province of Manitoba, primarily of Winnipeg, who protest the federal Government's proposal to change the Patent Act as it relates to prescription drugs. They state that this will increase drug prices for Canadian consumers and severely restrict the ability of average Canadians to buy necessary prescription drugs. They point out that this will unfairly hurt Canadians whose health needs require the purchase of prescription drugs on an ongoing basis. They also state that the proposals will produce higher costs for provincial government drug plans. They therefore call

upon Parliament to reject proposals which will increase prescription drug prices for Canadians.

NEGOTIATIONS URGED WITH NATIONAL ASSOCIATION OF JAPANESE CANADIANS

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, I have a petition from residents of Atlantic Canada who state that the National Association of Japanese Canadians is the only elected national organization of Japanese Canadians. It is comprised of representatives from 15 centres across Canada. The petition points out that the National Association of Japanese Canadians has held public meetings on redress for the forcible dispossession and relocation of Japanese Canadians suffered during World War II and that the NAJC is the only organization which has used a national questionnaire to obtain grassroots advice in developing a position on a proper redress for the dispossession and relocation during the Second World War. Since this organization has full support, not only of Japanese Canadians but of members of many national ethnic and service organizations, they call upon Parliament to urge the Government to enter into negotiations immediately with the National Association of Japanese Canadians.

OPPOSITION TO PROPOSED CHANGE TO PATENT ACT

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, it is my honour to present a petition which has been certified as correct in its form under Standing Order 106 as signified by the signature of the Clerk of Petitions. This petition comes from my constituents in the City of Windsor who are availing themselves of their ancient and undoubted right to express a grievance with the assurance that this House will provide a remedy. They protest the Government's intention to enact a Bill which would result in an increase in drug prices. I am sure you, Mr. Speaker, would understand that that would cause an increase and financial strain for many Canadians, those particularly—

Mr. Deputy Speaker: Order. With the scientific training of the Hon. Member, could I ask him to be more concise.

Mr. Keeper: He means faster.

Mr. McCurdy: Mr. Speaker, I will try to be more concise. This petition cites the increased costs likely to result to federal, provincial and private drug plans. With the typical insight which characterizes the people of Windsor, they identify this prospective legislation with concessions by the Government in order to facilitate the free trade talks with the United States. Mr. Speaker, they demand the Bill's withdrawal.

Mr. Holtmann: Mr. Speaker, I rise on a point of order. From hearing the Member present his petition it is quite obvious that he is trying to stall for as much time as possible—

Mr. Blackburn (Brant): That's not a point of order.

Mr. Deputy Speaker: It was my understanding that the Member had completed presenting his petition.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is my pleasure to present a petition on behalf of a number of Canadians from Nova Scotia and western Canada. The petitioners are attempting to bring to the Government's attention the fact that its proposed changes to the Patent Act as it relates to prescription drugs will increase drug prices significantly. The petitioners are asking the Government to reconsider. In light of this, Mr. Speaker, I move, seconded by the Hon. Member for Vancouver Kingsway (Mr. Waddell):

That the House do now proceed to Orders of the Day.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the said motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five Members having risen:

Mr. Deputy Speaker: Call in the Members.

The House divided on the motion (Mr. Riis) which was negatived on the following decision:

• (1700)

(*Division No. 30*)

YEAS

Members

Angus
Baker
Benjamin
Blackburn (Brant)
Blaikie
Boudria
Broadbent
Cassidy
Copps
de Corneille
de Jong
Dingwall
Epp (Thunder Bay—Nipigon)
Finestone
Foster
Gagliano
Gauthier
Gray (Windsor West)
Guilbault (Saint-Jacques)
Heap
Hopkins
Hovdebo
Isabelle
Jewett
Keeper
Killens
Langdon
MacLellan
McCurdy
McDonald (Broadview—Greenwood)
Murphy
Nunziata
Orlikow
Parry
Penner
Prud'homme
Riis
Robichaud
Robinson
Roman
Tardif (Richmond—Wolfe)
Waddell—42

NAYS

Members

Andre
Belsher
Bernier
Bertrand
Binns
Bissonnette

Blackburn (Jonquière)
Blais
Blenkarn
Bourgault
Boyer
Bradley
Brightwell
Brisco
Browes
Caldwell
Cardiff
Carney
Clark (Yellowhead)
Clark (Brandon—Souris)
Clifford
Collins
Comeau
Cook
Cooper
Cossitt
Côté (Lac-Saint-Jean)
Crofton
Crosbie (St. John's West)
Crosby (Halifax West)
Darling
Daubney
Della Noce
Desjardins
Domm
Dorin
Edwards
Epp (Provencher)
Fennell
Fontaine
Forrestall
Fraleigh
Fretz
Gagnon
Gass
Gérin
Gervais
Gormley
Graham
Gray (Bonaventure—Îles-de-la-Madeleine)
Grisé
Guilbault (Drummond)
Gurbin
Gustafson
Halliday
Hamilton
Hardey
Harvey
Hicks
Hnatyshyn
Hockin
Horner
Howie
Hudon
Jacques
James
Jardine
Jelinek
Jepson
Jourdenais
Kelleher
Kempling
Kilgour
King
Layton
Lewis
Lopez
MacKay
Malone
Mantha
Marin
Masse
Mayer
Mazankowski
McCain
McCrossan
McCuish
McDermid
McKenzie
McKinnon
McKnight
Merrithew
Minaker
Mitges
Nicholson (Niagara Falls)
Nickerson
Nowlan
O'Neil
Oostrom
Peterson
Pietz
Plourde
Porter
Price
Redway
Reid
Ricard
St. Germain
Schellenberg (Nanaimo—Alberni)
Schellenberger (Wetaskiwin)
Scott (Victoria—Haliburton)
Scowen
Shields
Sparrow
Stackhouse
Stewart
Suluk
Tardif (Charlesbourg)
Taylor
Towers
Tupper
Turner (Ottawa—Carleton)
Valcourt
Van De Walle
Vankoughnet
White
Wilson (Swift Current—Maple Creek)
Wise
Witer—129

• (1740)

Mr. Deputy Speaker: I declare the motion lost.

OPPOSITION TO PROPOSED CHANGE TO PATENT ACT

Mr. Rod Murphy (Churchill): Mr. Speaker, I rise to present a petition which, pursuant to Standing Order 106, has been certified correct by the Clerk of Petitions, although I believe it has not been so certified by the Deputy Prime Minister.

In the petition the people of Thompson, Manitoba express their discontent with the Government's intention to change the Patent Act, which they believe will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy necessary prescription drugs.

I move, seconded by the Hon. Member for Kamloops—Shuswap (Mr. Riis):

That the House do now proceed to introduction of Bills.

Mr. Deputy Speaker: The House has heard the terms of the motion. All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five Members having risen:

Mr. Deputy Speaker: Shall I dispense with the ringing of the bells?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: Call in the Members.

• (1750)

And the division bells having rung:

Mr. Deputy Speaker: It being 6 p.m., the proceedings on the motion before the House have lapsed and pursuant to Standing Order 9(1), the House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 6.01 p.m.

HOUSE OF COMMONS

Thursday, December 4, 1986

The House met at 11 a.m.

[*English*]

PATENT ACT

NOTICE OF MOTION PURSUANT TO S.O. 57

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I rise to give the House notice that at the next sitting of the House, immediately before the order of the day for resuming debate on Bill C-22 standing in the name of the Minister of Consumer and Corporate Affairs (Mr. Andre), I shall be moving a motion that the debate shall not be further adjourned pursuant to Standing Order 57.

* * *

BUSINESS OF THE HOUSE

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, also I should like to advise the House that for the purposes of fulfilling the requirements under Standing Order 82(5) and Standing Order 82(9), the Government considers that yesterday was the fulfillment of an allotted day.

Mr. Gauthier: Mr. Speaker, I rise on a separate point of order. We were witnesses yesterday to a procedure which I find difficult and of which I should like to apprise the Speaker. I gave notice of it this morning—

Mr. Speaker: Order, please. I advise Hon. Members that the Hon. Member for Ottawa—Vanier (Mr. Gauthier) has given me notice of the point which he wishes to raise. I ask him to do the Chair the courtesy of waiting for a few minutes, because I want to give a ruling on a matter which I think is of great importance to the Chamber and to the workings of Parliament. I will hear the Hon. Member shortly.

* * *

PRIVILEGE

PRIVATE MEMBERS' BUSINESS—COMMITTEE DECISION ON VOTABLE ITEMS—SPEAKER'S RULING

Mr. Speaker: Hon. Members will remember that on November 19 a question of privilege was raised by the Hon. Member for Peterborough (Mr. Domm). The Hon. Member expressed himself very forcefully and made it clear that he felt a deep sense of grievance, not only on his own behalf but on behalf of private Members on both sides of the House. It was also made clear during the discussion that his feelings are shared by other Hon. Members.

The Hon. Member for Burlington (Mr. Kempling), who is Chairman of the Standing Committee on Private Members' Business, and other members of the committee made useful contributions to the discussion which clarified for us some of the problems faced by the committee and the approach the committee has been taking in the discharge of its functions.

The House is operating under a number of new procedures, those relating to Private Members' Business being among the most significant. The concept of the Standing Committee on Private Members' Business and the special responsibilities conferred on it are both new and original. There are no precedents to guide the committee. It has a very unusual power—and I stress that it has a very unusual power—in that its decision with regard to the selection of items of business which must come to a vote cannot be challenged. When embodied in a report which is presented to the House, that report is deemed adopted by the House. The committee, therefore, plays a very important role in safeguarding the rights of private Members.

There is a procedural point which I should perhaps clarify before proceeding any further. The items selected by the committee from those in the order of precedence resulting from the draws which take place throughout the session are commonly referred to as "votable items". The fact is that all items in the order of precedence are votable if the House is disposed to reach a decision on them during the time allocated to debating them.

The difference between the items selected by the committee and the other items in the order of precedence is that the former are guaranteed to come to a vote, provided nothing intervenes to prevent it, such as the prorogation of Parliament. They are therefore privileged items. The committee must determine, in accordance with a set of criteria which it has adopted and published in a report, how the selection is made. This is a crucial responsibility. It is not for the Chair to dictate to the committee how it should discharge its responsibilities.

However, the Hon. Member for Peterborough raised an important question: Is it appropriate to use as a criterion the possibility that another committee might take the initiative of investigating the subject matter of a Bill or motion which happens to fall within its mandate? There is no guarantee that a committee will take the necessary initiative. Furthermore,

there is nothing to prevent the House from making a specific reference to a committee even if that committee has an open mandate.

All items of Private Members' Business which were entered in the draw were previously examined and found to be in order. The motion of the Hon. Member for Peterborough which was successful in the draw reads as follows:

That the Standing Committee on Justice and Solicitor General be empowered to study and report on the arguments for and against capital punishment giving consideration to allowing the question of capital punishment to come to a free vote in the House.

• (1110)

If the House were to adopt this motion, the matter would be referred to the Justice Committee. It cannot be assumed that without such a reference the committee would launch such an investigation. If the criterion I have referred to were to pass unquestioned, there would be numerous motions which would never stand a chance of being selected by the Private Members' Business Committee.

Most new procedures pose difficulties which had not previously been anticipated. The House is the master of its own procedure and can therefore change any with which it is not satisfied. The new procedures relating to Private Members' Business, among others, are provisional in their application because the House wanted to see how they would work before confirming them on a permanent basis. The complaint of the Hon. Member for Peterborough, and the discussion which ensued upon it, clearly demonstrated to my satisfaction that there are aspects of these new procedures which need to be reconsidered. My point, however, is that this is a procedural matter which requires a procedural solution.

In summing up I would say that the Chair appreciated the concerns expressed by the Hon. Member for Peterborough and other Members participating in the discussion. I have to rule though that the matter complained of relates to procedure rather than privilege. However, I would call upon the Standing Committee on Elections, Privileges and Procedure to give early attention to this matter and treat it with the priority it merits.

The new Standing Orders governing Private Members' Business are provisional and the time to deal with this problem is now. I am sure that I speak on behalf of all private Members when I express the hope that an early solution will be found.

I want to thank all Hon. Members who contributed to the debate. I want to emphasize that it is the view of the Chair that this matter is serious, that there are other serious matters coming from the consequences of reform and it is the Chair's very fervent wish that Hon. Members and the appropriate committee take cognizance of the remarks that I have made today and treat the matter with the urgency which I think all Hon. Members feel is necessary.

[*Translation*]

PRIVILEGE

THE RIGHT OF MEMBERS TO HAVE QUESTIONS BEFORE THE HOUSE PUT TO A VOTE

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, yesterday evening at 5.45 p.m., the Chair accepted a motion moved by the Hon. Member for Churchill (Mr. Murphy), seconded by the Hon. Member for Kamloops—Shuswap (Mr. Riis), that the House proceed to introduction of Bills, and the Deputy Speaker called in the Members. As is customary, at one or two minutes to six the Government Whip and myself marched up to the Table, bowed to the Chair and at that very moment, the Deputy Speaker said:

It being 6 p.m., the proceedings on the motion before the House have lapsed and pursuant to Standing Order 9(1), the House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1).

Mr. Speaker, I am not implying that the Deputy Speaker ignored us or did not see us. He did see us, and I think that when he did, he probably took the advice of the Clerk and used Standing Order 9(1) to adjourn the House because it was six o'clock.

I submit, with respect, that this seems to be an excessively broad interpretation of our Standing Orders, and also that, unlike other countries and other parliamentary institutions, including Great Britain, which has served as a model for many of our practices and traditions, we in this country have the Constitution which indicates in Section 49 that any matter, and I am paraphrasing . . . Perhaps I could read the section since I have it here. I suppose it would be better for me to read it.

This is Section 49 of the British North America Act, which reads as follows:

49. Questions arising in the House of Commons shall be decided by a Majority of Voices—

The Chair will not vote unless there is a tie. In that case, the Chair must vote. And that is in our country's Constitution, Mr. Speaker. Yesterday evening, the House was asked to vote on a motion that had been accepted and certified correct, and as is customary, the Whips went up to the Table, as I said before, but the Deputy Speaker did not see us and he adjourned the House.

Mr. Speaker, I realize that the answer I will get is that there have been precedents since the notorious two-week long bells' incident, when the Speaker was reluctant to put the question because the Whips would not enter the House.

[*English*]

In the Fifth Edition of Beauchesne Citation 217 is citation. In part it reads:

The signal for taking the division is the return of the Government Whip and the Opposition Whip. The Whips march up the aisle and bow to the Speaker before returning to their seats. The Sergeant-at-Arms remains by the Bar, also bowing to the Speaker before resuming his seat. The Speaker then calls the House to order, rises and reads the question—

Over recent months, possibly over years, the Table is aware, I have looked into this question, trying to find what rule has been interpreted to allow the Chair to act not according to procedure , strictly, but to take a decision which—and when I inquired this is what I was told—is what is called creative decisions or creative interpretations. When you ask the question what is meant by creative interpretation, the answer is that it is always based on precedent. Precedents themselves are based on interpretations made by the Chair and I accept that. But I ask the Chair under what interpretation, under what rule of law or what rule of this House are we to operate if the Chair has that kind of power to disregard the will of the House when it wants, but still has before it a question which, in my view, by constitutional obligation it must dispose of.

I will not prolong this submission because I think Members in the House will understand that I have been hurt over the years by many things which all of us have accepted, but did not understand so much what they meant or on what they were based. I think it is wrong for a parliamentarian to accept something just because it is based, as we are told, on a precedent going back four or five years.

I think this whole question has to be resolved sometime by you, Mr. Speaker, because you are the Chairman of this group not the judge. You are not to make decisions based on judgment calls. You are supposed to make decisions based on interpretations of our rules. I see nowhere in our rules the authority, either in the new provisional rules or in Beauchesne, that would satisfy me in allowing the Chair, as was done last night, to ignore the Whips when they walked into the Chamber, or for the Speaker to adjourn the House because the Chair said that the motion had lapsed. The motion had not lapsed as far as I was concerned. It was before the House. The motion was put and was accepted as being in order. I would ask you, Sir, to look into this whole question and return to enlighten me—

[*Translation*]

—and clarify the issue so that I have a better idea of what is being done and why.

• (1120)

[*English*]

Mr. Scott Fennell (Ontario): Mr. Speaker, I wish to support 100 per cent the statements made by the Opposition Whip.

We were at the door prior to six o'clock. I believe we were at the Table in advance of six o'clock, because we moved directly from the door to the Table. Prior to that time, I had a conversation with the Deputy Speaker. I was advised that if we were there before six o'clock, he would accept it for the vote. Mr. Speaker, I feel very strongly that a wrong has been done. Our Members were here and prepared to vote, and they were not allowed to vote in this case.

I would suggest that you read more of Citation 217, because it refers to Standing Order 9(2). It may be out of date now because of the new Standing Orders, but I would like you to refer to that, because in the past the only time that this would take effect is under Standing Order 9(2), which is the lunch hour.

I feel that my Members were wronged. We were all here and ready to assemble. We have had times, and I apologize to you, Sir, when many of our Members have not properly been in their place at the right moment. I will personally deal with that with my party. I think I can speak on behalf of the Opposition Whip, who will deal with his own Members and get them in their place promptly when we come into the House.

In view of the circumstances I feel you should look at this and review it very carefully. I take votes as high priority items and of great importance to my colleagues. I would greatly appreciate your giving proper thought in review of the situation, and come up with a ruling.

[*Translation*]

Mr. Speaker: I heard the Hon. Member for Ottawa—Vanier (Mr. Gauthier), and I want to thank him for his comments. I would like to defer my decision until I have had a chance to examine the matter.

[*English*]

I thank the Hon. Member for Ontario (Mr. Fennell) for his intervention. I will report back to the House as soon as possible.

CONSIDERATION OF DECEMBER 3 AS AN ALLOTTED DAY

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I rise on a different point of order. I wish to seek your view on the fact that when the Government House Leader rose to introduce closure on Bill C-22 he also indicated that yesterday was an allotted day for the Opposition on the business of supply. He indicated that that day would be considered to have been a day when that business was in fact conducted. Such was not the case.

You will recall, Mr. Speaker, that as a result of a very important point of privilege debate went on for some time with interventions from all sides of the House. As a matter of fact, the opposition Parties tried to move to Government Orders of the Day to deal with the matter at hand. They were denied that right. As a result, at six o'clock, having never reached Orders of the Day, the House was adjourned. I would submit that the opposition day that was planned for yesterday ought to take place between now and the Christmas recess during the regular proceedings.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I would like to draw to your attention the fact that the allotted day was announced by the Deputy Prime Minister (Mr. Mazankowski) in the House on Tuesday. The NDP Party put down a votable motion for debate. The reason that the House did not get to that votable motion was because of dilatory motions used by the NDP Party to eliminate the Government's right to conduct Routine Proceedings, which is a part of our

Standing Orders. It seems to me that the NDP Party cannot have it both ways. It cannot use dilatory motions to eliminate the business of this House, the Routine Proceedings of this House, and at the same time say that as a result of their dilatory motions we did not get to what they wanted to do. I would suggest to you that it was their own actions which prevented the votable motion from being called. They impeded routine business.

I wish also to suggest to you that there is a danger here that this process could continue through further dilatory motions until next Wednesday which, under the Standing Orders, is the final day of the supply period. It is important that the Chair take into consideration the effect of dilatory motions and tactics, such as are being practised by the Opposition, if we reach Wednesday and we have not had either of the remaining two allotted supply days. The allotment was done Tuesday. If the Opposition chose, through their own motions, not to go ahead with it, then that is their own problem.

I am somewhat concerned because we had consultations during the day with the Table officers. It did not seem to us that there was any single clear-cut bona fide precedent which could be pointed to to decide this. I notice that on today's Order Paper there is the same motion which was placed the day before.

I wish to draw your attention to the proceedings of June 8th and 9th, 1972 when there was an opposition day scheduled debate. The motion was not called because the House agreed to have an emergency debate under Standing Order 43, as it then was, by unanimous consent. The Liberal House Leader of the day, despite strong pleadings from Members, insisted that he would let the emergency debate continue, if the House was prepared to make an order that evening to reduce by one the number of outstanding allotted days.

I wish to draw your attention to Beauchesne, Citation 275(4) which states as follows:

> It is one of the fundamental principles of parliamentary procedure that when nothing is done respecting an order of business, it is struck out and cannot make further progress until the procedure regulating its passage has been regulated by the House. Neither the Speaker nor any officer of the House have the power to move it forward.

I think that if you examine that statement, we can argue that the day was allotted, that there was no special arrangement to allow for it to go forward. Therefore, it has been dealt with by the fact that through the dilatory practices of the Opposition in delaying debate on anything, I might add, they have unfortunately delayed debate on their votable motion. I suggest that they cannot have it both ways.

In looking at the votes and proceedings for that precedent I gave you for 1972, there are precedents to suggest that while it got called, it was not proceeded with, therefore, it disappeared.

In closing, I ask you to consider two questions. First, has the allotted day not disappeared as a result of their own actions? That is unfortunate, but they were the masters of their own destiny in those actions. Second, there was also an important consideration because the Standing Orders called for two allotted days. If they continue to frustrate debate on an important issue, they may find themselves having scrubbed two allotted days, if these dilatory tactics continue.

You have, Mr. Speaker, an important precedent to decide, whether we are going to have Routine Proceedings and other business, or whether by interfering with Routine Proceedings and using that as a delaying tactic they can then come in the next day and say, "My, goodness, we delayed so long that we did not get to what we wanted to do, and said we wanted to do, so we would like to do it again today". I do not think they can have it both ways. I ask you to consider that very seriously.

• (1130)

Mr. Riis: Mr. Speaker, I think my hon. colleague misunderstood my point. The matter is not so much that we are talking about an Order of the Day that was never reached through the normal process. I ask you to consider Standing Order 82(9) which states:

> In each of the periods described in section (5) of this Standing Order—

Section 82(5) reads:

> For the period ending not later than December 10, five sitting days shall be allotted to the business of supply. Seven additional days shall be allotted to the business of supply in the period ending not later than March 26.

There are two separate periods during the day for consideration of businesss of Supply. Standing Order 82(9) goes on to say:

> —not more than two opposition motions shall be motions that shall come to a vote.

The operative words, Mr. Speaker, are "that shall come to a vote".

I believe a very important principle is at stake here. For a variety of reasons the allotted proceedings of yesterday did not come to a vote. If we do not ensure that two opposition motions come to a vote during that period we will break a very important tradition of Parliament. In your wisdom, Mr. Speaker, I ask you to consider the importance of having the proceedings of two of those allotted days come to a vote.

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I concur with the latest argument of the House Leader of the New Democratic Party (Mr. Riis). You will also be asked to decide whether the Official Opposition or the New Democratic Party will be allotted the one opposition day which remains before December 10. Both those days call for votes. As far as I am concerned, according to our rules if a vote is called it must be held. Standing Order 82 says that two of those opposition motions must be voted upon. I insist that the Speaker respect that.

Mr. Rod Murphy (Churchill): Mr. Speaker, a decision such as this cannot be made by the Government House Leader. He announced that the Government considered yesterday to be an allotted day and would consider it as such. I believe that only you can make that decision, Mr. Speaker.

As our House Leader said earlier, more than half of the three hours which could have been used for debate yesterday was taken up with questions of privilege. It is true that the questions of privilege were raised by the Opposition, but at least six members of the Government spoke on them. In addition, the Government used a portion of the three hours for Statements by Ministers. Opposition Members then presented petitions, which is a legitimate process, and then our House Leader moved that we proceed to Orders of the Day. Had that motion been accepted by the Government we would have had time to debate and vote on the Opposition motion. We made the attempt. The Government used as much time as the Opposition early in the day.

I think it is very important that the procedure which the Government has suggested not be allowed to take place. It is quite conceivable that on every opposition day the Government could take action to prevent the opposition Parties from using their allotted days. It is very important that the Government does not prevent allotted days from taking place.

Mr. Lewis: Mr. Speaker, we have heard good arguments from both sides on this issue. When a question of privilege is raised which involves both sides, both sides should participate in debate on it. I think the argument on that issue should be viewed in that context.

Although I do not have the Standing Order in front of me, I believe that the time taken by a ministerial statement would have been added on to the time for debate on a votable motion. That ten-minute intervention should not be considered in your decision. The fact remains that it cannot be both ways. The Opposition cannot delay the Government's routine business and then say that by doing so they lost out on their opposition day.

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I would like to make a few brief remarks. I do not think that fault should be taken into consideration in your ruling. The allotted day either took place or it did not. Your decision should not hinge on whether one Member or one Party of this House caused the debate not to take place.

Allow me to raise the following hypothesis. What would happen if the governing Party used dilatory procedures in order to delay or prevent the proceedings of an opposition day? Would that day be deemed to have taken place in any event? If such is the case, I submit that opposition days could come to an end as the Government could use various tactics in order to ensure that debate on opposition motions would not take place.

I submit that because we never got to Orders of the Day yesterday the debate did not take place. Had we reached the Orders of the Day for even five minutes, perhaps the spirit of the Standing Order would have been followed. However, because we did not arrive at Orders of the Day, I believe that the Government's contention that the allotted day took place is wrong.

[*Translation*]

Mr. Speaker: I want to thank Hon. Members for their comments. I will have to defer my decision until later, at a more appropriate time.

ROUTINE PROCEEDINGS

[*English*]

CANADA'S INTERNATIONAL RELATIONS

GOVERNMENT RESPONSE TO REPORT OF SPECIAL JOINT COMMITTEE

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, pursuant to Standing Order 99(2) of the House of Commons, I rise to table in both official languages, the Government response to the report of the Special Joint Committee on Canada's International Relations.

* * *

ENTERTAINMENT

PERFORMANCE BY ELMWOOD SCHOOL CHOIR

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, in the interest of what might be called harmony in the precincts of Parliament, might I depart slightly from the rules and announce in a paternal way to my colleagues that the Elmwood School choir will be singing at noon in the rotunda of the House of Commons.

Mr. Speaker: The Chair is very interested to hear the announcement of the Hon. Secretary of State for External Affairs (Mr. Clark). The Chair joins with him in inviting all Hon. Members to hear an outstanding choir. Perhaps the Chair can depart a little from the strictness of the rules by also advising the House that one of my daughters was a student at that school.

* * *

• (1140)

CANADA'S INTERNATIONAL RELATIONS

GOVERNMENT RESPONSE TO REPORT OF SPECIAL JOINT COMMITTEE

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I have just tabled a statement on Canada's international relations, responding to the report presented in June by the Special Joint Committee of the House and the other place. That caps an unprecedented exercise in participatory democracy in the development of Canadian foreign policy.

Members of the joint committee held hearings across this country, from St. John's to Vancouver to Yellowknife. Thousands of Canadians made their views known, either directly or through organizations, on issues as diverse as arms control, export development, and human rights in South Africa. The committee produced a practical and sensible report, achieved by consensus and unanimous in its recommendations.

The response tabled today has two parts. First is a general statement of government policy in the seven main policy areas that the Special Joint Committee addressed. Second is a detailed response to all the recommendations made by the committee. Those number 121. The statement as a whole provides a picture of the Government's foreign policy. It underlines our commitment to the constructive internationalist approach that we have been pursuing from the moment we came to office.

The Government accepts the great majority of the committee's 121 recommendations and has already carried out some of them. There are a few recommendations that we are unable to accept, sometimes because we believe the remedy suggested is not the best available, sometimes for financial reasons. In each instance, we propose a different or less costly alternative.

[*Translation*]

Mr. Speaker, through the Committee Canadians expressed deep concern about the need for progress in arms control. The government fully shares this concern. We welcome the Committee's support for the six arms control and disarmament objectives enunciated by the Prime Minister (Mr. Mulroney) in October 1985.

With our allies we are working to build on the possibilities for progress identified at Reykjavik. Our common goal is to create a safer, more peaceful world, notably through radical reductions in nuclear arms. Canada is also using its influence to try to prevent the loosening of existing restraints on the arms race in space and on earth. We are playing an active role in multilateral forums. This year and last the UN General Assembly unanimously approved Canadian-sponsored resolutions on the importance of verification to arms control agreements. We contributed to the recently concluded Stockholm Conference, which reached agreements on confidence-building measures that will reduce the risk of accidental war in Europe.

The government agrees with the Committee that Canada has an important contribution to make in the area of peacekeeping. We have added the Sinai to the areas where Canada is helping to keep the peace. Canada is also attempting to play a moderating role in the resolution of regional conflicts. We are strongly supporting the Contadora process in Central America while opposing intervention by third parties. In the Middle East, we are giving strong support to efforts to negotiate a peaceful settlement of the Arab-Israeli dispute.

The Committee urged that Canada work in concert with the international community to combat terrorism. We are doing that. The International Civil Aviation Organization recently accepted a Canadian proposal that should lead to significant improvements in airport security around the world. Meanwhile, we are strengthening our domestic defences against terrorism, so that what we do ourselves supports our efforts to persuade others to act.

[*English*]

The committee attached especially high priority to making the Canadian economy more competitive internationally. The launching of the new round of multinational trade negotiations and the bilateral negotiations with the United States hold out the prospect of improving access to our most important markets. The National Trade Strategy, in which we have enjoyed the full co-operation of the provinces and the private sector, is producing substantial results. We are at the same time meeting the committee's recommendations aimed at exploiting the potential of the dynamic Asia-Pacific market. New trade offices, for example, have been opened in Bombay, Shanghai, Osaka and Auckland.

We have paid close attention to the vital role of small and medium-sized businesses in developing our international trade. We will consult with them to see how our export development and our export financing services can be further improved to meet their needs.

The Government is also doing everything possible to meet the committee's recommendations in the area of aid and development. We have set out some broad directions in the statement tabled today. We are maintaining real growth in aid and development funding despite cut-backs in many other areas. We are ensuring that our aid programs focus primarily on the poor of the world. The critical role of women in development will receive greater recognition. The proportion of aid we disperse through non-governmental organizations is already higher than for any other major donor. Canadian youth will be given the opportunity for greater involvement. We also intend to give greater attention to human resource development in our aid programs and to the potential of the private sector in developing countries.

The Government shares the committee's belief that foreign students constitute an important asset for Canada as well as for developing countries. We intend to increase substantially the number of CIDA scholarships. We are seeking to develop in co-operation with the provinces a national strategy to make it easier for foreign students to study in Canada.

The Government today affirms what so many Canadians told the committee, that the international promotion of human rights should be a fundamental and integral part of our foreign policy. The Government has already changed the export control regulations so that they take greater account of human rights considerations. Henceforth, officers in the Department of External Affairs will receive appropriate training if they are being posted to countries whose Governments seriously violate human rights. So will officers at headquarters on geographic

or other desks responsible for important aspects of relations with those countries.

The committee made a very important recommendation in favour of establishing an institution to respond to the needs of developing countries which are seeking to strengthen their democratic institutions and strengthen their approach to domestic human rights. We agree. We are now identifying distinguished Canadians to advise the Government on the form and the mandate this new institution should have.

[*Translation*]

The Committee attached great importance to the northern dimension of Canadian foreign policy. The government is determined to act vigorously in exercising control of our north. We have affirmed that Canadian sovereignty extends to all the waters of the Arctic archipelago and announced regulations establishing baselines around its perimeter. We are committed to construct an arctic class icebreaker.

Our Northern foreign policy will have four dominant themes: affirming Canadian sovereignty; modernizing Canada's northern defences; preparing for commercial use of the Northwest Passage; and promoting co-operation with other northern nations.

[*English*]

The Government fully shares the committee's conviction that Canada can and should play a significant role in multilateral institutions. We are working hard to promote the United Nations and to strengthen it by promoting necessary reforms and providing a high level of support. We are now the fourth largest contributor to the UN system, and we play an active and effective role.

Canada, of course, has an especially important role in the Commonwealth and La Francophonie. Next year the heads of Government of both organizations will meet in Canada; La Francophonie in Quebec City in September and the Commonwealth in Vancouver in October. Part of Canada's distinctive identity is rooted in our membership in those two international families, and we intend to make the most of those advantages.

Growing interdependence, "the relentless internationalization of the national agenda", is a major theme of the committee's report. Like the committee, the Government sees constructive internationalism as the only appropriate response to that interdependence. A retreat into insularity would be a tragic mistake. No country can turn back the clock. Interdependence is challenging, yes, but it holds out great opportunities for furthering international peace and prosperity. Just as individuals can accomplish far more by working together, so can nations.

• (1150)

At the same time we must find room for realism, for perspective and for humility. Canada is not a superpower and our national experience has been extraordinarily peaceful and prosperous compared to that of most of mankind. Internationalism calls for a great deal of understanding and perseverence and for a lot of plain hard work.

Few countries are better placed than Canada to make a significant contribution to international order and development. Few other countries have such close ties to so much of the world, ties of history, family, culture and trade. We see constructive internationalism as confidently building on Canada's strengths and traditions. It is, and will remain, the fundamental foreign policy orientation of this Government.

[*Translation*]

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, first I should like to thank the Secretary of State for External Affairs (Mr. Clark) who last night sent me copies of his statement on and response to the report of the Special Joint Committee on Canada's International Relations.

[*English*]

At the outset I would like to say that there are many elements in this response with which I am pleased. However, constraints of time, as one can appreciate today, oblige me to underline what I regard as specific areas for constructive criticism. *Maclean's Magazine*, as you know, Mr. Speaker, tells us that the Minister is widely considered as an effective and respected statesman. We in the Opposition wish to see him live up to those reviews. If sometimes in the past the Minister's image fell short of the reality, it would be equally unfair, we suggest, if his image should surpass the reality—if he should be painted in a more handsome portrait than he perhaps deserves. If there is, indeed, less here than meets the eye, or meets the ear, then we in the Opposition are duty-bound to draw it to the attention of the public.

[*Translation*]

Mr. Speaker, I must say at the outset that in spite of the positive elements of the response, a number of others are a great disappointment to me. Although the response is full of policy statements, especially in the first part, it does not feature fresh creative approaches in many critical fields such as the prevention of the arms race in space, Star Wars as it is commonly called, the drafting of a world-wide treaty banning mutually verifiable nuclear tests, the lack of control over arms shipments, the level of our official development assistance, the Government's timetable to reach an acceptable level, and the role Canada might play in Central America.

[*English*]

These are the principal questions which I wish to address in the few minutes available to me this morning. First, in addressing the question of the Strategic Defence Initiative, star wars, we find at page 47 of the report a recommendation with respect to the observance of the ABM Treaty of 1972. The committee asks that there be a reaffirmation of the ABM Treaty interpreted strictly as prohibiting all but basic research on defensive systems. The response is moderately positive. Yet, we have insisted, and continue to insist, that the Strategic

Defence Initiative, star wars, is indeed in breach of the first paragraph of Article V of the ABM Treaty.

The best approach for the Government to take would be to insist on compliance with paragraph 1 of Article V of the Treaty which, as you know, Mr. Speaker, has previously been cited in the House. It provides that each Party undertakes not to develop tests or deploy ABM systems or components which are sea based, air based or mobile land based.

We believe the SDI initiative is in breach of that treaty. The Minister may argue that under the letter of the law, as interpreted in some quarters, it is not in breach. However, the role of the widely respected statesman, I say, compels him to speak to the spirit of the treaty, if not to the letter. In fact, I think there is a good argument on the letter itself. This is not a job for Philadelphia lawyers. This is a job for statesmen. The SDI iniative is blocking progress on disarmament, a declarative objective of the Government upon which the Minister has spoken eloquently from time to time. Instead, we have here with this initiative a risk of accelerating the arms race and at the same time siphoning off those precious dollars which could be directed to Third World development or at least put to better use.

Yes, the Minister supports a comprehensive test ban but hedges it with the issue of verifiability and so on. It is time for the Minister and the Government to speak out. They should have spoken out in support of the Soviet moratorium which, as we know, will expire at the end of this month.

We know what a sensitive area the control of arms exports is, and on page 48 of the report we find some language which questions the advisability of a register of exports in these areas. From the Iranian experience, which we have witnessed, we know our systems are inadequate. One of our own manufacturers has now suspended shipments to that country. I ask the Minister to come forward with a stronger policy in terms of the exportation of arms from this country and the use of end user certificates of some kind to put some teeth into the current regulations which in fact were introduced fairly recently. This is an important and critical issue, as we know from what is taking place in the United States at this very moment. Again, I say that response is not sufficient.

Perhaps one of the most important areas is that of our foreign aid, our official development. The majority of the committee felt we should achieve a goal of .7 per cent of ODA by 1990. That has been rejected by the Government. Instead the Government has said we will reach .6 by the middle of the next decade. This simply is not good enough for Canada and it is not good enough for the world.

The most insidious threat to peace on this earth is the growing disparity between the rich and the poor, between the Third World and the industrialized nations. I know about budget constraints. I was in the Government and I have listened on hot lines to people all over the country asking why we should be spending money on Third World developed countries when we have unemployed and all these demands here. But in fact, as we know, the per capita GNP of all developed countries in U.S. constant dollars grew from $340 in 1955 to $730 in 1980. During that same period, in the industrialized market economies, it went from just under $5,000 to just under $11,000, a gap which increased from $4,600 to $9,800 in real terms, an increasing gap.

• (1200)

Apart from the humanitarian issue there is a much greater issue. The Secretary of State for External Affairs (Mr. Clark) must sensitize his colleagues and the Canadian public to this issue. It is that the population explosion in those countries will virtually make this world uninhabitable as we know it now unless we reach a zero rate of growth in terms of world population by the year 2000 or shortly thereafter. If that goal is retarded to the year 2075 it is estimated that the world population will be 20 billion by the end of the next century. We know that poverty breeds people, something which has been established scientifically. So there are real interests in the long term in terms of the bias fear, apart from the humanitarian interests and humanitarian needs which are so pressing today.

I would now like to refer to Central America which is my last point. Here is a real opportunity for our Government and for our Minister to show statesmanship. Reference is made to the Contadora process. But at the moment the Contadora process is simply not enough. I think that if the Minister were to stand up and speak honestly in the House he would probably say that he is worried about it, that it is virtually dead and that it needs to be resuscitated. I understand that the General Secretaries of the OAS and the UN have offered to help revive the Contadora process and to give it support. So I encourage the Minister to take a statesman-like position in the great tradition of this country and tell the world that Canada is prepared to support those efforts, to provide peace-keeping if necessary, to provide observers if necessary, to do all possible to bring concerted diplomatic action to the crisis in Central America which risks becoming a Vietnam on this continent. This is a time for an active diplomatic role.

I would also draw to the Minister's attention that there are human rights issues in Central America which have to be addressed. Today I met with the Mission for Peace which recently came back from El Salvador and which has reported that human rights violations are once more on the increase. This takes us back into the area touched upon in the paper of aid to those regimes which suppress human rights. I encourage the Minister to look into that situation and determine whether more effort cannot be made to go to the non-governmental organizations to ensure that the aid reaches the people.

Our Minister has the opportunity, and I believe he has the capacity, to walk in the footsteps of some of the great statesmen this country has seen on the international stage. I refer to Lester Pearson and Pierre Elliot Trudeau. Let him not be timid. Canada does not wish timidity. As the Minister himself

has said the report of the special joint committee is replete with ideas—

[*Translation*]

—which, I must say, reflect the philosophy, ideas and concerns of Canadians throughout the country. Canadians today feel very strongly that, through the Minister and his Government, our country ought to play a leading role on the international scene.

Despite the positive elements . . . I am nearly finished, Mr. Speaker, if you would allow me 15 seconds, even less. Despite the positive elements of the response to the committee report, including the commitment to increase the number of foreign students in Canada by sponsoring them through CIDA scholarships, and several aspects of the human rights policy, the Government did not quite rise to the challenges and opportunities I referred to in my remarks this morning.

[*English*]

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, I too would like to thank the Secretary of State for External Affairs (Mr. Clark) for having sent his response to the opposition critics last evening, giving us a chance to go without sleep last night in order to read the very comprehensive response that he has provided.

I would like to note how satisfying it is that this particular reform of the House proceedings has been put in place which requires the Minister to respond to reports of committees within a certain period of time. I think we should ask the relevant parliamentary committee to look into the question of how we can develop time for fuller debate, particularly with respect to a report of such magnitude as was the report of the Special Joint Committee on Canada's International Relations. Indeed, I wish to refer to that report, having been a very active member of that joint committee.

I feel that the Minister's response to the committee has not been as forward-looking as was the committee report itself. Indeed, I am sorry to have to say this to the Minister, but comparing his response to the report of the joint committee is to see how regressive the Government and the Minister are becoming. It is not a response that picks up on the forward-looking, progressive type of initiatives that the committee frequently recommended. We were unhappy that the committee did not do more in some areas, such as in the area of a Canadian mission in Managua, but also in other areas.

As I read the response of the Government to the committee's recommendations what struck me was that the Minister is moving more toward the Reagan approach to international relations on many matters. When he is not moving toward the Reagan approach I am sorry to say that he is moving toward the Thatcher approach. I am thinking of South Africa in particular. In the few minutes available to me I would like to take perhaps half a dozen of the committee's recommendations and illustrate how the Government in its response has been doing exactly what I have just said.

In response to recommendation 16a with respect to encouraging a reaffirmation of the Anti-ballistic Missile Treaty interpreted strictly as prohibiting all but basic research on such defence systems, the Minister's response is that the "Government believes that the first priority of the international community should be to bring about a mutually-agreed and verifiable radical reduction in nuclear forces of the superpowers. The Government will continue to press both the United States and the Soviet Union to maintain the Anti-ballistic Missile Treaty until an updated treaty is in place". This means that the Minister has accepted the Reagan doctrine of revisionism. That is not what the committee recommended at all, and is something which I found very discouraging to see.

With respect to recommendation 16e regarding the prevention of an arms race in outer space, the Government's response is that "Canada is making substantive contribution to the discussion of this subject at the Conference on Disarmament". The Government states that Canada's verification research unit has commissioned research on space-based verification as a basis for further Canadian proposals. There is nothing in the response whatsoever to show how Canada is helping to prevent an arms race in space from taking place.

• (1210)

On the matter of foreign aid, the Government is again being as regressive as the Liberals were when they were in power. The Government does not accept the committee's recommendation that the goal of achieving .7 per cent ODA by 1990 be restored. Instead, the Government's objective is to reach a foreign aid GNP ratio of .6 per cent by the middle of the next decade. That is terribly regressive and will be a great disappointment to the other members of the committee.

I mentioned South Africa a moment ago. The committee recommended that Canada should move immediately to impose full economic sanctions, seek their adoption by the greatest number of Commonwealth countries and promote similar action by non-Commonwealth countries. The Government has responded by saying in effect that it will impose "limited sanctions as a more fruitful tactic that will strike at apartheid without destroying the South African economy on which the blacks depend". That sounds just like the words of Mrs. Thatcher. The blacks themselves have asked for full economic sanctions and the Minister knows that. He is moving backward on that issue as well.

To use a final example, since I have insufficient time to respond to all of the Government's responses, the committee recommended that Canada put pressure on the United States and the Soviet Union to secure demilitarization in the Arctic region. In the most incredible officialese, and by the way, this response is full of officialese, the Government ends by saying that singling out the Arctic for demilitarization does not seem practicable. The Government does not even say that it will try to talk to the Soviet Union and the United States on this matter.

If one wants to see a complete example of the officialese in this document one should look on page 74 which contains the Government's response to the committe's recommendation that Canada use its voice to vote at meetings of international financial institutions to protest systematic, gross and continuous violations of human rights. After lines and lines of gobbledegook, the Government indicates that it would welcome a detailed examination by the Standing Committee on External Affairs and International Trade.

I feel that the Minister himself has let us down and I feel that he has been let down by his own Department which produced what is effectively a very regressive response to what was, and I think the Minister agrees with this, a progressive report by the Special Joint Committee on Canada's International Relations. The many Canadians who contributed so much to the report of the joint committee, I am sorry to say, will be bitterly disappointed when they realize that the Minister and the Government have not picked up the challenge.

* * *

COMMITTEES OF THE HOUSE

AGRICULTURE—FIRST REPORT OF STANDING COMMITTEE

Mr. Lee Clark (Brandon—Souris): Mr. Speaker, I have the honour to present in both official languages the First Report of the Standing Committee on Agriculture.

[*Translation*]

COMMUNICATIONS AND CULTURE—FIRST REPORT OF STANDING COMMITTEE

Mr. Jim Edwards (Edmonton South): Mr. Speaker, I have the honour to present the First Report of the Standing Committee on Communications and Culture on the reappointment by order in council of Mr. Jean-Claude Delorme as President of Teleglobe Canada and the appointment by order in Council of Mr. Brian G. Armstrong, Mr. Tommy D'Errico and Mr. Michael K. Power as administrators of the Canadian Broadcasting Corporation. The Committee considers that the appointees have the qualifications, aptitudes and abilities required to fulfill the duties of the positions to which they have been appointed.

[*English*]

BILL C-17—REPORT OF LEGISLATIVE COMMITTEE

Mr. Barry Turner (Ottawa—Carleton): Mr. Speaker, in the spirit of breaking House rules, let me add that the great school of Elmwood is located in my federal constituency.

[*Translation*]

Mr. Speaker, as Chairman of the Committee, I have the honour to present in both official languages the report of the Legislative Committee on Bill C-17, an Act to amend the Petroleum and Gas Revenue Tax Act and the Income Tax Act and to repeal the Petroleum and Gas Revenue Tax Act, without amendment.

[*Editor's note: For text of above reports, see today's Votes and Proceedings.*]

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PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have the honour to present some petitions. First, many residents of my constituency have signed petitions to say that the proposals of the federal Government to change the Patent Act, especially as far as generic drugs are concerned, will increase the price of drugs for consumers, that they will seriously restrict the ability of many people to purchase the drugs they need and affect mostly those whose health requires the constant use of drugs, and that they will result in an increase in the cost of provincial health care plans and are another good example of the concessions made by the Canadian government to the United States in the free trade negotiations, to the detriment of the average consumer.

[*English*]

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have another petition from several of my constituents, a petition which I will summarize. It deals with the book publishing retaliatory tariff the Government has imposed on imported books in the English language. In the opinion of the petitioners, this has limited the access of Canadians to literature and information. The tariff has had little negative effect on the publishing industry of the United States yet penalizes Canada's consumers, book publishers, book sellers, distributors and Canada's culture, and rising book prices have placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries. The undersigned pray and call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries with respect to free trade negotiations.

OPPOSITION TO LOGGING ON DEER ISLAND

Mr. Ray Skelly (Comox—Powell River): Mr. Speaker, it is my pleasure to rise today to present a petition on behalf of a number of people from British Columbia who are very concerned about the proposal to log an aboriginal area on Deer Island just off shore of Port Hardy. That island has been in the possession of native people for thousands of years. It is an aboriginal burial ground and an area of great aesthetic and ecological importance. The petitioners point out that if the federal Government does not act quickly on behalf of Indian people, we will again be forced to see the prospect of native

Indian people put in jail for defending property which is rightfully and generally accepted as being theirs.

I would point out that the petition urges the Minister of Indian Affairs and Northern Development (Mr. McKnight) to act very quickly to resolve this issue in favour of the Kwakiutl people who are the traditional and aboriginal owners of that property.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, it is my honour and duty to present a number of petitions. The first petition is from 1040 First Street East, Prince Albert, where a number of people, mostly senior citizens, have established a co-operative housing project. They call upon Parliament to reject proposals which would increase the cost of prescription drugs in Canada.

• (1220)

I also have the honour to present a second petition on the same subject from a group of citizens who are mostly from Selkirk, Manitoba. They call upon the House to reject proposals which would increase the cost of drugs in Canada.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I have the honour to present a petition, which has been certified pursuant to Standing Order 106, from citizens of Winnipeg. They say that the proposals of the federal Government to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy necessary prescription drugs. Therefore they humbly pray and call upon Parliament to reject proposals which will increase prescription drug prices for Canadians.

Mr. Rod Murphy (Churchill): Mr. Speaker, it is also my privilege to present a petition on behalf of people from Manitoba. This is one of many consecutive days on which I have had this honour. These people express their opposition to the intention of the Government to change the Patent Act. They realize that prescription drug prices will increase, and for those Canadian consumers who have restricted ability to pay at the present time, this will be a very undue hardship. Also they recognize that those people who require a lot of drugs will have very high expenses as a result of the legislation. They are concerned that the Government is moving on the legislation strictly as a result of the free trade negotiations with the United States. The undersigned petitioners humbly call upon Parliament to reject proposals which will increase prescription drug prices for Canadians.

The Acting Speaker (Mr. Paproski): Order, please. I wish to inform the House that because of the ministerial statement, Government Orders will be extended by 34 minutes beginning at 1 p.m.

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I have the honour to present a petition which, pursuant to Standing Order 106, has been certified by the Clerk of Petitions. The petition is from a number of people in Winnipeg and in Manitoba. It indicates that the proposals of the federal Government to change the Patent Act in respect of prescription drugs will increase drug prices for Canadian consumers. Also it indicates that the proposals will unfairly hurt those Canadians whose health needs require ongoing use of prescription drugs, and that the proposals of the federal Government will result in higher costs for provincial prescription drug programs.

As well it indicates that the changes are another example of the Conservative Government serving the interests of multinational corporations at the expense of Canadian consumers. The petitioners call upon Parliament to reject the proposals which will increase prescription drug prices for Canadians.

Mr. Les Benjamin (Regina West): Mr. Speaker, I have the honour to present two petitions signed by residents of Regina, Saskatoon, and a number of other locations in Saskatchewan.

Starting with the one entitled "Senior Power", these people petition Parliament to reject the proposals of the Government to amend the Patent Act because they submit that it will result in higher costs for senior citizens and for provincial drug plans. They therefore humbly pray that Parliament will in fact persuade the Government to withdraw the legislation.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I have a number of petitions to present to the House. They have all been certified by the Clerk of Petitions. Without going into great detail, because others have described them already, they all concern the book publishing industry and the unfair and arbitrary decision the Government has imposed upon that industry. That being said, I will table several hundred names in the petitions which I have before me.

* * *

PATENT ACT

MEASURE TO AMEND

On the Order: Government Notices of Motions:

November 24, 1986—The Deputy Prime Minister and President of the Privy Council:

That, further to the notice given on Monday, November 24, 1986, by the Deputy Prime Minister and President of the Privy Council, and pursuant to the provisions of Standing Order 117, in relation to Bill C-22, an Act to amend the Patent Act and to provide for certain matters in relation thereto, one additional sitting day shall be allotted to the consideration of the second reading and reference to a Legislative Committee stage of the said Bill; and

That, at fifteen minutes before the expiry of the time provided for the consideration of government business on that day, any proceedings then before the House shall be interrupted, if necessary, for the purpose of this Order and, in turn, every question necessary to dispose of the said stage of the Bill then under consideration shall be put forthwith and successively, without further debate or amendment.

Order Paper Questions

Mr. Mazankowski: Transferred to Government Orders.

The Acting Speaker (Mr. Paproski): Transferred to Government Orders.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 34 and 38.

Mr. Gauthier: Mr. Speaker, I rise on a point of order. Did I hear the Parliamentary Secretary accurately? Did he say Questions Nos. 34 and 38?

Mr. Lewis: Questions Nos. 34 and 38.

Mr. Gauthier: I regret to inform him that we were not given notice of those questions. We were given notice of Questions Nos. 25 and 29 today. I am just wondering whether the Parliamentary Secretary could get the numbers out so that we know which questions are being answered.

Mr. Lewis: The following questions will be answered today: Nos. 25 and 29.

[*Text*]

DND—TRIBAL UPDATE AND MODERNIZATION PROGRAM

Question No. 25—**Mr. McKinnon:**

What was the total estimated cost in budget year dollars in 1983 of the Tribal Update and Modernization Program (TRUMP) and what is the current estimated total cost in budget year dollars?

Hon. Perrin Beatty (Minister of National Defence): The 1983 preliminary estimate was $923M (budget year) based on conceptual (but still not defined) capability options. Current Treasury Board budget approval after definition phase, at contract, is $1,624.8M.

The reason for the difference between the two figures is that the 1983 figure was a preliminary estimate prior to defining the equipment necessary to meet the capability requirement and the current figure is a ceiling price based on a contractual commitment to undertake and complete the modernization.

ADMISSION OF REFUGEES TO CANADA

Question No. 29—**Mr. Stackhouse:**

1. In 1985 and the period January to September 1986, did any persons seek admission as refugees at Canadian points of entry and, if so, how many?

2. How many were granted status?

3. (*a*) How many were refused status (*b*) how many appealed such refusal and how many appeals were (i) completed (ii) upheld?

Hon. Gerry Weiner (Minister of State (Immigration)): 1. From January 1, 1985 to September 1, 1986, the total number of persons in Canada seeking status as convention refugees was 15,150.

2. Two thousand, one hundred and fifty-seven refugee claimants were determined to be refugees by the Refugee Status Advisory Committee (RSAC).

3. (a) 4,605 refugee claimants were not determined to be refugees by the RSAC.

(b) 2,854 refugee claimants who received negative RSAC decisions appealed to the Immigration Appeal Board (IAB) for redetermination of their claims.

(i) The IAB completed 404* redetermination appeals.

(ii) In those cases where the IAB rendered a decision during the time in question, they upheld the RSAC determination 302 times.

*Includes allowance to proceed to hearing, dismissals for want of perfection and dismissals for want of prosecution as well as positive and negative decisions.

[*English*]

The Acting Speaker (Mr. Paproski): The questions as enumerated by the Parliamentary Secretary have been answered.

Mr. Lewis: Mr. Speaker, I ask that the remaining questions be allowed to stand.

Mr. Boudria: Mr. Speaker, I rise on a point of order to bring a question to the attention of the Hon. Parliamentary Secretary and to ask for his assistance.

I have had a question on the Order Paper for a considerable amount of time. It relates to the Shamrock Summit in Quebec City. It was there under the old rules. It was transferred to the 45 days under the new rules. The time lapsed at the end of June, and it was reintroduced in September. The 45 day point is certainly very near if it has not passed already.

In view of the fact that the question has been on the Order Paper for over a year, would the Parliamentary Secretary, in the spirit of the new rules of the House, give a commitment on when the answer will be forthcoming?

Mr. Lewis: Soon, Mr. Speaker.

The Acting Speaker (Mr. Paproski): Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

PATENT ACT

ALLOCATION OF TIME TO CONSIDER SECOND READING AND REFERENCE STAGE OF BILL C-22

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council) moved:

That, further to the notice given on Monday, November 24, 1986, by the Deputy Prime Minister and President of the Privy Council, and pursuant to the provisions of Standing Order 117, in relation to Bill C-22, an Act to amend the Patent Act and to provide for certain matters in relation thereto, one additional sitting day shall be allotted to the consideration of the second reading and reference to a legislative committee stage of the said Bill; and

That, at fifteen minutes before the expiry of the time provided for the consideration of government business on that day, any proceedings then before the House shall be interrupted, if necessary, for the purpose of this Order and, in turn, every question necessary to dispose of the said stage of the Bill then under consideration shall be put forthwith and successively, without further debate or amendment.

He said: Mr. Speaker, it is with a great deal of regret that I rise to put this motion. As Your Honour can appreciate, we have had a number of discussions, but have been unable to reach agreement under Standing Order 115 and Standing Order 116. There have been extensive negotiations with the Opposition House Leaders in an attempt to get some form of realistic time allocation for the advancement of the debate on this Bill. We realize that it is a complex issue and that there are various points of view on the matter. The Government has been frustrated by the fact that the Opposition Parties have used every tactic, every dilatory motion and every conceivable attempt to circumvent and subvert the process of parliamentary democracy and to subvert what is really the essence of this institution.

• (1230)

If the Opposition Parties are so concerned about this Bill, why not debate it first and send it on to committee to have a thorough and thoughtful airing of all the contents? The Minister of Consumer and Corporate Affairs (Mr. Andre) has indicated his willingness to be available at any time, to make all the studies and background information available so that not only Members of Parliament but Canadians right across the country can have the full meaning of this legislation and discern the full impact of it.

We have gone through a series of interruptions, Mr. Speaker. I would just like to document them for you briefly. We had difficulty introducing the Bill. It was only through procedural expertise that we were able to introduce the Bill. On November 6 we had leave to introduce the Bill and on November 7 the Bill was actually introduced. Four days were spent on second reading on November 20, 21, 24 and 25. On so-called dilatory motions and events there have been some 13 hours, almost 14 hours, of valuable time of this House wasted through votes and procedural wrangles. That does not augur well for this institution.

I have a tremendous amount of respect for this institution. I have respect for individual Members wanting to express their points of view on their own behalf and on behalf of their constituents. In this case Parliament has been frustrated to a large extent and actual debating time has not been as long as we would have liked because a tremendous amount of time has been wasted, about 23 hours in total. Thirteen dilatory motions have been proposed. Ten hours and eight minutes have been spent just on voting, Mr. Speaker. If you consider the cost of operating this place at $1.1 million per day, it becomes—

Mr. Skelly: Mr. Speaker, I rise on a point of order. Would it be equitable for the Deputy Prime Minister (Mr. Mazankowski) to give us the cost of ringing the bells in the last Parliament, something which was never done? This is a serious concern for elderly citizens in Canada—

The Acting Speaker (Mr. Paproski): That is not a point of order. It is a point of debate. I am sure the Member will have an opportunity to make his presentation.

Mr. Mazankowski: Mr. Speaker, if the Hon. Member wanted to take issue with that particular point he should have done so at the time. I watch Members of the New Democratic Party. They have come up with no original tactics. They have borrowed most of them from other Parties.

Mr. Gauthier: You wrote the book on dirty tricks.

Some Hon. Members: Oh, oh!

Mr. Mazankowski: I simply want to point out the reasons and the justification for the Government moving in this manner, albeit regrettably, Mr. Speaker.

As to actual time spent, the waste of time and the dilatory procedures that have been invoked on this institution, the Opposition House Leaders, myself and representatives of my office have been trying to work out some kind of an agreement. We started on November 26 trying to reach a realistic timetable for the passage of this legislation, including the allowance of time for the legislative committee to travel across the country to hear witnesses. That proposal was advanced by the New Democratic Party. It was a condition the New Democrats put to us. They also asked that the Minister of Consumer and Corporate Affairs provide the necessary information on the studies to which he referred to back up some of the statements. He agreed to do that. We wanted as well to get some agreement with respect to report stage and third reading. We tried in earnest to work out an agreement but it was not possible.

We proposed consideration of this Bill in all aspects, including committee travel and assurances that all representatives who wanted to appear before the committee would be heard. We suggested a logical timetable of February 15, which is more than two months. This Bill has been around since June, 1986.

Mr. Boudria: No.

Mr. Mazankowski: Not officially, but the Bill has been in the public domain for consideration. It is not new. There has been debate even though it has not always taken place during the course of the allocated time. This issue has dominated a good portion of Question Period.

We have been reasonable in trying to work out a realistic and sensible solution. Having failed, I regret that we have to move in this fashion and I commend passage and acceptance by all Hon. Members of the House.

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I cannot say that I am surprised by the move of the Deputy Prime Minister (Mr. Mazankowski). We are not surprised by the Government utilizing tricks about which it has become quite expert. Some of us believe the Tories wrote the book on all the dirty tricks that can be used.

Some Hon. Members: Oh, oh!

Mr. Gauthier: The Deputy Prime Minister is using very creative accounting when he says that this debate has been going on for some time. The fact is that in total we have spent six hours and 47 minutes on this most important Bill.

[*Translation*]

Mr. Speaker, there was one hour and thirteen minutes remaining in the eight-hour period normally allowed, during which Members may use debate to explain their positions. I think all Members will agree that at the second reading stage we are considering the principle of the Bill. And to prevent us from continuing consideration of Bill C-22, which we feel is a bad piece of legislation that should be withdrawn . . . We wish the Government would understand that public opinion, that Canadian men and women don't want to be saddled with measures as regressive as this one. And speaking on behalf of—

Mr. Charest: The National Assembly is unanimous.

Mr. Gauthier: —speaking on behalf of those Canadian men and women you are constantly ignoring, we want to make this Government understand what is so wrong with this Bill.

Mr. Speaker, for the benefit of the Minister, who may not have had time to familiarize himself with the Bill, I may recall that with this Bill, the Government wants to amend the Patent Act where it concerns pharmaceutical products. These are major amendments which, according to many experts and many Canadian men and women, will increase the price of pharmaceutical products for the consumer and also, for many people, make it less likely they will be able to purchase drugs.

Mr. Speaker, Bill C-22 is also a bad Bill because it will affect the neediest, people who cannot afford to buy these drugs and who often have to forego good medical care because the price is too high. And here is a Government that says no, we are going to remove the protection consumers enjoy because generic products are competing with the pharmaceutical products manufactured by the multinationals.

Mr. Speaker, during the few minutes I have left, I would like to try to explain to the House that the argument that this legislation will stimulate research and development does not hold water. It does not stand up to an objective assessment. We all know, we have heard it in the course of debate, and Members have said that the multinationals have made profits. And these are not my words, but the Task Force on Pharmaceutical Products has often said in its reports that the drug companies were making a reasonable and sometimes very substantial profit, thank you very much, from their operations. My point is that there has been no undue competition from the companies manufacturing generic products and that the existence of these companies has not kept the others from making a profit. But, Mr. Speaker, there are some aspects which should be stressed besides saying that it will mean increased costs for consumers and provincial Governments which, in many cases, pay for drugs used by elderly citizens—

An Hon. Member: Read the Bill.

Mr. Gauthier: I beg your pardon, does the Minister want to speak? I regret, Mr. Minister, but look at the facts: Nova Scotia said it did not want it. They said so the day before yesterday, keep up with the news.

• (1240)

[*English*]

The Acting Speaker (Mr. Paproski): Would Hon. Members please address their questions through the Speaker.

[*Translation*]

Mr. Gauthier: Mr. Speaker, Bill C-22 entails additional expenditures for the provinces. As a matter of fact under the provisions of the Bill the Government will give the provinces $100 million over four years to compensate them for these additional outlays. The $100 million are a tacit admission that the provinces will have added expenses as a result of this measure. It is also the best proof and example that the Government is yielding to American pressure just so Canada can sign a free trade agreement with the United States no matter what it may cost. To this end the Government is quite prepared to sell, give or abandon absolute control over the Canadian market to the multinationals, and we know this is bound to have a negative impact, Mr. Speaker.

I realize that I do not have much time, barely a few minutes, Mr. Speaker, but I had drafted a whole speech because I thought I would be here tomorrow and have my 20 minutes to explain the research and development issue, because this is where we must force the Government to come clean. We have no proof that the multinationals have invested in research because, even though they may have been posting good profits until now, they have not done any drug research in Canada. As anyone would expect, they do that where they are headquartered, in the United states or elsewhere in Europe. They do no research in Canada because the market is too small. They keep saying that the Canadian market is made up of only 25 million people, whereas they have 225 million in the United States and

it is much easier to carry out medical research in that country. This is why I think we are being misled when told that in the future, thanks to Bill C-22, the multinational drug companies will take advantage of the new Canadian situation to create jobs and launch scientific research and development projects in this country.

Hogwash, Mr. Speaker, nothing in the Bill guarantees that and gives Canadians any reason to believe that the multinational drug companies will promote research and development in Canada. It is unfortunate, Mr. Speaker, but again the Government is taking the gloves off and resorting to closure. And considering their overwhelming majority, 211 against 40 and 30, a total of 70 Opposition Members, they do have the big end of the stick. Once again, Mr. Speaker, they are using their majority to push through a Bill which we feel is bad and regressive and should be withdrawn.

[*English*]

Mr. Lorne Nystrom (Yorkton—Melville): I am in agreement with the statements of the Hon. Member for Ottawa—Vanier (Mr. Gauthier) regarding the Government going ahead today with the time allocation. Mr. Speaker, I wish to say to you very clearly that it is almost without precedent that the Government has introduced a closure motion after only three hours of debate on second reading of any Bill in the House of Commons.

Mr. Gagnon: That is wrong.

Mr. Nystrom: An Hon. Member says that I may not be right on that point, but I would like the Hon. Member to pull out the facts and point out where I am wrong. I have been in the House since 1968, and I cannot recall a time when the Government has brought in time allocation after only three hours of debate on second reading. That is all we have had on second reading of the Bill dealing with pharmaceutical changes in this country. So it was without precedent. It is not fair, and it is not just. I am sure that even the government Members themselves are not too happy with this. It is a question of the Government trying to cut off fair and proper debate. The Parliamentary Secretary himself, when he was in opposition, was very concerned about closure and time allocation. Here the Government brings in time allocation after three hours of debate on second reading.

[*Translation*]

Mr. Speaker, it is without precedent in our parliamentary system that time allocation should be introduced after just three hours of debate of a bill on second reading—three hours only. It is most important that we have debate on that issue which is so essential to senior citizens here in Canada, to the sick, the families, the single-parent families, etc. It is most important that we have an in-depth debate. However, the Government has decided to cut the debate after only three hours at second reading stage.

[*English*]

This Bill is very important. It is very important for the pensioners. Pensioners are now organizing against this particular legislation. It is also an important Bill to many poor people, because with the increase in the price of pharmaceuticals it is the poor people who will suffer. It will not be the wealthier Canadians who suffer. It is very unfair that the Government is bringing in closure at this particular time.

In many ways, it is also a turnaround for the Conservative Party. They sat in opposition year after year and complained about time allocation being brought in, sometimes after a Bill was in second reading for several days. Yet now when they are in Government they are even worse than the Liberal Party was when they were in Government, in terms of the allocation of time in the House. Once again, this shows the Canadian people why the Conservative Party is falling faster in the polls than any Government in the history of Canada has fallen. We have never seen a Government fall so quickly in the public opinion polls all across the country. One reason is that they often mislead the Canadian people, and this is just another example when it comes to freedom of speech and freedom of expression in the House of Commons.

The reason that we were delaying getting to the time allocation motion is that the Government has done an impact study which shows that by 1995 the annual cost increase of drugs will be some $650 million per year. Canadian people should know that the Government's own study shows that the annual cost increase of $650 million per year will cause difficulty for ordinary Canadians. That is why we have been stalling in getting to this time allocation motion. That is why we have been saying that we need time for a full and free debate in the House, and a full and free debate across the country in terms of a parliamentary committee.

During the negotiations that broke down yesterday, I thought we had offered a pretty reasonable package to the Government of a little more debate on second reading, a committee which would travel to major centres to hear from ordinary Canadians about the pharmaceutical Bill, and then a reasonable time on third reading. The Government has rejected that, because it wants to impose a limit on all stages of debate on the pharmaceutical Bill.

You have been here as long as I have, Mr. Speaker, and I cannot recall a prior occasion when a Government has tried to impose a limit on all stages of debate, maybe with the exception of the energy Bill a few years ago when the bells rang for some two weeks. That was a real crisis. We have never had that happen before. At that time there was an agreement to end the debate in that way. If there was a guillotine, this is really it.

We in our party want the Government to do two things. First, we want them to release the studies that have been conducted on the impact of changing the patent laws on the price of drugs in Canada so ordinary Canadians will know what they will be hit with in terms of drug prices. The Party

across the way preached year in and year out about freedom of information for Canadians. Now that it is the Government, why will it not provide that information to Canadians? Why this secrecy? Why does the Minister not release the impact studies? Why does he not tell Canadian people what he knows about what will happen to drug prices? What is the Minister afraid of? The Parliamentary Secretary says he is afraid of Harvie.

• (1250)

The second thing we want is a parliamentary committee that will travel to the cities of the country to study the impact of this Bill. What does the Government have against a travelling committee which would allow ordinary Canadians to have a say? Ordinary Canadians cannot come to Ottawa to have their say. Most people cannot afford to come here.

Mr. Andre: That is what we were elected for.

Mr. Nystrom: The Minister says that that is what we were elected as Members of Parliament to do. On many occasions in the history of this Parliament public hearings have been held throughout the country on important issues. Last spring a committee held hearings in five or six cities on two-price wheat. I believe this Bill is important enough that public hearings should be held on it in the regions of Canada in order that Canadians can have a say on how this legislation should be developed. I see nothing wrong with that. I do not know why the Conservative Party wants to block the freedom of expression and freedom of speech of Canadians. That is exactly what the Government is doing by bringing in time allocation and denying us the right to travel.

[*Translation*]

Mr. Speaker, I know many people, and there were many who signed petitions throughout Canada. In my own Province of Saskatchewan, thousands of people have signed petitions expressing their fear of an increase in the price of drugs in Canada. They would like to have public hearings held in Saskatchewan. The same thing goes for Quebec. Quebecers of both sexes want to have public hearings in Montreal and Quebec City, in order to make their views known to the Government.

We have here 58 Conservative Members from Quebec, and I wonder why Quebec Members do not want public hearings in their ridings so they could hear the views of their constituents.

[*English*]

It is only normal that ordinary Canadians should be given an opportunity to express their points of view on such an important Bill.

The Government is going to cut off debate. We will have a few more hours for debate on second reading. A committee will study this Bill, probably right here in Ottawa. The groups in western Canada which represent ordinary people and the poor cannot come to Ottawa to make presentations. Ordinary Canadians have a right to express their points of view in parliamentary committees.

An Hon. Member: They will.

Mr. Nystrom: The Hon. Member says that they will. However, we have no guarantee that this committee will travel across the country and hear from ordinary Canadians. We were elected by ordinary Canadians and they have a right to have this parliamentary committee travel to their areas so that they can make their points of view known.

For those reasons I cannot support time allocation and I am very surprised that the Conservative Party is supporting it. We have had only three hours of debate at second reading. I would like the Minister or the Parliamentary Secretary to cite all the precedents they can find of a Government serving notice that it will impose closure after only three hours of debate. I do not think there are many examples of that. I wonder why this Party, which advocated freedom of information and more democracy, would want to cut off debate at this time.

In conclusion, Mr. Speaker, I guarantee that the New Democratic Party will hold its own hearings across Canada. We will do whatever we can to mobilize public opinion against this Bill which will increase the price of medicine and pharmaceutical commodities for ordinary Canadians. If ordinary Canadians fight against this Bill we will be able to do with this Bill what we did with the proposal to deindex old age pensions in June of 1985. The people of Canada will not forget this in the next election campaign.

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I will not reiterate the comments of the Deputy Prime Minister (Mr. Mazankowski) about time wasted, which comments destroyed the arguments of the Member for Yorkton—Melville (Mr. Nystrom) before he even made them. One wonders where the Member for Yorkton—Melville was when the Deputy Prime Minister spoke of the hours and days which have been wasted by the Opposition.

Another delaying tactic was used by members of the Opposition Party which is deserving of remembrance by all who recognize the fundamental importance of our democratic system. I extended the courtesy to the opposition Parties of informing them that I intended to move first reading of this Bill on November 6. I did not have to extend that courtesy. We could have introduced the Bill for first reading with no warning. However, I did extend that courtesy. The NDP used that knowledge to try to prevent the Government from introducing the Bill for first reading.

Mr. Orlikow: That's right.

Mr. Andre: That has never happened in our democracy before.

Mr. Orlikow: We never had such a bad Bill.

Mr. Andre: The most fundamental of principles governing this institution is that no matter how reprehensible or unacceptable are Bills or motions which Members of the House of Commons wish to propose, they have a right to introduce them in the House. That fundamental democratic principle is as old as democracy itself and the New Democratic Party violated that principle. That is deserving of mention. That has never happened before.

As a result of their abuse of my courtesy there are now all kinds of reasons for us not to be courteous to the Opposition. We are aware that our Standing Orders dictate the practices of the House. However, we also have a tradition of courtesy, of reasonable behaviour toward each other. Through its actions the New Democratic Party has said that it is not bound by the common practices of decency and fair play. Unfortunately, that will set a precedent for the future behaviour of Governments toward the New Democratic Party. Unfortunately, this institution is the loser as a result. Our parliamentary system has been severely damaged by the New Democratic Party and its contempt for centuries of tradition and practice.

The New Democratic Party was reluctant to have this Bill introduced for first reading, to carry on with second reading debate, and to have the Bill referred to committee. I suspect the reason for that is that down in the solar plexus they know that this is good for Canada. They do not want to be asked why they are opposed to something which will result in more research in cystic fibrosis, multiple sclerosis, muscular dystrophy, Alzheimer's disease, and cancer.

Mr. McCurdy: Why don't you tell the truth?

• (1300)

The Acting Speaker (Mr. Paproski): Order. I would appreciate if the Hon. Member for Windsor-Walkerville (Mr. McCurdy) would make his questions or comments through the Speaker rather than in this manner. If the Hon. Member wants to speak I will recognize him next. The Hon. Minister of Consumer and Corporate Affairs (Mr. Andre).

Mr. Andre: Mr. Speaker, during the November break I was in Vancouver and met with people from the Terry Fox Foundation.

Mr. McCurdy: Oh, come on.

Mr. Andre: The Terry Fox Foundation has gathered several millions of dollars to promote cancer research. They have, in co-operation with the Welcome Foundation, established Pacific Pharmaceuticals at the University of British Columbia. They have already acquired and are acquiring more scientists to investigate and attempt to discover cures for cancer.

Mr. Orlikow: Good.

Mr. Andre: They believe that it is absolutely essential to their activity and success that patent protection be provided in this country. Why does the New Democratic Party not believe that is essential? If the whole world did as the New Democrats wished, and abolished patent protection, there would not be the present levels of research into cancer, cystic fibrosis, multiple sclerosis, muscular dystrophy and Alzheimer's disease. That research is going on because the rest of the western industrialized world recognizes patent protection. They recognize that the discoverer of a drug has created something of value and owns it. Apparently the New Democratic Party does not recognize that.

I heard the Member for New Westminster—Coquitlam (Ms. Jewett) talking about our obligations to the rest of the world. Why does her Party believe that Canada has no obligation to the rest of the world in terms of medical research? Why do they believe that Canada has a right to sponge off the rest of the world when it comes to medical research? Where is this sense of internationalism that they talk about? How do they justify excluding Canada from that medical research?

Let us consider the question of intellectual property. The New Democratic Party says that it is concerned about the consumers. If we were to allow generic book publishing and generic record publishing, we could probably save Canadians a few hundred million dollars. We would also have no Canadian authors, but the New Democrats may say that is all right because they read foreign authors anyway. We may not have Canadian songwriters and composers and other artists to the same extent, but they will say it is okay because they listen to foreigners anyway. Why does the New Democratic Party not be consistent and suggest that we abolish all intellectual property, including books, records, songs and everything? We certainly could save the consumers a lot of money, but in the process we would destroy Canadian creativity.

By not having patent protection for drugs we are in essence saying that Canadian scientists and Canadian researchers who search for the cures through these drugs are not really appreciated by this country and that what they do does not have much value because we will not recognize patent rights, but will sponge off the rest of the world.

Let us consider the health care of Canadians. For instance, the latest discovery is AZT, which looks like a promising treatment for Alzheimer's disease. Americans are now participating in these treatments, albeit at the research stage, and receiving significant benefits. Why is this not happening in Canada? We do not have patent protection laws. What will those Members say to the families of Alzheimer victims who are in that position? I see that you want to call it one o'clock, Mr. Speaker.

The Acting Speaker (Mr. Paproski): I am not calling it one o'clock because we are going until 1.34. However, the Hon. Member's time has expired.

Mr. Don Boudria (Glengarry—Prescott—Russell): Thank you, Mr. Speaker.

[*Translation*]

Mr. Speaker, I have paid very close attention to the remarks the Hon. Minister has just made. He was saying on the one hand that he was under no obligation to notify us before introducing his bill for first reading and that it was simply out of his great generosity and kindness that he had given members of the Opposition advance notice of his intention to introduce this bill.

Preaching virtue today, the Minister also told us how we should respect our parliamentary traditions and Standing Orders.

[*English*]

It is very interesting to hear the Minister, the Conservatives and the Government preaching to us about the virtues of respecting the Standing Orders. That is a little hard to take, coming from a political party that stormed the Speaker's chair not many years ago. As I was listening to the Minister's remarks, I wondered where he was on the day some Tories stormed the Speaker's chair. He told us that we should respect the Standing Orders, and accused the Opposition of being obstructionist.

Mr. Belsher: What would you call it?

Mr. Boudria: I suggest to Conservative Members opposite that we have only had two hours of debate on this Bill. The Member opposite who is heckling has not even had the opportunity to participate in the debate yet. Therefore, I am standing here today to protect the rights of that Tory Member, because I want to hear his speech. That is why I believe it is extremely unfair that all Members have not had an opportunity to make their contributions to this very important debate.

Let me digress for one moment—

Mr. Lewis: How will we be able to tell?

Mr. Boudria: —and talk about the issue of generic drugs itself. I know this upsets the Parliamentary Secretary to the Government House Leader (Mr. Lewis) who has just been groaning and making other selective noises which I do not care to describe in any further detail.

Mr. Lewis: It is just as a result of your speech.

Mr. Boudria: I remind him that our Party is not against increasing research. Of course the Liberals want to increase research, as do all Members. As a matter of fact, the previous Liberal Government, in its wisdom, appointed the Eastman Commission. However, the Tories took the constructive remarks made by Dr. Eastman, altered them and included more in order to please the multinational, primarily American-owned, foreign companies. The President of the United States came to the Shamrock Summit in Quebec City a number of years ago and probably made a cozy deal with the Prime Minister (Mr. Mulroney). That is why the Bill with which we are concerned is not in the interest of Canadians.

The issue is not one of opposing the protection of intellectual property rights. Doctor Eastman suggested a specific period, approximately four years, to protect those property rights. However, we must also protect the consumers because they are the ones who send us here. They are the voters. Not many multinationals voted for me, for you or anyone else in the room. The people of Canada sent us here to protect their interests and that is why it is important for us to speak to this motion and indicate to the Government that two hours of debate on such an important issue is insufficient.

[*Translation*]

That is why the Government should withdraw its motion, Mr. Speaker. We should allow the debate to continue, so that all Hon. Members may take part in this debate, for instance the Hon. Member for Saint-Maurice (Mr. Grondin) who wants absolutely to make his contribution, but who, unfortunately, is not likely to have the opportunity to do so. Tory members opposite are so silent. We have heard the expression "silent majority", Mr. Speaker, but we have now a new definition for it and it is sitting right in front of me.

• (1310)

[*English*]

These Tories give a new meaning to the expression "silent majority". They are very silent indeed. I hear the Hon. Member opposite heckling. He, of course, is a member of that very vast silent majority, those people who never speak in the House. I challenge the Hon. Member to make his contribution to this debate, if the Government House Leader permits him to do so, because we are going to have all the debate stifled, not just the debate of the opposition. Government Members will not be able to contribute to the debate on one of the most important pieces of legislation to come before this Parliament. That is the respect the Tories have for the rules.

The Minister told us a little earlier today that we have to respect the Standing Orders. He said that only a few minutes after I brought to your attention, Mr. Speaker, that a Standing Order, whereby the Government had to answer opposition questions within 45 days, had been broken on three separate occasions. It involved questions I posed earlier today.

This Government, the Conservative Party, is in no position to preach virtue to anyone. It should act as an example and obey the rules itself. The Government should not try to stifle debate and do all the other things it does to get itself out of potentially embarrassing situations, like trying to stop members of the Opposition from speaking. The Government should know better by now. It has received a raking in the public opinion polls lately and one would think the Conservatives would realize their mistake and respect our parliamentary institution. But obviously they have not, and that is unfortunate. Perhaps they never will. The people of Canada gave the Tories a chance and now Canadians are sorry. The people of Canada said to the Tories, you made a lot of promises, 338 of them, so give it a try, but they are sorry now.

An Hon. Member: Have you counted them? Count them up?

Mr. Boudria: I will gladly respond to the noise coming from the Hon. Member opposite. I have right here the book of 338 Tory promises to which I referred a few moments ago. At the rate the Government is going now it would take it until the year 2026 to deliver on all of those promises.

Mr. Lewis: We'll be here, don't worry. With your support, we will be here.

Mr. Boudria: I can tell you, Mr. Speaker, that in 1988 the Tories will not be here so there is a small chance they will ever have to deliver on the rest of their promises.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am very pleased to have an opportunity to enter into this debate for a short time and put into the record the nonsense we have been putting up with over the past few days. This House has been delayed and delayed and delayed as a result of the dilatory tactics of the opposition. We have spent 22 hours and 42 minutes, not in debate but in dilatory motions. We have spent 10 hours and 8 minutes on divisions because the opposition refuses to allow a full and complete debate on this Bill.

Mr. Orlikow: No, you want to limit the debate.

Mr. Lewis: I could read all of these times into the record but I see no reason for embarrassing the opposition any more than it already is.

I want to deal specifically, riding by riding, with some of my colleagues in the opposition. I ask you, Mr. Speaker, what does the Hon. Member for Mount Royal (Mrs. Finestone) say to the employees of the Abbott Drug Company which produces drugs and does research? How does she explain to them that by filibustering this Bill she is delaying the research and development which would be done by the Abbott Company?

Mr. Orlikow: It never did it before.

Mr. Lewis: I will now make direct reference to the Hon. Member for Notre-Dame-de-Grâce—Lachine East (Mr. Allmand) who will have to go out and tell the employees of Continental Pharma why he is filibustering the Bill which would put more research and development into his riding.

Mr. Skelly: Mr. Speaker, I rise on a point of order. It is very disturbing when an Hon. Member rises in the House and misleads the House on matters proven not to be the case by Canadian history. The American multinational drug companies have withdrawn their investment in this country. They have never made—

The Acting Speaker (Mr. Paproski): Order. I do not believe that is debate and I do not consider it to be a point of order.

Mr. Lewis: When I was interrupted, Mr. Speaker, I was discussing the employees of Continental Pharma who will be asking the Hon. Member for Notre-Dame-de-Grâce—Lachine East why he and his Party are blocking this important Bill. We move over one or two ridings to that of the Hon. Member for Saint-Jacques (Mr. Guilbault) who has the Jouveinal Company in his riding, another drug company which is involved in research, trying to make better drugs for Canadians. He is part of the filibuster of this Bill. There is another company in the riding of the Hon. Member for Mount Royal, the A.H. Robins Company, which would invest more in research and development.

Mr. McCurdy: Sure they will.

Mr. Skelly: I have a bridge for sale out in my car.

Mr. Lewis: Let me move to the great Province of Ontario, if I may, and consider Park Davis in the riding of the Hon. Member for Eglinton—Lawrence (Mr. de Corneille). Where is he? When is he going to stand up for the employees of Park Davis? We then move to the riding of York South—Weston (Mr. Nunziata) where the Rorer Chemical Company does research and development, but the Hon. Member for York South—Weston does not want this research and development done in his riding. I move now to the Ayeth Company which is represented in the ridings of the Hon. Member for York Centre (Mr. Kaplan) and the Hon. Member for Windsor West (Mr. Gray). Where are these Hon. Members? Why are they blocking debate on this important Bill?

We are talking about research, Mr. Speaker, and development. We are talking about $1.4 billion injected into the economy of Canada.

Mr. Crombie: How many jobs?

Mr. Lewis: We are talking about 3,000 new jobs. I am glad the Hon. Member asked that question. With the multiplier effect this figure would take us up to 9,000 jobs in Canada. Why is the NDP and the Liberal Party against jobs? Why are they against jobs in research and development? Having failed to answer that question, let me ask a more important question. Why is the NDP Party and the Liberal Party against research and development which will produce cures? Why is the NDP Party against a cure for cancer, for Alzheimer's disease, for Aids, for all of these things which put Canadian lives at risk? What does the NDP Party and the Liberal Party have against finding cures for disease?

Mr. McCurdy: Mr. Speaker, I rise on a point of order. I think that within the House of Commons there are certain expectations with respect to courtesy and the dignity of debate. I have heard no one rise and talk about the CPP or the LPP. The name of the Party I represent proudly is the New Democratic Party. Those who cannot say all of those words together sometimes refer to our Party as the NDP, but it is never referred to by anyone with an ounce of common sense as

the NDP Party unless that individual completely misapprehends the English language.

The Acting Speaker (Mr. Paproski): The Hon. Parliamentary Secretary to the President of the Privy Council (Mr. Lewis).

Mr. Lewis: I will try to regain my train of thought. However, I must tell you, Mr. Speaker, that the sight of a socialist in a vest looking like a banker just throws me right off. That is probably why I referred to my hon. colleague as being a Member of the NDP Party.

Mr. McCurdy: It does challenge your stereotypes, doesn't it?

Mr. Lewis: A vest, Mr. Speaker, with—what is it—seven or eight buttons; I cannot believe it.

Mr. McCurdy: Yes, and none of them are in my head.

• (1320)

Mr. Lewis: The Hon. Member is in traditional banker's costume.

Having dealt with that, Mr. Speaker, I wish to refer to the editorial in today's issue of *The Gazette* of Montreal which states:

—the opposition campaign not only ignores the moral and economic justification for the drug bill . . . it also overlooks the inadequate health care resulting from the law as it now stands.

It is our job as legislators to try to find the best drugs and best cures for Canadians. We believe that the research and development which will result from this Bill will provide those cures. It is beyond me and the members of my Party why the New Democratic Party and the Liberal Party are standing in the way of that research which could ultimately benefit all Canadians and which could then be sold throughout the world. For that reason we are proceeding to tidy up this debate nicely. After one more full day of debate we will be able to put the matter into committee so that everyone can be heard.

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, to some it comes as a shock that the Government has chosen to impose time allocation. However, it does not come as a shock or as a surprise to me. Were I standing in the shoes of the Government and were I not an adherent of higher principles with respect to the House of Commons I would have been tempted myself as a member of Government to recommend that closure be imposed. We have heard from an hysterical Government represented in defence of this Bill by an hysterical Minister who has produced the most awful, hysterical arguments that I have ever heard in defence of anything.

It is difficult to know where to begin in an attack on the nonsense that we have heard this morning. One thing that is evident in all that we have heard is that this is a Government that wants to cut its losses. This is a Government that now knows that it has out there among the people of Canada—not just within the ranks of the New Democratic Party or the Liberal Party—a terrible fight on its hands, because this is a Bill that Canadians recognize is not in their interests. This is a piece of legislation which is payment for extortion. This is a Bill that is not motivated in the interests of health care. It is a Bill whose vaunted contribution to research cannot be found in the Bill and therefore cannot be defended. This is a Bill that was demanded by the President of the United States. It was demanded by the Vice-President of the United States who just happens to be a former Vice-President of Eli Lily. It is demanded by the Chairman of the President's Advisory Committee on Trade, Mr. Pratt, who happens to be the Chairman of the Board and the Chief Executive Officer of Pfizer of the United States. This is a Bill demanded by Mr. Yeutter who says that his patience is wearing thin. This is a product of concessions by a Government that lusts after a free trade deal, the virtues of which have not been demonstrated with respect to Canadian welfare.

It is no wonder that we have had such hysterical arguments from the Minister of Consumer and Corporate Affairs (Mr. Andre). In terms of his arguments and his advocacy of this Bill I understand why the Government wants to limit his utterances, his involvement and his public exposure. A Minister who does not know the difference between copyrighting rock and roll music and jelly beans and patented products and medicines is a Minister whom I would also want to have hidden somewhere. Closure is but one way of ensuring that not too much more will be heard from him.

One must listen to the arguments of the Government with respect to this Bill. We are expected to believe—and this would be amusing if it were not so tragic in its implications for Canadians—that a bunch of multinationals before 1969 had complete patent protection and did not have those nasty little scavenging generic drug companies to foul things up. It was a virtual joy for them in Canada because Canada had among the highest drug prices in the world. My God, what a horrible tragic situation. Some three commissions and committees looked at the situation and stated that something ought to be done. Two of the committees and commissions recommended that there be no patent protection at all. That was awful, unconscious of the concerns of the Canadian people and devoid of any responsibility with respect to the needs of the people who required those patented drugs. One would have thought that those drug companies that had very nearly the highest profits in the world would have carried out fantastic amounts of research under the circumstances. The fact is that they did not do a thing.

We are now being told in 1986, after 17 years of generic competition—17 years in which Canadian drug companies have faced vigorous competition which has created among the lowest drug prices in the world—that if we go back to the pre-1969 era these drug companies will all of a sudden rush in and start doing research. If you believe that, Mr. Speaker, you believe that this Government will be re-elected next time around, and everybody knows better than that.

The Minister says with vigour, between periods of panic in the House, that this Bill will produce thousands of jobs for Canadians in research. He says that it will cure the difficulties for university researchers to which the Government has contributed significantly. But if we look at the Bill what do we find? Do we find anywhere at all the word "research"? Do we find anything at all in the Bill which requires that research be done? Are there incentives anywhere in the Bill for research? Not at all. What do we have? We have promises.

So we have this Bill which has nothing at all to do with research. We also have a bunch of letters offering a prayer, a hope and a promise that there will be research. What kind of research will it be? The Government says that we will be doing a lot more of the same if this legislation is passed. That means that not a tiddly-wink of basic research will be done as a result of this Bill.

• (1330)

We know the motivations of the drug companies. The drug companies want to stop in its tracks any possibility that other countries around the world will copy our legislation. In the United States, a Congressional committee suggested that if the American drug companies did not clean up their act they would face legislation similar to Canada's. Other nations around the world are engaged in similar considerations.

The Government is not only trying to mislead Canadians, one can suspect that it has been extorted to take this action and it has foolishly, perhaps in panic, come to believe the awful untruths which are evident.

The Acting Speaker (Mr. Paproski): I regret that the Hon. Member's time has expired.

Mr. G. M. Gurbin (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, the New Democratic Party has been represented by several speakers in this debate on time allocation. The Hon. Member who just spoke is known to me for his interest in science and technology, research and development and things that are pretty important to the essential components of this Bill. The reason we have to limit endless discussion on the Bill is that it represents three things. It represents health care, it represents jobs and employment, particularly in research and development, and it represents freedom. Let us talk about health care.

Back in 1965 when I had the privilege of going to the University of Western Ontario Medical School and graduating from that school, I used to walk on campus and look at a small building called the Collip Building. That was the building in which Banting and Best used to work in connection with the University of Toronto. They were responsible for discovering insulin.

Just last week at the University Hospital of the University of Western Ontario a very exciting discovery was made indicating that perhaps Alzheimer's Disease is linked to herpes. Discovering that and being able to trace back the origins of Alzheimer's disease to a herpes virus would be a pretty important discovery for Canadians in general and something of which the Canadian scientific and medical community would be very proud.

I will limit my remarks now and carry on—

The Acting Speaker (Mr. Paproski): The Hon. Member will have eight minutes left in debate when Orders of the Day are called.

[*Translation*]

It being 1.34 p.m., I do now leave the Chair until 2.00 p.m.

At 1.34 p.m., the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

CANADA POST CORPORATION

RURAL POSTAL SERVICE CHANGES—EFFECT ON EMPLOYMENT AND PUBLIC

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, I rise today to express the outrage of Canadians at the way the Government is allowing Canada Post to reduce its services. All Canadians pay the full price for full service. All Canadians have the right to benefit from full service.

The Government may try to deny that there has been any reduction in services, but the facts speak for themselves. Thousands of rural post offices in small communities throughout Canada will be turned over to the private sector. More than 1,700 will be amalgamated into larger ones. More than 9,000 post office jobs will be lost in rural Canada as a result of the changes. People living on rural sideroads will lose the direct delivery of mail. Instead they will have to travel upwards of 50 miles to get their mail from the not so superduper mailboxes introduced by the Government.

Canadians have come to expect secure, daily door-to-door delivery of mail to their principal residences. Therefore I call upon the Government immediately to instruct Canada Post to improve and expand its services and to stop at once any attempts to reduce further post office services to Canadians in any way. In particular, I urge the Government to stop abandoning the people of rural Canada. It is a cold, unfair, and callous act by a Government which is not concerned about rural Canada.

S.O. 21

PHARMACEUTICAL INDUSTRY

RESOLUTION OPPOSING AMENDMENT OF PATENT LAW

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I rise to put on record the views of an organization in Manitoba which represents most farmers belonging to commodity groups in that province. Keystone Agricultural Producers wrote a letter to the Minister of Consumer and Corporate Affairs (Mr. Andre) in which it was indicated that it had "unanimously adopted a resolution calling for our organization to vigorously oppose proposed amendments of the drug patents act, which would allow chemical manufacturing companies patent protection of 10 to 17 years on new pharmaceutical drugs".

They sent the letter not only because farmers as consumers would have to pay higher prices, but also because of the following:

—it is our belief that any measures which may be taken with respect to pharmaceutical drugs may have significant implications with respect to the production and pricing of pesticides.

Of course pesticides are important to farmers in food production. The Minister should withdraw the Bill, as was proposed by Keystone Agricultural Producers.

* * *

REGIONAL DEVELOPMENT

NORTHERN ONTARIO—SUPPORT FOR GOVERNMENT INITIATIVES

Mr. John A. MacDougall (Timiskaming): Mr. Speaker, the Conservative Government recognizes the regional difficulties of northern Ontario. I am pleased to say that since 1984 northern Ontarians have received attention they failed to attract under the previous administration.

The initiatives the northern Ontario caucus and Cabinet are presently considering are indicative of the importance we place upon the region. They are not the reactive, short-term solutions of the past Liberal Government, or policies which only react to the boom and bust cycle of the northern economy. They are a responsible approach by the Government in its attempt to build upon the strengths of northern Ontario resource-based industries.

Our Government has given northern Ontario and its unique problems the recognition the region deserves. We will continue to work with the people to create a more stable future for northern Ontario.

• (1405)

[*Translation*]

FORESTRY

TRIBUTE TO MR. JEAN PERRON FOR HELP IN MAKING LA SARRE FORESTRY CAPITAL OF QUEBEC

Mr. Gabriel Desjardins (Témiscamingue): Mr. Speaker, next Saturday, December 6, the *Université du Québec en Abitibi-Témiscamingue* will grant for the first time in its short history an honorary Ph.D. to Mr. Jean Perron, President of Normick Perron, in La Sarre. This happy initiative will express the gratitude of our community to a man and a family who have written an important page in the history of North Western Quebec.

Mr. Speaker, in my region of Abitibi—Témiscamingue, the name Perron evokes such things as building, entrepreneurship and success. The marvelous success of Normick Perron these last few years is the result of the determination, the work and the ingenuity of its administrators.

If I may, Mr. Speaker, I would like to join the people of my community in thanking Mr. Jean Perron for his involvement in our affairs and for his contribution in making La Sarre the forestry capital of Quebec.

* * *

WOMEN

NEED FOR EQUALITY OF OPPORTUNITY POLICY

Mrs. Lucie Pépin (Outremont): Mr. Speaker, a study carried out this fall by the federal Department of National Health and Welfare shows that, in the field of education, where women used to have the advantage over men, men have tended to close the gap and even to reverse the trend, while in the areas where men held the advantage, progress has been very slow.

On the other hand, the study shows that the gap between the percentages of men and women attending university has been substantially narrowed, but the study also shows that this is not really significant. Indeed, in the more economically profitable fields of education, the gap between men and women has widened. In other words, women are gaining in the fields of education deserted by men, but few women are making gains in non-traditional areas.

Mr. Speaker, a true policy of equal opportunities must promote the emancipation of women in all sectors and not confirm their confinement to structural ghettos.

[*English*]

HEALTH

ASA AND ASPIRIN PRODUCTS—CALL FOR BAN AS CHILDREN'S MEDICATION

Mr. Gus Mitges (Grey—Simcoe): Mr. Speaker, it is gratifying to see that Britain has seen fit to halt the sale of all children's ASA and aspirin products because of their link to Reye's Syndrome, a rare but often fatal childhood disease which develops in children and teenagers after a viral infection, such as influenza or chicken pox. Reye's Syndrome is fatal in about 20 per cent to 30 per cent of cases, and many survivors suffer serious brain damage.

It has been pointed out that children who are given ASA for influenza and chicken pox run a 25 times greater risk of contracting Reye's Syndrome than do children who do not take these drugs.

Health and Welfare Canada only requires a warning on ASA products cautioning parents against using them to treat flu or chicken pox in their children without first consulting a doctor. I fervently believe that this policy should now be changed and that Canada should follow the leadership of Britain in banning all ASA and aspirin products in their use against viral infections in children and teenagers, such as chicken pox and influenza. I call upon the Government to look into this matter and to bring forth positive action to get this done.

* * *

LABOUR RELATIONS

SEAFARERS' INTERNATIONAL UNION'S STRIKE AGAINST GREAT LAKES TANKER

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, on November 24, 1986, the Seafarers' International Union went on strike against *Coastal Canada*, a tanker vessel on the Great Lakes, in order to obtain a first contract for their 17 members. Unfortunately, the Government of Canada is directly involved in one case and in the other has taken sides on the issue. The tanker is currently chartered to Petro-Canada.

On November 27 the Coast Guard was used to ferry scabs to operate the striking vessel. First, I call upon the Minister of Energy, Mines and Resources (Mr. Masse) to instruct Petro-Canada to suspend the charter with this ship until such time as the dispute has been resolved. Second, I ask the Minister of Transport (Mr. Crosbie) to instruct the Coast Guard that under no circumstances will Canadian Government vessels be used to assist in the deployment of scabs to this vessel. Finally, I call upon the Minister of Labour (Mr. Cadieux) to use Section 171, Part V of the Canada Labour Code, and impose a first contract on the parties.

S.O. 21

FINANCIAL INSTITUTIONS

OPPOSITION TO ENTRANCE INTO INSURANCE BUSINESS

Mr. Gordon Taylor (Bow River): Mr. Speaker, there must be a bureaucrat in the Department of Finance who is determined to permit the banks to market insurance. I say this because every Minister of State for Finance since 1981 in one way or another has advanced a proposal to permit the banks and other financial institutions to sell various types of insurance policies. If it happens, when making a loan or by checking the expiry dates on collateral loan items, banks could corner the market by tying the insurance in with the granting of the loan. What are we trying to do? Create another monopoly?

• (1410)

If we make this change, we will throw thousands of people in this country out of work, and lose the excellent expertise that the insurance industry has developed.

The banks should do their own thing like making loans, accepting deposits, and expanding credit. I say scrap this proposal and stop worrying the daylights out of the thousands of splendid Canadians who are efficiently handling insurance, and tell the bureaucrats to jump in the lake.

Some Hon. Members: Hear, hear!

* * *

[*Translation*]

LABOUR RELATIONS

SITUATION OF SHOE INDUSTRY WORKERS

Mr. Gilles Grondin (Saint-Maurice): Mr. Speaker, unless there has been a recent follow-up to the letter of the Grand'Mère shoe workers union president, an unlikely occurrence if I judge by the information I have, I would urge the Minister of Labour (Mr. Cadieux) to honour the commitment made to these workers during a meeting at La Rocaille Motel last September 26 in the presence of the Member for Trois-Rivières and the then Conservative candidate.

You promised these workers that they no longer had to worry because they would be eligible for benefits under the Labour Adjustment Program, even if you had to overrule some of the board decisions.

Mr. Speaker, at least seven or eight workers between the ages of 47 and 53 experienced much difficulty to become eligible and, for a technical reason which was raised by the board but which can be quickly settled, they were even refused under LAP.

Mr. Speaker, I am asking the Minister of Labour to take action in this case, and I should like to be advised of what he intends to do about the letter of the union president.

S.O. 21

TRADE

LIBERALS' POSITION ON FREE TRADE

Mr. Gilles Bernier (Beauce): Mr. Speaker, according to this morning's *Toronto Star* and *La Presse*, Liberal delegates were fiercely divided after a lively two-day debate on free trade.

In a bizarre sequence of events, delegates adopted a resolution in favour of free trade and then supported a policy opposed to free trade. This turnabout elicited some bitter criticism from former Liberal Minister Donald Macdonald, who called his party's position inconsistent. "To outsiders we must look pretty stupid", said Mr. Macdonald, adding that the Liberal Leader, who avoided committing himself, "will now have to get to work with his caucus, where most of this nonsense comes from".

The Liberal Leader's speech on liberalisation of trade with the United States showed his tacit approval of my Government's initiative. However, that was not the position taken by the critic for international trade or the critic for external affairs.

Canadians must realize the tremendous confusion among Ottawa Liberals on a number of important issues.

* * *

[*English*]

FISHERIES

GEORGES BANK—POSSIBLE IMPACT OF DRILLING FOR OIL

Mr. Rod Murphy (Churchill): Mr. Speaker, Texaco Canada plans to drill on the Georges Bank in Atlantic Canada beginning next year. This area is one of the richest sources of fishing in the world. The scallop intake provides half the total value of all fishing for Nova Scotia. Georges Bank is extremely sensitive environmentally. In an effort to protect both jobs and this fragile resource, the Newfoundland United Food and Commercial Workers Local 1252, and the fishermen's union, are calling for the Bank to be named a marine sanctuary.

The only research that has been done to date to study the impact of offshore drilling in this area has been done by the Canadian Oil and Gaslines Association. I join my Atlantic New Democratic colleagues in their concern that this is less than reassuring. The Government should provide Atlantic Canadians with an independent report to study the impact of offshore drilling on the Georges Bank.

FINANCIAL INSTITUTIONS

OPPOSITION TO ENTRANCE INTO INSURANCE BUSINESS

Mr. Lee Clark (Brandon—Souris): Mr. Speaker, a number of small businessmen in my constituency who sell general insurance, and many of their customers, are worried about a federal proposal which would allow banks and other financial institutions to sell general insurance.

Allowing banks and trust companies to sell insurance could introduce unfair competition into the insurance market, in that many people could feel pressured into buying their insurance from the bank with which they deal. The major banks are already very powerful. I share the concern of many of my constituents that the banks could eventually dominate certain areas of the insurance business, and some small businesses would be wiped out completely.

Small businesses are a vital part of our economy. Insurance is a complicated commodity. Independent agents have worked hard and successfully to give their customers the best possible service. I hope that the Government will not pass any legislation which would threaten such small businesses.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

IMPACT OF FORGET REPORT

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, it is discouraging to see that the Government has already accepted the Forget report's recommendations on annualization of unemployment insurance benefits.

Mr. Speaker, not so long ago, the Minister of Finance (Mr. Wilson) stated that he wanted the rich to be richer, and now he has found a way for the poor to be poorer. It would be totally unacceptable for the Conservative Government to accept this recommendation. It would have the following consequences, for instance in Quebec, where a father of two would have to go on welfare to get $435.

I would ask the Prime Minister (Mr. Mulroney) and the Minister to stop the consultations and stop the spending. This is what Canadians think: they say no to the Forget report and annualization, and yes to sound, positive recommendations.

* * *

PHARMACEUTICAL INDUSTRY

REQUEST THAT MEMBER FOR MOUNT ROYAL PARTICIPATE IN DEBATE ON BILL C-22

Mr. Gabriel Fontaine (Lévis): In 1968, Mr. Speaker, the Liberal Government introduced a bill dealing with the

pharmaceutical industry which made it possible for generic companies to copy various new drugs.

It was the current Leader of the Official Opposition (Mr. Turner) who, as the then Minister of Consumer and Corporate Affairs, introduced this Bill which proved so detrimental to Canadians.

Since that legislation, the pharmaceutical industry has declined in Quebec and Canada; Liberals have exported our jobs abroad instead of our goods and services. What is even worse, we, as Canadians, are no longer able to find here the most advanced medicines. Foreign companies refuse to sell them here for fear of their being copied.

However, because I still trust a number of Liberal Members, today I ask the Leader of the Liberal Opposition to allow the Hon. Member for Mount Royal, a physician, to deal with the legislation we have introduced keeping in mind her former clients as well as the three prosperous drug manufacturers in her riding of Mount Royal.

In a few minutes, Mr. Speaker, we will see whether the Liberal Leader is gagging his troups.

* * *

• (1415)

[*English*]

INDUSTRY

PLEA FOR ASSISTANCE TO REOPEN NEW BRUNSWICK FISH PLANT

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, I would like to draw your attention and the attention of this House to the still unresolved problems surrounding the Star-Kist plant in Bayside, New Brunswick. The plant is still closed, the people are still out of work, and the unemployment insurance benefits of many of them have run out.

Next Sunday at 6.30 p.m. an outdoor church service will be held at the Star-Kist plant to focus attention on and show concern for the plight of the workers and the community. The Government has a responsibility to help the workers. The Government must find a way to reopen this plant as soon as possible.

ORAL QUESTION PERIOD

[*English*]

UNEMPLOYMENT INSURANCE

FORGET COMMISSION REPORT—MINISTER'S POSITION ON PRESENT SYSTEM

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I have a question for the Minister of Emmployment and Immigration with regard to the Forget Report. The Government tried to deindex old age pensions, it cut family allowances, and it is now going to raise drug prices as a result of the legislation currently before the House.

I believe the country has the right to know what the Minister meant when he said yesterday, "Admittedly, the present unemployment insurance system does call for changes". What does the Minister have in mind, or does he know what he has in mind?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, obviously, the Government would not have bothered to create a commission, the Forget Commission which worked for over a year and a half in order to submit a certain number of recommendations to the Government, if it had not realized there were a number of things in the system that ought to be improved and should be given careful consideration in order to increase the efficiency of a system that costs us $12 billion a year.

The report has been submitted, and the Government, as I said yesterday, is going to take a very careful look at all relevant studies so that on May 15, it will be able to give Canadians an outline of what it intends to do with the unemployment insurance system.

[*English*]

GOVERNMENT'S POSITION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, this has been a great commission. We have had six commissioners, three minority reports, and four supplementary statements. That reflects the same confusion as appears in the ministerial ranks.

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): Yesterday the Minister refused to commit himself one way or another on the report. The Minister of Transport, in his usual forthright fashion, said that he rejected those recommendations categorically.

In view of the division within ministerial ranks, would the Prime Minister tell us what his Government's intention is with respect to this report? Is the Government, as the Minister of Transport suggested quite clearly on television, going to reject the recommendations of that report?

• (1420)

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my right hon. friend is accurate. There is a majority report, a minority report, and two supplementary statements. It is like the Liberal position on trade.

Some Hon. Members: Oh, oh!

Mr. Mulroney: I suppose that indicates the complexity of the unemployment insurance issue as seen by a distinguished commissioner, Mr. Forget, who was a member of the Cabinet

of the Liberal Government of Quebec, and a very distinguished member of that Government. Yesterday the Minister produced a statement in which he indicated that the Government will reflect upon some of the recommendations and will provide a global response to them at or about May 15. I think it is reasonable in the circumstances that we hear from opposition Parties and others in the country.

Mr. Turner (Vancouver Quadra): Perhaps the Prime Minister could tell us how coherent his Party is on the issue of capital punishment and what he will do about that.

Mr. Forrestall: What are you going to do about it?

Mr. Turner (Vancouver Quadra): Our position is quite clear.

Some Hon. Members: Oh, oh!

Mr. Clark (Yellowhead): What is it?

An Hon. Member: Let's hear it.

Mr. Turner (Vancouver Quadra): When will the Prime Minister respond to the efforts of some his ministerial ranks to fulfil a commitment he made to the Canadian people? But that is another matter.

[*Translation*]

REQUEST THAT GOVERNMENT REIMBURSE UNEMPLOYMENT INSURANCE FUND

Hon. John N. Turner (Leader of the Opposition): I have another question for the Minister of Employment and Immigration.

Apparently that report cost $6 million, and the bill has been charged to the Unemployment Insurance Fund. Is the Goverment going to reimburse the Unemployment Insurance Commission to compensate the people who, after all, contributed to the Fund?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, first of all, I thought the Leader of the Official Opposition would be better informed. I am sorry, but the Commission cost $5.2 million. I hope that figure is now official. It was yesterday, and I hope that all Opposition Members on the New Democratic side will stop referring to $8 million. The figure is $5.2 million.

Furthermore, Mr. Speaker, there comes a time when an agency or a company decides it might be useful to reassess its internal operations in order to improve its efficiency. Generally, such companies fund these studies and assessments from their own resources. That is why, and we had the authorization of Treasury Board, we felt that unemployment insurance funds should be used to pay for a study that would improve the service given by the Unemployment Insurance Commission.

[*English*]

ANNUALIZED CALCULATION OF BENEFITS—REQUEST THAT MINISTER REJECT RECOMMENDATION

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. Yesterday the Minister stated in the House, as reported at page 1753 of *Hansard*:

—our purpose is not to reduce federal contributions to the unemployed.

The Minister of Transport said something similar outside the House. If that is the case, why does the Minister not immediately reject recommendation 23, the annualization method of calculating benefits, which will in fact reduce payments to the unemployed, especially those unemployed who do not have skills and who have great difficulty in finding work? Why does he not reject that recommendation immediately and be consistent with what he said in the House?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, yesterday in the House, I also told the Hon. Member that the Government intended to make a serious study of the unemployment insurance system. Of course, the Liberal Party has a knack of examining reports within a day and a half and drawing their own conclusions from a report that took a year and a half to complete. We shall see what those conclusions are.

As far as we are concerned, we are keeping an open mind and neither rejecting nor accepting any recommendations for the time being. We are going to consider them within the general context of the assessment of the system and we shall retain what is good and drop what is not. And after doing so, on May 15 we intend to present conclusions that will reflect the Government's position.

[*English*]

REQUEST FOR FEDERAL-PROVINCIAL CONFERENCE

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, we therefore cannot believe what the Minister said in the House yesterday. Since the Forget proposals have very serious implications for the provinces because they would transfer thousands of unemployed to provincial welfare rolls, what plans does the Minister have for meeting with the provinces? Does he intend to have a federal-provincial conference on this matter before May 15 so that the provinces can have real input on something that will hurt them very seriously?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the Hon. Member knows perfectly well that we have an excellent relationship with the provinces. I will be meeting with my provincial counterparts in January 1987, when the discussion will of course centre on unemployment insurance. At this meeting we expect to hear the views of the provinces, to make better progress on this issue, and to meet the expectations of the provinces as well as we can.

• (1425)

[*English*]

REGIONAL EXTENDED BENEFITS

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the same Minister. As the Minister well knows, the Forget Commission in its complete heartlessness recommends cutting out some $3 billion of revenue going to those parts of Canada which are already most adversely affected by high unemployment, resource communities right across the country, in the main. Will the Minister now guarantee that the Government will not accept the recommendation of abolishing regional extended benefits provided by the Unemployment Insurance Commission? Will he show a little compassion if Forget did not?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I think I have already told the Leader of the New Democratic Party, or that I have repeated what the Prime Minister and the Minister of Finance said. They said: There is no question of reducing federal Government contributions to the unemployment fund. So there is absolutely no justification for resorting to scare tactics. Let me make this quite clear from the outset: The Government has no intention to overhaul the unemployment insurance system to the detriment of workers.

[*English*]

REQUEST FOR GOVERNMENT DECISION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, the Minister has said in the House, and outside, that the Government is going to wait until next May to make a decision. Since the Commission cost $5 million, has been working for 18 months, had 475 briefs submitted to it plus an additional 1,500 written briefs, could the Minister tell us why we need more time to study this? Was the Government not elected to make a decision? Has it not heard? Why will it not make a decision now?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, if a commission asked hundreds of Canadians to appear— I will use your argument. If a commission spent $5 million and travelled throughout the country to listen to Canadians, will the Government respond in half a day?

FUTURE OF POOR REGIONS

Hon. Edward Broadbent (Oshawa): That is the point of the original debate. There is no need to study the matter for another few months. The Government is fully aware of the situation in the Atlantic Provinces and in Quebec, and one thing is clear: benefits must not be reduced in these regions. That is clear. Now my question to the Minister is this: Will he now guarantee that regional benefits will be maintained in these poor regions?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I represent a region where unemployment benefits are very important. One thing I can guarantee my colleague is that there is no way this Government . . . Unlike our friends opposite we had the courage to set up a commission of inquiry on a controversial issue, and all commentators say it took political courage to do it. And so we did. Yesterday I even set the date, the first time a Government does this. I will unveil the Government's proposals on May 15, and I am sure that Canadians are not afraid. We have the courage to say we will state our position, and we are not afraid that our recommendations might not be in their best interests.

SITUATION OF EARLY RETIREES

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, my question is for the Right Hon. Prime Minister. Mr. Prime Minister, I know that you do not want to reply to the question dealing with senior citizens. It is quite obvious. The Prime Minister, the Minister of Finance, and now the Minister of Employment and Immigration have said that the purpose of improving the Unemployment Insurance Plan is not to reduce federal contributions to unemployed Canadians. If what the Prime Minister says is true, will he tell us now, in view of this statement, that the Government has no choice but to reimburse the 50,000 workers who took early retirement and who lost their unemployment benefits?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I thought that the Hon. Member was a reasonable man. I told him yesterday that I would reply to this question tomorrow at noon. There is no need to try and give the impression that you are going to force us to give you some answers. It has nothing to do with you. I am the one who shall give the answer, and it will come from this Government.

GOVERNMENT POSITION

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, we have just discovered a new Charlie Brown. The Minister and Prime Minister have had the gall to say that the purpose of the review is not to reduce contributions. They cut off the benefits of these poor retirees one year ago, and they now want these people to believe them.

Can the Minister tell us why, after misleading the senior citizens and the sick, his government should have the confidence of the unemployed today since they were misled about consultation on the Blue Paper? We want frank and clear answers.

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I said in my statement yesterday . . . Mr. Speaker, I shall not attempt to speak at the same time as the Hon. Member for Hamilton East. It would be impossible.

Mr. Speaker, I said yesterday in my statement that I would answer that question tomorrow at noon and that I would make a statement. Not a single Canadian, not a single reporter asked that question this morning. Everyone has understood that the reply will be made tomorrow at noon, and I think that, if you make a small effort, you will understand it yourself.

• (1430)

[*English*]

POSSIBLE EFFECT OF RECOMMENDATIONS ON ATLANTIC REGION

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Minister of Employment and Immigration. It has to do with the Forget Commission Report. None of the briefs from the provincial Governments recommended either the elimination of the regional extended benefits or the implementation of the annualization of benefits. The impact of such measures on the economy of Atlantic Canada would be $660 million. For example, an unemployed person in St. John's, Newfoundland, who worked 20 weeks and who is receiving $240 under the present system, would receive $102 if the Forget Commission Report recommendations were implemented. Because this has created some uncertainty in Atlantic Canada will the Minister take the opportunity to give an unequivocal commitment now that the elimination of regional extended benefits and annualization will not be implemented by the Government?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I have read the same report as my colleague. Sure enough, I noticed that the figures were high. However, instead of doing some sort of haphazard analysis, I think that the issue should be considered as a whole. We should try to consider that as a whole, and not take one item one after another but make a comprehensive assessment as any responsible organization would do and when taking stock of the situation, provide policies which will respect, as stated, the unemployed.

[*English*]

REGIONAL EXTENDED BENEFITS

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, I know that trying to get a commitment from this Government is like trying to walk across an ocean full of whipped cream on snowshoes.

Some Hon. Members: Hear, hear!

Some Hon. Members: Author?

Mr. Clark (Yellowhead): No originality.

Mr. Speaker: Order, please. Perhaps the Hon. Member might consider that with the onset of winter it will become easier.

Some Hon. Members: Oh, oh!

Mr. Rodriguez: Mr. Speaker, my supplementary question is directed to the Minister of Employment and Immigration. The Minister says that by May 15 he will give a response, which means that all of the people in the Atlantic region will have to live with another sword of Damocles over their heads waiting to know where the Government stands on something that is so important to them. I wish to give the Minister the opportunity to stand here in his place now and commit himself not to eliminate the regional extended benefits and not to put annualization into place. He will not be out of line with the provinces in Atlantic Canada if he does so.

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the Government is taking the required time, which is relatively short, to assess the proposals and has been considering during the past year and a half both a majority report and a minority report which you know about and has clearly undertaken not to lower the benefits paid to the unemployed. Once again, we are as much aware as you are of the needs in the Atlantic Provinces. The Prime Minister has undertaken, as I said, to take into account in the proposals which will be made in May the regional and economic facts of this country in which we live.

[*English*]

REQUEST THAT PRIME MINISTER REJECT RECOMMENDATIONS

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my question is for the Right Hon. Prime Minister. The Minister of Transport has rejected categorically the Forget Commission Report. The Minister of Employment and Immigration does not support him. Will the Prime Minister demonstrate some real leadership with regard to the recommendations of the Forget Commission, stand in his place today and tell the working poor, working Canadians and the unemployed, that he will not accept the recommendations of the Forget Commission, thus terminating extended regional benefits, thereby costing Atlantic Canadians $660 million in terms of their economy? Will the Prime Minister provide some real leadership with regard to a very important issue?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, if my hon. friend would look at the statement issued yesterday by the Minister he would see that it states:

> The Government does not endorse the Forget report nor any other, and it will not respond directly and specifically to the Forget report recommendations.

Except, as mentioned by my hon. colleague, on May 15. That is a pretty straightforward and not unreasonable position to adopt in view of the complexity of the situation. I would think that my hon. friend would want to support the Government in this type of mature approach.

SITUATION OF SELF-EMPLOYED FISHERMEN

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, the test of leadership is to take difficult decisions during difficult times.

Some Hon. Members: Oh, oh!

Mr. Dingwall: You may laugh across there—

Some Hon. Members: Order, order!

Mr. Speaker: The Hon. Member will address the Minister through the Chair.

Mr. Dingwall: Mr. Speaker, my supplementary question is for the Prime Minister. Self-employed fishermen are troubled and worried about their future. Will the Prime Minister stand in his place today and give an undertaking to the House that there will not be a termination of UI benefits for self-employed fishermen? Or will he allow his Minister of Transport to stand out on the wharf alone with regard to helping the people of Atlantic Canada? Make up your mind, Mr. Prime Minister.

Some Hon. Members: Hear, hear!

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, fishermen and forest workers in Atlantic Canada are concerned because the only approach you find to a basic problem like unemployment insurance is to scare people. That is what you are doing, and you cannot do anything else. You cannot do a thing!

[*English*]

Mr. Speaker: Order, please. I must remind all Hon. Members, both those who are asking questions with vigour and enthusiasm and those Ministers who are answering with equal vigour and enthusiasm, to conduct their exchanges through the Chair.

[*Translation*]

Mr. Bouchard: Mr. Speaker, what I want to suggest to the Hon. Members opposite is this: it is not good enough to play on people's fear by saying: You will do this, you will do that. Mr. Speaker, I indicated yesterday we would receive—

[*English*]

Mr. Dingwall: Have some guts and make a decision.

Mr. Speaker: I would ask all Hon. Members to let the Minister reply.

• (1440)

[*Translation*]

Mr. Bouchard: Mr. Speaker, it seems to me that an intelligent and serious examination of a matter like unemployment insurance requires that every option be assessed, and then only those that suit Canadians best be chosen. Instead of scaring people, try to co-operate with that serious examination we want to undertake.

ELIMINATION OF REGIONAL EXTENDED BENEFITS—GOVERNMENT POSITION

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, I also have a question for the Minister of Employment and Immigration.

The Minister knows the Forget Commission recommended eliminating regionally extended benefits. If that recommendation were to be accepted by the Government, the people of Quebec would lose $1 billion.

Is the Minister now ready to tell Quebecers he will reject that recommendation by the Forget Commission?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I told my fellow Quebecers the Government was working on a study of unemployment insurance, and that it would again take into account the monies that have been invested in that system. I repeat what the Prime Minister has said, and what has been repeated on a number of occasions: there is no question of reducing the monies, the funds we are investing in the unemployment insurance plan.

REQUEST THAT GOVERNMENT REJECT RECOMMENDATION

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, a great deal of anxiety has been caused by the Forget Commission, and not by Opposition Members. Yes, a great deal of anxiety has been caused by that former Liberal Minister, Mr. Forget.

Can the Minister now tell Quebecers that he will reject that recommendation? That recommendation is very important for Quebec's future and for the constituency of Manicouagan, which has a high unemployment rate.

An Hon. Member: They will be getting a prison!

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I agree with the Hon. Member on the unavoidable insecurity problem caused by such a Royal Commission of Enquiry. I think everybody agree with that. This is why I said earlier it was regrettable that the Hon. Member should exploit that insecurity to try and suggest all sorts of things.

Clearly, in our assessment of the situation we will spare no effort to try and consider that there are people—and there are many of them in Canada, unfortunately, because not everybody is working—who have to live with the unemployment insurance problem, and we will endeavour to provide them with the best possible benefits. This Government's only intention is, not only to give them the best quality, but to improve as much as possible on what we are already giving them.

[*English*]

FINANCIAL INSTITUTIONS

ENTRY TO INSURANCE BUSINESS—GOVERNMENT POLICY

Mr. Gordon Taylor (Bow River): Mr. Speaker, my question is directed to the Hon. Minister of State for Finance. Insurance people and consumers in general across the nation are worried and disturbed over the continual and continuous suggestion that banks be permitted to sell insurance. Is the Government planning to proceed with this ridiculous plan?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, I would like to thank the Hon. Member for his inquiry. The insurance companies have been making strenuous representations to me, representations just as strenuous as the one made by the Hon. Member. I have heard their concerns and, as the Hon. Member knows, our policy will be announced in a very few weeks.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

REDUCTION OF MANDATORY WEEKLY NUMBER OF HOURS—GOVERNMENT POSITION

Mrs. Lucie Pépin (Outremont): Mr. Speaker, I have a question for the Minister of Employment and Immigration.

Both the Wallace Commission report on part time employment and the Forget report which was tabled yesterday recommended that the number be reduced of weekly hours required for men and women working part-time to obtain unemployment insurance entitlement.

Considering that 72 per cent of part time employees are women and that equality in the labour force is one of the priorities of this Conservative Government, could the Minister tell us whether he accepts these recommendations and whether he is going to implement them now?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I think my hon. friend knows just how much I have been aware, both as Secretary of State and Minister of Employment, of the need to enhance the role of women on the labour market.

I think, therefore, that the gist of the recommendation is interesting. But you ask whether I am going to implement it right away? Obviously, the answer is no.

Within the discussion framework which we have established from the start, how do we approach a recommendation such as this? I suggest that the issue of both the status of women and women on the labour force will have to be one of the priorities, if not the top priority, within the recommendations we are going to make about the unemployment insurance issue.

WOMEN IN EMPLOYMENT—MINISTER'S POSITION

Mrs. Lucie Pépin (Outremont): Mr. Speaker, I was delighted to hear the Minister say women and employment will be one of the priority recommendations. Indeed, I should like to remind the Minister that women contribute to the unemployment insurance account $39 million more than they collect from it.

I should like to hear the Minister reiterate that, indeed, one of the main recommendations in his report next May will deal with women and employment.

Hon. Benoît Bouchard (Minister of Employment and Immigration): Absolutely, Mr. Speaker and my hon. friend will kindly admit something. That over the past two years, the Conservative Government has managed to increase the rate of participation for women, for instance in the Jobs Strategy Program, from 35 per cent to 49 per cent. The results are there.

I certainly agree to do just that. Given that women in the labour force is a priority in the matter of unemployment insurance, the Hon. Member will certainly admit that the situation is much easier for a Government which has such a good record regarding women's issues.

* * *

[*English*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF ATTORNEYS GENERAL OF NOVA SCOTIA, QUEBEC, ONTARIO, AND BRITISH COLUMBIA

Mr. Speaker: I wish to draw to the attention of Hon. Members the presence in the gallery of the Hon. Ronald Giffen, Attorney General of Nova Scotia;

[*Translation*]

Hon. Herbert Marx. Quebec Attorney General and Minsiter of Justice;

[*English*]

the Hon. Ian Scott, Attorney General and Solicitor General of Ontario; and the Hon. Brian Smith, Attorney General of British Columbia.

Some Hon. Members: Hear, hear!

* * *

CANADA POST CORPORATION

SUPERMAILBOX KEYS

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, my question is for the Minister responsible for the Post Office. The Government has given us superboxes which are supposed

to be safe, secure, and sure. Now we have superkey which opens all doors and any door. There is no stopping superkey. When will our mail be secure? When will we get superlock? Is there a "Keeper of the Keys" on the government side?

Some Hon. Members: Oh, oh!

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, there are some people who ask questions and do not want to hear the answers. That demonstrates their seriousness.

What is happening right now at Canada Post is a serious matter and the Minister responsible for Canada Post and myself are equally concerned about the lack of quality control in the installation of these mail boxes. Therefore, the Minister responsible has spoken to the corporation and has ordered it to get on with the quality control system which will ensure safe delivery.

Some Hon. Members: Oh, oh!

Mr. Valcourt: If I may add, the Minister has asked Canada Post that no new boxes be installed until this mechanism is in place.

[*Translation*]

INQUIRY WHY GOVERNMENT WANTS TO PLACE MAILBOXES IN RURAL AREAS

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, my supplementary question is directed to the same minister. Why does the Minister want to have those same boxes in rural areas? They will be located at some 100,000 houses in rural areas. Why put them up in rural areas when they are inadequate in urban areas?

Hon. Bernard Valcourt (Minister of State (Small Business and Tourism)): Mr. Speaker, the New Democratic Party and the Liberal Party . . . First, there are things that should be made clear. Those famous mailboxes were first introduced by the previous Liberal Government, and now they are not good enough. They did it.

Mr. Speaker, the reason why those mailboxes have to be put up is that the previous Liberal Government left thousands of Canadians without any service in some communities. They had to run to the Post Office at five in the afternoon, closing time. But this is now over.

• (1450)

[*English*]

UNITED NATIONS

CANADIAN VOTE ON MIDDLE EAST RESOLUTION

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. At the United Nations this week, the Canadian Government made a major shift in a vote on a very important Middle East resolution dealing with the peace process in that region. The chief of the political section of the Canada Commission at the UN said that the reason for the change in the vote was to "bring Canada into greater balance between Arab and Israeli views". What imbalance was there previously which this official said had to be corrected? Does this presage a major shift in Middle East policy by the Canadian Government and is this the reason why the Government of Canada changed its vote?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I believe this is one of the questions on which the Liberal Party is not yet divided. Naturally we will wait to see what happens.

Mr. Broadbent: Yes, it is.

Mr. Clark (Yellowhead): Are they divided on this too? Oh, I am sorry. I do not keep track as closely as the Leader of the New Democratic Party.

The reality with regard to the resolution introduced in the United Nations is that the proponents of the resolution have moderated their language to the point where Canada no longer opposes the resolution. Canada continues to encourage direct negotiation between the parties to the dispute and believes that there are circumstances in which an international conference could facilitate such direct talks.

Mr. Axworthy: Mr. Speaker, I had hoped that this would be one of the questions the Minister might treat seriously, which is not his customary practice.

CANADIAN POLICY

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I have a supplementary question for the same Minister. Canadian officials have described the vote as a significant shift in Canadian policy. What shift is going on? Are we clearly supporting a continuation of a policy of bilateral talks between the Arab and Israeli nations to seek a peace settlement? If that is the case, will the Minister instruct his officials to correct their statements so that there will be no misconceptions about where Canada stands on this important issue?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, my statement on the question was unequivocal and clear. The Hon. Member can count on that

statement. I should tell him that I was congratulated last night by one of his colleagues in the Liberal Party for the position taken by the Government. It was the Hon. Member for Saint-Denis. It indicates that he at least believes the position Canada has taken in this circumstance is an appropriate position. I hope there is some unity on this question in the Liberal Party.

* * *

PHARMACEUTICAL INDUSTRY

AMENDING LEGISLATION—POSITION OF SENIOR CITIZENS

Mr. Neil Young (Beaches): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. Last year the Government said that senior citizens across the country supported it in its attempts to reduce the deficit by reducing old age pensions. Yesterday the Minister indicated to the House that senior citizens were being confused by opposition politicians over the drug patent legislation. Is the Minister seriously suggesting to the House and to Canadians that the senior citizens with whom I met in the Atlantic provinces in the last three days, and the organizations of senior citizen groups from across the country with which I met this morning, are confused when they say that they totally understand the Government is pushing them to the wall and that, if it goes through with the legislation, drug prices will increase?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, this gives me an opportunity to read again from the comments of a responsible individual who has looked at our proposed legislation, Dr. Philip Seeman, head of the Pharmacology Department of the University of Toronto. He said: "Senior citizens are being seriously misled by politicians who tell them prices will sky-rocket or their provincial drug plans may be cut, but they are being denied goods which could improve their life". I am seriously suggesting that senior citizens are interested in more research on Alzheimer disease, cancer, arthritis, cystic fibrosis, and all other diseases which so affect quality of life. We have a package which will do it in a way that provides enormous net benefits to Canada. This is why I think seniors and all Canadians should be in favour of it.

Mr. Young: That from a Government which just slashed millions of dollars from research.

COST IMPACT RESEARCH

Mr. Neil Young (Beaches): Mr. Speaker, my supplementary question is directed to the same Minister. Is the Minister trying to tell Canadians that senior citizens and their organizations have not conducted detailed research into the cost impact of the Bill on seniors, disabled Canadians, Canadians with young families, and particularly provincial Governments? Is he really trying to tell us that these senior citizens are confused? That is insulting.

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, over 85 per cent of Canadians are covered by drug plans and 95 per cent of senior citizens. A professor from the University of Ottawa wrote:

> As a Pediatric Clinical Pharmacologist, I have been acutely aware that many pharmaceutical substances are not available in Canada as licensed products for children as a result of previous patent and licensing policies.
>
> I applaud your efforts in this regard and feel that your new policy is both appropriate and a step forward for the Canadian pediatric population.

In other words, for children. Is the Hon. Member seriously suggesting that Canadians are opposed to better drugs sooner for Canada's children?

Mr. Young: What about the seniors?

* * *

CANADA POST CORPORATION

RURAL POST OFFICES—EFFECT OF BUSINESS PLAN ON WOMEN EMPLOYEES

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is directed to the Minister responsible for Canada Post. He knows that the Government's plan to close thousands of rural post offices and to fire 9,500 postal workers will devastate much of rural Canada. Is he aware that 80 per cent of these postal jobs are now held by women? Would he consider withdrawing a plan which discriminates against women in rural Canada?

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, I cannot accept the premise of the Hon. Member's question. There is no question about closing rural post offices. The business plan contemplates passing over to the private sector small post offices in communities, over a 10-year period. It will mean better service and more locations for Canadians. This is what it will mean. As for the business plan, I am informed that the committee just completed its hearings this morning. I shall await its report to the House before I comment any further.

Mr. Foster: The committee did not complete its work; it was cut off with closure by government Members.

REQUEST THAT MINISTER POSTPONE CLOSURES

Mr. Maurice Foster (Algoma): Mr. Speaker, is the Minister prepared, on behalf of the Government, to postpone the closure of rural post offices and the firing of 9,500 postal workers, many of whom have worked from 20 years to 30 years, until after the next election so that rural Canadians can vote on the whole matter?

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, the people of rural Canada have voted. They voted on September 4 for better service, a formidable cause. This is what we want to give Canadians. When the committee reports to the House, the

House will be seized with its recommendations, and we will take it from there.

* * *

TRADE

CANADA-UNITED STATES NEGOTIATIONS—POSSIBLE EFFECT ON TEXTILE FIRM IN NOVA SCOTIA

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, we have just received reports that the President of Standfield's, a Truro Nova Scotian textile firm, for the sake of the Minister, employing 800 people, thinks his company will have to move its manufacturing operations out of Canada if a freer trade agreement with the United States were signed. In view of this loss which has certain broader connotations for her Party, is the Minister for International Trade now prepared to rethink the free trade thrust on which she is engaged?

Hon. Pat Carney (Minister for International Trade): No, Mr. Speaker.

MINISTER'S POSITION

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, in view of the mounting opposition to free trade in this company employing 800 people, in breweries employing thousands of people, and in manufacturing firms in all sorts of resource areas, why is the Minister not prepared to rethink her position?

• (1500)

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the mounting evidence before us shows overwhelmingly that Canadians have a lot to gain from a bilateral trade treaty with the U.S.

Mr. Ouellet: Did you get that privately from Mr. Stanfield?

Miss Carney: I would point out to the Hon. Member that reports of the Economic Council of Canada have said that if we are successful in a bilateral agreement with the U.S. we could create 375,000 new jobs in this country and that, if we stay on a protectionist course, the way the world is going we will lose half a million jobs in the same time period.

* * *

EXTERNAL AFFAIRS

CANADIAN POLICY TOWARD UKRAINE—BUENOS AIRES CONCERT INCIDENT

Mr. Andrew Witer (Parkdale—High Park): Mr. Speaker, my question is for the Secretary of State for External Affairs. In a letter addressed to Michael Wawryshyn, dated October 23, the Minister explained that Canadian embassy personnel in Buenos Aires failed to attend a concert staged by the Ukrainian Canadian Choir Vesnivka because the flag and anthem of Ukraine were prominent in the program. He referred to the possible misinterpretation of Canadian policy toward Ukraine which might result from an official presence at the concert. Ukrainian Canadians were shocked and offended by this explanation.

Will the Minister issue a public apology to the Ukrainian Canadian community, and will he clarify Canada's official policy towards the independence of Ukraine and other captive nations?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the House will be astonished to learn that I signed a letter that had an error in it. It may not be so astonished to learn that I have written Mr. Wawryshyn and circulated widely a letter of apology, a letter clarifying the situation, and I would trust that now the matter has been aired publicly in the House any concerns that might have been alive in the Ukrainian community will be set to rest.

Some Hon. Members: Hear, hear!

NON-ATTENDANCE BY EMBASSY OFFICIALS

Mr. John Nunziata (York South—Weston): Mr. Speaker, the Secretary of State for External Affairs continues to insult the Ukrainian Canadians in Canada.

Mr. Hnatyshyn: You insult this Ukrainian.

Mr. Nunziata: Mr. Wawryshyn is a constituent of mine. In reply to a letter that I sent to the Secretary of State for External Affairs, he indicated that Canadian embassy officials did not attend the concert because the choir was singing the Ukrainian national anthem and because the Ukrainian flag was flown. In a subsequent letter to Mr. Wawryshyn the Minister changed his tune. Will the Secretary of State for External Affairs admit in the House today the real reasons his embassy officials did not attend the concert?

Right Hon. Joe Clark (Secretary of State for External Affairs): Yes, Mr. Speaker. The Hon. Member is asking me to say what I have just said in the House of Commons. I did make an error as he has alleged. This is the only thing on which he and I have agreed or probably will agree, in that case I am unlike the Right Hon. Leader of the Opposition in so far as the Hon. Member for York South—Weston is concerned.

Mr. Turner (Vancouver Quadra): Just deal with the government response, Joe.

Mr. Riis: Do your job.

Mr. Turner (Vancouver Quadra): If you want to make an apology, make an apology and do it graciously.

Privilege—Mr. Gagliano

INQUIRY CONCERNING LETTER TO MEMBER

Mr. John Nunziata (York South—Weston): Mr. Speaker, in the letter written by the Secretary of State for External Affairs to Mr. Wawryshyn dated November 14, he indicates that the letter was also sent to me. Could the Minister explain to the House why he would say to Mr. Wawryshyn through the letter that a copy of his letter came to me when in fact no such letter was ever sent to me?

Right Hon. Joe Clark (Secretary of State for External Affairs): First, Mr. Speaker, I will look into that. Perhaps the most effective way to send correspondence to the Hon. Member would be in a plain brown envelope.

Some Hon. Members: Oh, oh!

* * *

MULTICULTURALISM

FEDERATION OF SIKH SOCIETIES—APPLICATION FOR GRANTS

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, I have a question for the Secretary of State and Minister responsible for Multiculturalism. The Minister is aware that the Federation of Sikh Societies of Canada applied many months ago for grants in support of several community projects and that there has been support from all quarters of this House for that application. Will the Minister assure the House this afternoon that he expects to advance social harmony in Canada by taking positive action forthwith on the application of the Federation of Sikh Societies of Canada?

Hon. David Crombie (Secretary of State): Mr. Speaker, I can assure the Hon. Member that we will advance that cause. The matter is under review by the officials of my Department right now and I can assure the Hon. Member that we will give it proper consideration as soon as we can.

Mr. Speaker: The Hon. Member for Thunder Bay—Nipigon, a short question.

PROPOSED ESTABLISHMENT OF CHAIR IN SIKH STUDIES

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, will the Minister assure the Sikhs across the country who have been raising money for the establishment of a Chair in Sikh Studies that his Department will give positive consideration to the application to the Department to establish this chair at the University of British Columbia?

Hon. David Crombie (Secretary of State): Mr. Speaker, I can assure the hon. gentleman that I will do so. It is a particular concern of mine and, of course, to the Sikh community.

[*Translation*]

CONSUMER AFFAIRS

AVAILABILITY OF CERTAIN DRUGS

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, I am directing my question to the Minister of Consumer and Corporate Affairs, and I do so in the context where both the Liberals and the Socialists are opposing the establishment of a drug industry in Quebec and the rest of Canada. Could the Minister tell Canadians who, for instance, are suffering from Alzheimer's disease or AIDS where they can get the most appropriate drugs at the present time?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, the Hon. Member for Lévis has raised a very good issue. I wish to reassure all Canadians that under the new legislation, they will be able to get any innovative drug. Thanks to our proposals, the health of Canadians will certainly improve.

* * *

[*English*]

PRIVILEGE

ALLEGED ASPERSION CAST ON CREDIBILITY OF MEMBER—SPEAKER'S RULING

Mr. Speaker: I wish to advise Hon. Members that I can respond to a question of privilege raised by the—

[*Translation*]

—member for Saint-Léonard—Anjou (Mr. Gagliano). I examined his speech and the response of the Minister of National Revenue (Mr. MacKay) very carefully. I also examined the Minister's response to the question raised by the Hon. Member for Timiskaming (Mr. MacDougall). In a case like this, two people may often provide differing but nevertheless truthful reports of the same event. Differences of opinion with respect to fact and details are not infrequent in the House and do not necessarily constitute a breach of privilege.

[*English*]

The Hon. Member in his question was addressing an important matter which was acknowledged to be important by the Minister. However, whatever the differences might be, a dispute as to fact does not constitute a breach of privilege and the Chair cannot adjudicate on that dispute.

Again I want to impress upon the Hon. Member that the Chair understood the seriousness with which the Hon. Member brought the representation forward but it is not, under the circumstances, a question of privilege. I thank the Hon. Member for his representation.

POINT OF ORDER

REQUEST THAT LETTER BE TABLED

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, for two days we have been trying to get the Minister of Consumer and Corporate Affairs (Mr. Andre) to table a letter to which he referred in the House, as reported at page 1700 of *Hansard* for December 2. The Minister quoted from a letter he said he had received from the Canadian Drug Manufacturers Association. On the same day at page 1704 of *Hansard* my colleague, the Hon. Member for Ottawa—Vanier (Mr. Gauthier), requested that the Minister table the letter as provided for in our rules since he had quoted from it. The request was repeated this morning. To date, we have not had compliance with our requests. As we have been talking, Mr. Speaker, the Minister left the House, despite the fact that we advised him the question would be raised again after Question Period.

I would like to call upon Your Honour to enforce the rule which calls for a Minister of the Crown to table a letter from which he has quoted in the House.

Mr. Mazankowski: Mr. Speaker, I will look into the matter and report back.

Mr. Speaker: I would hope that the response of the Hon. Deputy Prime Minister (Mr. Mazankowski) would be satisfactory, at least for the moment.

* * *

• (1510)

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Hon. Herb Gray (Windsor West): I wish to ask the Government House Leader if he will give us a statement of the business he intends to call for the coming week. In fact, can he give us a statement of the business he intends to call until the adjournment for Christmas which will take place on December 19th?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Today we will complete the motion under Standing Order 117. Then we will continue debate on Bill C-25, the Canadair privatization Bill. That will be followed by debate on Bill C-23, the Income Tax Act. Friday we will continue on second reading debate of Bill C-22, the Patent Act. Perhaps tomorrow I will be able to enlighten the Hon. House Leader of the Liberal Party more fully on the extent of the business. We have not had an opportunity to have a House Leaders' meeting this week.

The remaining business for next week will depend in some part on the decision that you will be making with respect to whether yesterday was deemed to have been an allotted day.

GOVERNMENT ORDERS

[*English*]

PATENT ACT

ALLOCATION OF TIME TO CONSIDER SECOND READING AND REFERENCE STAGE OF BILL C-22

The House resumed consideration of the motion of Mr. Mazankowski:

That, further to the notice given on Monday, November 24, 1986, by the Deputy Prime Minister and President of the Privy Council, and pursuant to the provisions of Standing Order 117, in relation to Bill C-22, an Act to amend the Patent Act and to provide for certain matters in relation thereto, one additional sitting day shall be allotted to the consideration of the second reading and reference to a legislative committee stage of the said Bill; and

That, at fifteen minutes before the expiry of the time provided for the consideration of government business on that day, any proceedings then before the House shall be interrupted, if necessary, for the purpose of this Order and, in turn, every question necessary to dispose of the said stage of the Bill then under consideration shall be put forthwith and successively, without further debate or amendment.

Mr. Speaker: When the House rose at 1.34 p.m., the Hon. Member for Bruce—Grey (Mr. Gurbin) had the floor.

Mr. G. M. Gurbin (Parliamentary Secretary to Minister of Employment and Immigration): I should like to continue the debate on the motion brought forward by the Deputy Prime Minister (Mr. Mazankowski) to bring to a close the long discussion that we have had in consideration of the Bill regarding the proposed patent changes. We are bringing this in at a time when we have considered this Bill for a total of 22 hours, 42 minutes, including 13 dilatory motions, a number of petitions, and a number of other devices that have been brought forward by the Opposition to delay the introduction and full consideration of this Bill by committee.

My proposition had been that the Bill itself represents three major things. It represents the health of Canadians, it represents jobs for Canadians, and it represents freedom for Canadians. On all of these counts we need to move forward, not with the 22 hours and more of delay that we have had so far, but in an efficient and expeditious manner, so that we can fully consider this in committee and then bring this law back to the House, in revised form if necessary, for consideration, so that it can be put into effect in Canada.

Before lunch, I was starting to talk about the lack of history that we have had in Canada in the introduction of new drugs for the benefit of the health of Canadians. I had occasion last evening to look through the November issue of the *Canadian Medical Association Journal*. I was struck by several things. One of them was an article which the House may find interesting, and from which I would like to draw a few quotes. This article is entitled "Dementia in the House". In this article the author states:

"Dementia in the house", arguably one of the greatest threats to the health and social welfare of this country, is characterized by a constellation of cognitive, behavioural and emotional symptoms—Characteristic emotional liability is associated with indecisiveness and consistent evidence of poor judgment. There is often right-left disorientation, identity confusion and a serious language problem.

People so afflicted are known to suffer from dramatic emotional outbursts in the House, temper tantrums, hypersensitivity and often frank paranoia.

Mr. Cassidy: Are you describing the Prime Minister (Mr. Mulroney)?

Mr. Gurbin: What we have seen is a classic example of this syndrome expressed by the opposition Parties as they are trying to delay the introduction of this Bill into committee, so that all Canadians may have a chance to examine the details of this Bill and see the benefits that may come to Canada from it.

Mr. Cassidy: You are as wrong about the indexing of pensions as you are about this.

Mr. Gurbin: In addition, I might say that the Member for Essex—Windsor (Mr. Langdon), who spoke prior to me, is probably the best example we have in this House. While he is supposed to be the critic for science and technology in the NDP Party, he is at the same time trying to block the introduction of this Bill which would see the dramatic evolution of research and development in new drugs in Canada. So he cannot have it both ways. He is either supportive of this research and development activity, or he is trying to block it. It is very clear that in this case he has been trying to block it.

The other important thing that came from just a very cursory perusal of the November issue of the *Canadian Medical Association Journal* was the number of drugs that are now being brought forward to treat and to manage diseases that are effecting many Canadians, and people around the world.

One that is very important is for herpes. For a long time, members of the House have been aware of people who have had a variety of repetitive conditions, whether it is the herpes simplex lesions that will touch their face, or the genital lesions which may touch them somewhere else, or whether it is some of the other important variants of herpes which we need not go into, for example, the congential herpes that can affect babies. Very interesting is the information that may associate herpes with Alzheimer's disease. This is information which has come out of medical research in London, Ontario. Zovirax is a drug which is developed and produced by Burroughs Wellcome; a new drug for the treatment of a condition for which we presently do not have treatment.

The reason for this Bill, why we are trying to get it forward, and why we think that we cannot debate it indefinitely in the House, is so that Canadians can become involved in that type of research and help develop that type of drug. It is the NDP Party, and the Liberal Party that are trying to block that and do not want Canadians to be directly involved, but only want them to be the purchasers of this technology, not the developers of it. They should be embarrassed.

Mr. Cassidy: People shouldn't pay a ransom for new drugs.

Mr. Gurbin: They should go back to their constituents and tell them why they think Canadians should not be participating in this research, and why Canadians should not derive benefits from this type of research. Mr. Speaker, I do not think they can justify that.

Another drug mentioned in here, Mr. Speaker, is one that has been developed by Upjohn.

Mr. Cassidy: You are pleading special interests, that is what you are doing. You are pleading for the drug companies. You are pleading for the physicians' lobbies. How about pleading for the people for a change?

Mr. Gurbin: Yes, you are right. As a physician, I would argue very strongly through you, Mr. Speaker, with the Member who is again expressing the syndrome of dementia in the House with his emotional outbursts and blockage of legislation that would benefit Canadians.

As well as the Upjohn drug, there are many more in here that are important. Some of them are for respiratory diseases in babies. One of them introduced by Upjohn would possibly interest the Member who is sitting in front of the Hon. Member; it treats baldness. All these drugs are drugs that cost tens of millions of dollars to develop. Since insulin was developed in Canada decades ago Canadians have not been able to directly become involved in this research. Let us deal with a few facts instead of the hyperbole and rhetoric that continually comes out of the NDP Party, just like frothing at the mouth.

Mr. Cassidy: You are sensitive, aren't you?

Mr. Riis: What have you, 31 per cent or 32 per cent?

Mr. Cassidy: Are you suffering from some congenital condition?

Mr. Gurbin: The facts are that in the last 16 weeks we now have almost $700 million in new research and capital projects.

Mr. Riis: Why are you guys afraid to take this to the country?

Mr. Gurbin: Those are solid dollars in research investments by companies in Canada because of the introduction of this Bill.

Mr. Riis: Jackboot democracy is what this is; tyranny, dictatorship.

Mr. Gurbin: We have a guarantee of $1.4 billion that will go into research in this country, and medical research and development of drugs. That will translate into at least 3,000 research and development jobs, jobs that young Canadians presently have to go out of the country in order to access. I have a son attending a science course at the University of British Columbia. If he wished to get into medical research in any meaningful way he would have to go out of the country. The NDP would have our young people, who are well trained

in many of our universities, go out of the country to find jobs in this field.

Since 1984, when the Progressive Conservative Party took over Government, we have reduced unemployment across the country by 3 per cent. That is our record of performance.

Mr. Riis: Tell that to Atlantic Canada and British Columbia. They will laugh at you.

Mr. Gurbin: The NDP are talking about the jobs that are necessary in Canada. Mr. Speaker, they cannot deal with facts and that is unfortunate.

• (1520)

Mr. Riis: The fact is you are dictatorial and antidemocratic.

Mr. Gurbin: There is much more to say on this topic, and I will be happy to do it at another time. I have only a couple minutes left.

Mr. Riis: We can shut Parliament down for three weeks if it will make you feel any better.

Mr. Gurbin: I was a medical practitioner for about 20 years and always found it discouraging not to have medication to treat a particular illness. I had to write prescriptions and my patients had to buy the drugs.

Mr. Benjamin: I'll bet you wrote "no substitutes, please".

Mr. Gurbin: The drug companies gave us samples and we gave them to our patients. This Party has supported changes in health care which have resulted in 85 per cent of Canadians getting help to defray the cost of drugs.

Mr. Riis: I see; you cut back on health care funding to support health care.

Mr. Gurbin: That is important.

Mr. Riis: You cut back scientific research.

Mr. Gurbin: The Government wants to ensure that Canadians are protected from bearing the burden of the overwhelming cost of health care. Therefore, we inserted protective clauses. Those are the kinds of things which will be examined when this important Bill goes to committee and we are able to proceed with it, as we must, after approximately 22 hours and 40 minutes of obstructive tactics by Members opposite who are—

Mr. Riis: Didn't you close Parliament down for three weeks?

Mr. Gauthier: How can you stand there and say that? For two solid weeks you closed it down.

Mr. Riis: You're a hypocrite.

Mr. Gauthier: You've got a lot of gall to use that argument. Two solid weeks you closed it down.

Mr. Rossi: Remember the bells.

Mr. Gauthier: You're a bunch of hypocrites.

[*Translation*]

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, if I could have some peace and quiet, I would also like to speak to—

Time Allocation

The Acting Speaker (Mr. Paproski): Order please. The Hon. Member for Saint-Jacques.

Mr. Guilbault (Saint-Jacques): Mr. Speaker, I would also like to give my views on the gag being imposed again by this Government, after only seven hours of debate on Bill C-22. This is a very important piece of legislation which, once it is implemented, is likely to have an impact on all Canadians. Seven hours of debate up to now is not much of an excuse for the Government to suddenly decide to apply steamroller tactics and gag the Opposition. This is a strange attitude to democracy for a Government that already has an overwhelming majority of 210 Members in the House of Commons, and so already has the assurance that when the question is put on Bill C-22, it will win the vote. So why bother to gag the Opposition which is trying to put questions to the Government regarding this Bill, questions that are not being answered? Mr. Speaker, if the Government is so anxious to get this Bill through the House, perhaps I may recall that, as you know, Mr. Speaker, last June the Government introduced a Bill similar to Bill C-22, in fact it was even a bit better than Bill C-22, but the Government neglected to follow up on it. Why did it not decide to consider the Bill back in September? Why did it wait such a long time before bringing this legislation before Parliament and having it debated here in the House?

Today, they are trying to rush us and get this Bill through the House quickly, although the Government knows perfectly well that the Opposition Parties are opposed to the Bill. Up to now, the Government has been stonewalling in response to our questions in the House. It has systematically refused to table impact studies on the cost of drugs. If the Government is so sure drug prices will not increase once Bill C-22 is adopted, why has it refused to table studies on the potential impact on drug costs? What does the Government have to hide? If it is so sure its Bill is a good one and will not cause the price of drugs to rise, I want to see those studies tabled here in the House.

Mr. Speaker, for two weeks we have been getting the same stupid answer during Question Period: Send the bill to committee and you will get answers to all your questions. Unfortunately, that is not how things are done in this House. First, we have to agree on the principle of a bill before it is referred to a committee, and that is the problem. We have difficulty with the underlying principle of Bill C-22 and we do not have all the information we need to believe that this Bill is a good thing. The Government is always accusing the Opposition Parties of being against research. Quite the opposite, the Liberal Party of Canada favours research, not only for pharmaceutical products, but in all scientific areas in Canada. Who cut back research funds, who took away hundreds of millions of dollars from the budget of the National Research Council if not the Government on the other side? And who objected to those cutbacks in research expenditures if not the Opposition?

Thousands of Canadian scientists have objected to the cutbacks in our scientific research budgets. Even the chemist Polanyi, winner of the Nobel Prize, recommended to a science graduate not to look for a job in Canada since the budgets for scientific research were being cut. The Government should not try to suggest that it is the Opposition which is against scientific research in Canada. We are in favour of research. What we have difficulty in accepting is that Bill C-22, which the Government wants to ram down our throats, will promote research. We do not believe that it will, or at least we have no certainty that it will.

If pharmaceutical multinationals need additional funds to promote research, we do not think that the Government should try to get this money on the backs of the sick, the senior citizens and the poor in Canada so that the multinationals can finance so-called research activities about which we have no guarantees. There are no guarantees in this Bill that research activities will increase in Canada. There are no guarantees, even though the Government talks about additional jobs, that those jobs will be there. We have to rely on the word of the Minister, the very same Minister who is refusing to table in the House the material which would allow us to judge whether or not this Bill is useful or not.

Let us look at some historical background, Mr. Speaker. Before 1969, which is when the Liberal Party of Canada amended the Patent Act for drugs, there had been three in-depth studies dealing with the pharmaceutical industry. First, a study by a Committee of the House of Commons, second, a study by the Restrictive Trade Practices Commission, and finally, a Royal Commission which had examined the issue and presented a report. All three studies showed that drug prices were then too high in Canada and that the profits of the multinationals were already too high.

This is why the Act was amended in 1969 and the 17-year protection on new drugs was removed. This was done to provide more competition among drug manufacturers, to lower drug prices and to prevent them from increasing too quickly. It is indeed what happened, and in my humble opinion, this is what Bill C-22 could destroy. That would bring us back to the situation which existed before 1969.

In a few words I should like to defeat the argument whereby patent drug protection would boost research. It is quite clear that before 1969, when multinational drug companies were covered by 17-year patents, 3.5 per cent of total sales were earmarked for research. So what happened after 1969 when this patent protection was removed and generic drug manufacturers were then allowed to begin to copy drugs? Well, 3.9 per cent of total sales went for research. In other words, when the patent protection was dropped there was more research than before. The main argument of the Government in support of Bill C-22 does not hold water, it simply does not have currency.

I am wondering indeed why the Government would so readily swallow the pill offered by the multinationals, right along with the argument of companies which are making a handsome profit as it is and yet want even more.

I am asking myself this question and seeking the answer. Why would the Government try to shield the major drug manufacturers instead of defending the interests of Canadians who buy drugs, instead of protecting the elderly who are the prime drug users, instead of standing up for the sick who need them?

Would it be that the Government is buckling under pressure from the lobbyists of the multinationals? Would it be that Frank Moores and Mr. Doucet of Government Consultants International Inc. are making representations to the Government? Is it by way of subservience to the United States, perhaps because they have asked the Canadian Government for a concession in connection with the free trade negotiations?

We would like the Government to table the impact studies on the cost of pharmaceuticals that we have requested. By refusing to do so, the Government must be trying to hide something, because those studies show the cost of drugs will increase. Once those studies are made public, the Government will have to stop repeating that the cost of drugs will not increase. This is something we do not believe.

This is why we are opposing the legislation, and this is why we also oppose this dictatorial move to limit the length of debate in this House. We on this side strongly oppose that.

Mrs. Gabrielle Bertrand (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, I already rose once in this House to discuss this legislation, and I had no intention of doing so today, because I was in my office looking after the affairs of my constituency.

But while doing so I listened to the speeches for a few hours, and I was shocked and frustrated to see and hear what was being suggested today, not only to the House but to all those who are watching this debate on television.

The Opposition parties, both Liberal and NDP, have systematically been using delaying tactics, because as we know the debate on the Bill started on November 6 in this House, and even before that they wilfully delayed first reading, which is something absolutely unheard of.

This has been going on for a month. But it is my view that this Government is here to govern, to legislate, and that is exactly what we have decided to do. We are often told by our constituents: You have a majority, do something, what are you waiting for? Well, here we are now doing something, putting an end to wasting the time of the House, this wasting of hundreds of thousands of tax dollars every day, for what purpose? For getting people to panick, for scaring seniors, the sick and the needy.

We know that 85 per cent of the Canadian people are covered by pharmacare plans, whether public or private, and that 95 per cent of senior citizens don't have to pay for their drugs, so what are they worried about? Why are they trying to scare the population?

The New Democratic Party launched a campaign even before the Bill was tabled in the House, in the beginning of November. They sent cards to fill out all over Canada, some sort of petition. Why everywhere in Canada but in Quebec? They are afraid of Quebec, but why? Because senior citizens in Quebec, and especially the Quebec *Fédération de l'âge d'or*, know that this Bill will improve the quality of health care. Because the New Democratic Party knew that the National Assembly, on two occasions and unanimously, passed a motion asking the Federal Government to change this Act as it applies to pharmaceutical patents.

I have here remarks made by Hon. Members of the Opposition during a debate which started in 1982, at a time when the Liberal Party had decided to amend the Patent Act as far as drugs where concerned. The Hon. André Ouellet said then and I quote:

• (1530)

[*English*]

"Mr. Ouellet says the goal of that law would be a balanced system which encourages the industry to invest, do research and create jobs, but on the other hand provides drugs for consumers at reasonable prices".

[*Translation*]

The Liberal health critic, the Hon. Member for Sudbury (Mr. Frith), said in 1985:

[*English*]

"Higher prices might be justified if they led to more drug research in Canada. The proposed price increase should have a minor impact on consumers".

[*Translation*]

We are not worried about that price increase because, for the first time in Canada, we are going to have a price review and control board. But at that time, the Liberals who had not even considered setting up that board, were not worried about a slight price increase because they said it might be worth paying a little more for drugs to allow for research and job creation in Canada.

Here is another statement, Mr. Speaker, by the Hon. Member for Hull—Aylmer (Mr. Isabelle), a doctor, who says:

[*English*]

"Our researchers could not work in their own country and Canada could not create the jobs normally related to research work".

[*Translation*]

If we did not go ahead with that bill or follow-up on the Eastman Report.

I have got more, even from the New Democratic Party, Mr. Speaker. Here is what the Hon. Member for Yorkton—Melville (Mr. Nystrom) said, I believe, after the closing or a transfer of the employees of a multinational in his constituency:

[*English*]

"The transfer will mean the lay-off of some 300 employees, many of them full-time researchers at the lab.

[*Translation*]

—he was asking a question—

[*English*]

"I would like to know from the Ministry what action the Government is going to take to make sure we can do this pharmaceutical research in our own country."

[*Translation*]

Then all those Hon. Members from both parties, especially since 1982, urged that the Government proceed with that legislation because they had seen the results of the erosion of the protection for large drug companies which may have been necessary in 1969. What happened? Drug companies left the country, the multinationals did not come in, we lost hundreds of thousands of jobs, our health quality suffered and that is the situation we have today.

We should therefore provide that protection for the drug industry as soon as we can, as we read in the editorials . . . I believe that not one day goes by without someone writing, speaking or telling the Government: Hurry, hurry! Here is what *Le Droit* said on November 19: "It was high time. The Mulroney Government has taken a courageous step in introducing a bill to give back to drug industries investing in research the ownership right which was taken away from them by the former Liberal administration". The same columnist writes elsewhere: " Our research scientists are calling for help. Canada has lost close to 2,800 highly-skilled jobs. With respect to the drug research sector, we now amount to nothing more than a banana republic, an Eastern country. Our scientists are perfectly justified to call for help, for the situation is appaling".

It is therefore urgent, Mr. Speaker, that we proceed with this legislation. Opposition Members have been criticizing us and asking us to provide documents and more information. That is what we shall be doing in committee. Let us go ahead with it as soon as possible.

That is where this should be done. We have already had quite a long debate on second reading, and another debate today on this motion, so let's go to committee. I believe we will also be having hearings or meetings across the country so that Canadians, including researchers, young scientists and consumers will all have a chance to ask questions.

Mr. Speaker, in concluding, I would like to quote something I read earlier in this morning's *Gazette*, a Quebec newspaper, where it says at the end of the article:

• (1540)

[*English*]

"The proposed changes are sound. Ottawa should stick to its guns".

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I do not think the Parliamentary Secretary understands what this debate is all about. It is not a debate on a Bill to change the Patent Act. It is a debate on closure introduced by the Government. I want to remind Hon. Members opposite that after only seven Members have spoken in the debate —and they have 212 seats in the House—the Government indicated its intention to introduce closure. This has never happened before in the history of Canada.

If you listen carefully today, Mr. Speaker, you will hear from the Conservative side of the House the stomp of jackboots. Jackboot democracy is what we are seeing imposed on Parliament today. This is not surprising because it was the present Minister of Consumer and Corporate Affairs (Mr. Andre) who stormed your chair and closed down Parliament for two weeks. Quite frankly, we are now seeing that same sentiment emerge. The Government has no interest in Parliament. In fact, its absolute contempt for Parliament was demonstrated a few years ago when the Conservatives closed down this place. For the first time in Canadian history they shut down Parliament. They said they would no longer permit it to exist. In my estimation, that showed the true intent of the Conservative Party and indicated its contempt for Parliament, for parliamentary democracy and representative democracy.

The New Democrats offered a very reasoned suggestion that we would be prepared to co-operate at all stages of the Bill if the Government would take this issue across the country. The Parliamentary Secretary told us that this group and that group is in favour of the legislation, but if she was being honest—and I am sure she is—she would also have said that there is a list of other groups which have indicated concern about this legislation, including the Yukon Territorial Government, the Ontario provincial Opposition, the Nova Scotia provincial Opposition, the Progressive Conservative lobbyists centred here in Ottawa, senior citizens' groups across Canada, the Consumers' Association of Canada and many academics who are opposed to this legislation. We could go on and on, page after page of newspaper columnists, editorial writers and various groups and individuals who oppose this legislation. If the Parliamentary Secretary is fair she would say that there are at least two groups of people in Canada, those who think this is good legislation and those who think it is bad.

What we propose is to go across the country and hold half a dozen hearings in the regions of Canada in order to allow various groups to present their views. But, oh, no, that is not going to take place. The Government is going to introduce closure. It is going to impose the tyranny of the majority on the House. It was that arrogance that the people of Canada feared once they saw this majority Government take office. They feared that once the Conservatives got the bit in their teeth they would say: "We can impose anything we want. We can jam any legislation down the throats of Canadians. We can ignore the opposition Parties and groups and individuals who speak against us because we now have the power to do anything we want". That is what we are seeing today.

I want to say again, particularly to Hon. Members sitting opposite, that after only seven speakers, out of 212 seats in this House, rose in their place to speak on this legislation, from both sides, the Government said: "That's it. We have had enough. We are going to shut the place down. We do not want any further input at second reading stage". This is a Bill which is going to increase the price of prescription drugs to the tune of $650 million a year. That is not our figure. It is the figure which comes from the firm of Currie, Coopers & Lybrand, one of the most prestigious firms in the country. It may be out by a few million dollars or a few tens of millions of dollars, but the point is that hundreds and hundreds of millions of dollars in additional drug costs will be imposed upon the people of Canada.

Do you think, Mr. Speaker, as a reasonable individual, that to go out and hold hearings in half a dozen cities across Canada would be an unreasonable thing to do? The Government thinks it is. It does not want input. I predict that in one form or another, the Government will impose closure on the committee, at report stage and at third reading in order to keep this debate to an absolute minimum. It will jam the legislation through. It will jam this legislation down the throats of sick and disabled Canadians and senior citizens. This is the kind of legislation that that Party would like to see introduced. We say it is wrong. That is not the approach of a parliamentary democracy. The Opposition has a right to present its opposing views but we are having that right denied us. Jackboot democracy is being imposed on this House of Commons. That is unCanadian and unparliamentary. It is, quite frankly, a demonstration of the Government's ultimate contempt for the parliamentary system. When the people of Canada find out after today what the Government has done and remember that that is the same Party that closed down Parliament, and once they have an opportunity to respond, as they will have in a few months, we will see what they think of this. From a majority Government, it is now down to 30 per cent in the polls. Those Hon. Members opposite should feel embarrassed that they have allowed themselves to be dragged down so quickly, more quickly than any other Government in Canadian history, because of the unthinking jackboot type of approach the Conservative Party has adopted to Government and to this House.

As a result of some of the things I have said, I move, seconded by the Hon. Member for Regina East (Mr. de Jong), that:

The motion be amended by deleting the following words in paragraph 1, "one additional sitting day" and substituting the following:

"seven additional sitting days".

The Acting Speaker (Mr. Paproski): I will allow debate to proceed and will reserve a decision on this motion.

Mr. Ross Belsher (Fraser Valley East): Mr. Speaker, we have just heard a tirade from the Hon. Member for Kamloops—Shuswap (Mr. Riis) about the Government not being able to get on with the job. Nonetheless, we were elected to do the job and to govern this country. I must tell you, Mr. Speaker, that when I go back home, people complain to me about why we are not using our majority to get legislation through this House. They ask why we are letting members of the opposition Parties roll all over us and thwart the will of the House.

Back on November 6, the Opposition was not even courteous enough to allow the introduction of the Bill. Those Hon. Members rant and rave here today about what we are doing to Parliament and about the legislation, but they would not even permit first reading of the Bill. Who is being ridiculous in what is being said?

I think it is time the Canadian people woke up and realized what is really happening here in Ottawa. I am sure they are very confused. It is interesting to note that in the *Gazette* a headline reads: "Don't back down from the drug law change". Yesterday in the *Toronto Sun* a headline read: "The feds are right to stop the legalization of drug piracy". These are the things in which the Canadian people are becoming interested.

We have heard the rhetoric of members of the Opposition that we are down on the poor and the sick so on. But they have not stopped to explain the total story. Why should those companies which spend the money on research to develop new drugs and bring them on the market have them cherry-picked by other companies for the payment of a 4 per cent royalty to produce them? Is that fair? Is that the way in which the Patent Act should be used? Why should our country be out of step with the rest of the industrialized world? We are not putting in place the 17-year measure which other countries have in place. Instead, we are putting in a 10-year measure. We are taking a balanced approach.

• (1550)

We are also putting in place in the legislation provisions for how these measures can be watched and looked after. We have appointed a committee which will be the watch-dog of these issues to see that abuses of the system are not made. I believe we have also put in provisions which allow for a parliamentary review after a period of up to 10 years. These are the measures we have placed in the legislation to ensure that there will be an orderly review process. In this way the companies that want to do business in Canada will know the rules under which they must operate. It is for these reasons that I endorse the motion put forward by our House Leader that we get on with the business of the House and permit only two more days of debate to take place on this issue. It will then go to committee and we will get on to the point—

Mr. Riis: It is one day of debate.

Mr. Belsher: I am sorry. I did not have my hearing aid on when the Minister read his motion.

When the matter goes to committee it will receive a thorough airing and a proper venting. The opposition Parties will be part of that process. I am sure they will be inviting various groups which they think will put forward their thoughts and their ideas on this issue. By the same token other responsible groups will be invited and I hope will apply to make representations to the committee so that we can get on with dealing with the Patent Act as it affects the people of Canada and, more particularly, the drugs required by so many people in their health care.

I endorse the motion. I am glad that the House Leader has brought it forward. It is time that it was brought forward. It does not mean that drug prices will rise tomorrow. Members of the Opposition do not tell that story. There is no evidence to prove that that is possible at all. I am glad that we are getting on with the job—the sooner, the better.

Mr. Les Benjamin (Regina West): Mr. Speaker, I repeat the opening line I made in a speech I made earlier in the short time we had available to us to debate the second reading of this Bill. It is that those who would make a profit from the misfortunes of others are basically immoral. I want to say to my friends in the PCP Party and my friends in the LFCP Party—

Mr. Allmand: What does that mean?

Mr. Benjamin: The Liberal Federation of Canada Party is what it means. Then there is the Progressive Conservative Party of Canada.

I wish to start by reminding the House that the mover of the motion, the Hon. Member for Vegreville (Mr. Mazankowski), the Government House Leader and Deputy Prime Minister, said:

> Mr. Speaker, I participate in this debate with a degree of sadness and regret having regard to the fact that we have just had thrust upon this House one of the most repugnant and most destructive devices ever perpetrated on the democratic process.

He went on to state:

> It is with a great deal of regret that I see it cut off prematurely having regard to its importance and the fact that some Members who wanted to speak will not have that opportunity.

He stated further:

> —the government's actions have turned the debate into one of bitterness and division; the atmosphere has become poisoned.

At another point he stated:

> At the very outset I must say that I abhor this tactic. I find it offensive. I find it repugnant because it strikes at the basic fabric of our parliamentary democracy. Instead of having a parliamentary democracy, we have what resembles a parliamentary dictatorship.

My colleague just mentioned jackboots. The Government House Leader went on to say:

It concerns me very much that Government members tend to gloss over this so lightly and that hon. members opposite are questioning the institution of Parliament and the institution of our parliamentary democracy as we know it.

The hon. gentleman who uttered those remarks was the Hon. Member for Vegreville, the present Deputy Prime Minister and Government House Leader. They are remarks he made on July 17, 1981, when the Liberal Government brought in closure on the Constitution debate.

It is a good thing that this type of legislation was not being proposed when Pasteur made his developments or when Drs. Banting and Best developed insulin, or when Jonas Salk developed the vaccine for polio. It is too bad that the Tories in their haste to privatize got rid of an organization that was one of the world's leaders in research and development, manufacturing and processing of drugs, namely, Connaught Laboratories. When one looks at the record of the Tories one sees that all the things they complained about when the Liberals were in power they are duplicating in spades. I do not know what members of that Party are complaining about. In fact, I learned some of the lessons of being in opposition from my Conservative friends, included among them the Hon. Member for Vegreville and other Hon. Members who arrived in this place even after I did. I thought I was fairly expert at opposing Government; but I learned a great deal from the Tories. When something happens to them, all of a sudden there is something wrong with the system. The Government could have allowed the process to proceed. The Government has the prerogative to bring in closure at any time it wishes. The consequences rest on its head, or on the heads of members of the Opposition. In this case the Government might have had a case had the Opposition used up 12, 14 or 20 sitting days on second reading. Then it might well have had a case to bring in closure. It could have said that that is enough of that, every opposition Member has spoken once or twice and we have run out of opposition Members. In that case the Government would have had a good argument to present to the Canadian people about bringing in closure.

● (1600)

The Government brought in closure after those few hours of debate at second reading stage. That was a perfectly good reason for my colleagues and me to do everything we could under the rules to prevent the Government from bringing in a closure motion. The Government gave us notice of the motion to bring in closure to allow two more days of debate. Then it reduced that to one more day of debate. When we knew that that was coming ahead of time, what the heck did the Government expect from the Opposition? Of course, under the rules, we would use every device and measure we could that the Speaker ruled in order to prevent or delay the Government from proceeding with this legislation. That is normal parliamentary procedure.

What is the PC Party of Canada complaining about? This has been done countless times since I was elected in 1968. Conservative Members did this quite legitimately, under the rules of Parliament and according to their own viewpoints and policies. To think that this motion was proposed by the Hon. Deputy Prime Minister (Mr. Mazankowski), a Member who made speeches on a number of occasions when closure was brought in!

I would like to close with a final quote from the Hon. Member for Vegreville who moved today's closure motion. He said:

If we believe in parliamentary democracy and the right to freedom of speech, then we must ensure that the rights and privileges of Parliament are always secure. I think those rights and privileges are very sacred.

After all, Parliament is the foundation of and very fundamental to our basic freedoms, and to suggest that we might be better off without it frightens me very much. I have been here for 13 years and I have seen an erosion of the rights and privileges of individual members of Parliament. We as individual members of Parliament obtain our rights, privileges and powers, whatever they may be, from this institution, and I would hate to see them eroded further.

By virtue of a closure motion today we have a further contempt for and erosion of the spirit and privileges of this institution. I believe tyranny begins when parliamentary debate ends.

The Hon. Member who moved today's motion said those words on July 17, 1981. I will not get so close to being unparliamentary as to call that hypocritical. I recall that opposition Members of the day, people all across Canada and the media supported and agreed with those statements made by the Hon. Member for Vegreville.

May I say to the Hon. Member for Bruce—Grey (Mr. Gurbin) regarding his remarks about drugs and drug prescriptions that I hope he will count the tens of thousands of prescriptions written by physicians for which there will be no substitutes. This means that provincial drug plans will have to pay the higher costs for brand name drugs, and that is another reason for debating this Bill for several more days yet.

The Acting Speaker (Mr. Paproski): Order, please. I find the motion put by the Hon. Member for Kamloops—Shuswap (Mr. Riis) and seconded by the Hon. Member for Regina East (Mr. de Jong) to be acceptable.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Paproski): It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The Hon. Member for Broadview—Greenwood (Ms. McDonald)—Health—Request for ban on cigarette advertising. (b) plea by physician's oganization; the Hon. Member for Westmorland—Kent (Mr. Robichaud)—Railways—Future of 551 CN employees at Moncton. (b) Number of jobs retained in Moncton; the Hon. Member for York West (Mr. Marchi)—Refugees—Deportation of Iranian student from United States. (b) Request for Canadian action.

GOVERNMENT ORDERS

[*English*]

PATENT ACT

ALLOCATION OF TIME TO CONSIDER SECOND READING AND REFERENCE STAGE OF BILL C-22

The House resumed consideration of the motion of Mr. Mazankowski:

That, further to the notice given on Monday, November 24, 1986, by the Deputy Prime Minister and President of the Privy Council, and pursuant to the provisions of Standing Order 117, in relation to Bill C-22, an Act to amend the Patent Act and to provide for certain matters in relation thereto, one additional sitting day shall be allotted to the consideration of the second reading and reference to a legislative committee stage of the said Bill: and

That, at fifteen minutes before the expiry of the time provided for the consideration of govement business on that day, any proceedings then before the House shall be interrupted, if necessary, for the purpose of this Order and, in turn, every question necessary necessary to dispose of the said stage of the Bill then under consideration shall be put forthwith and successively, without futher debate or amendment.

And the amendment of Mr. Riis (p. 1798).

Mr. Jack Shields (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I have a very short time in which to respond to my friends, the Hon. Member for Regina West (Mr. Benjamin) and the Hon. Member for Yorkton—Melville (Mr. Nystrom). They both indicated that there has been a short time for debate. One can only take that as NDP double-speak when looking at the history of the Bill.

The Bill was introduced on November 6. There was delay after delay and one need only read *Hansard* beginning on November 6 right through to today to see the delaying tactics put in place by members of the NDP at every opportunity. They did this along with their coalition partners, members of the Liberal Party.

The Opposition did not want to debate this Bill. The problem is that they did not want to see the Bill go forward into committee where it would stand to scrutiny and the test of clause by clause study. They did not want to do that because they knew they would not be able to sustain their case along with the scare tactics they have used right across Canada. They have been trying to scare old and sick people, and I personally feel that that is an immoral approach to this whole situation. They did not have the courage to allow the Bill to go to committee where it would be studied and scrutinized by learned people from all across Canada. That is the problem and has always been the problem with the NDP Party.

[*Translation*]

Mr. Alain Tardif (Richmond—Wolfe): Mr. Speaker, I welcome the opportunity to speak to this important matter, and I think the Government's attitude has made it abundantly clear the Opposition is quite right in objecting to closure. After a scant seven hours of debate on a Bill that will have an impact on every Canadian in this country—who has not at some time in his life been prescribed drugs?—a Bill that will have a dramatic impact on the cost of drugs, the Party opposite would have us believe that, for the sake of creating jobs, we should agree to a proposal as objectionable and shocking as this one happens to be.

Mr. Speaker, I believe that in the interest of consumers and Canadians generally, this House should have had a lot more time to consider and examine this important piece of legislation that will have an impact, as I said earlier, on all consumers of prescription drugs.

The cost of the jobs that may be created and to which the Party opposite is constantly referring will be astronomical, Mr. Speaker. The multinationals will get phenomenal amounts of money out of the consumer and invest only a marginal portion of that money which, in the final instance, may create a few jobs. I believe that the interests of the consumer and of all Canadians are being blatantly sabotaged by the Government's attitude, and more particularly by the motion this afternoon to put a gag on our right to speak in the House.

[*English*]

The Acting Speaker (Mr. Paproski): Order, please. It being 4.08 p.m., the two hours provided for the consideration of the motion now before the House under the provisions of Standing Order 117 have expired. Accordingly, under the terms of the Standing Order, it is my duty to interrupt the proceedings and put every question necessary to dispose of the motion.

The question is on the amendment standing in the name of the Hon. Member for Kamloops—Shuswap (Mr. Riis). Is it the pleasure of the House to adopt the said motion?

Some Hon. Members: Agreed

Some Hon. Members: No.

The Acting Speaker (Mr. Paproski): All those in favour please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mr. Paproski): All those opposed please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mr. Paproski): In my opinion the nays have it.

And more than five Members having risen:

The Acting Speaker (Mr. Paproski): Call in the Members.

The House divided on the amendment (Mr. Riis) which was negatived on the following division:

Time Allocation

(Division No. 31)

YEAS

Members

Allmand
Althouse
Angus
Axworthy
Benjamin
Blackburn
(Brant)
Broadbent
de Jong
Dingwall
Epp
(Thunder Bay—
Nipigon)
Gauthier
Gray
(Windsor West)
Grondin
Guilbault
(Saint-Jacques)
Heap
Hovdebo
Isabelle
Kaplan
Keeper
Killens
Langdon
MacLellan
Malépart
Marchi
McCurdy
McDonald
(Broadview—
Greenwood)
Murphy
Nicholson
(Trinity)
Nystrom
Orlikow
Ouellet
Riis
Robichaud
Robinson
Rossi
Skelly
Tardif
(Richmond—Wolfe)
Turner
(Vancouver Quadra)
Waddell
Young —40

NAYS

Members

Andre
Belsher
Bernier
Bertrand
Binns
Blais
Blouin
Bourgault
Boyer
Bradley
Brightwell
Brisco
Browes
Cadieux
Caldwell
Cardiff
Clark
(Yellowhead)
Clark
(Brandon—Souris)
Clifford
Clinch
Collins
Comeau
Cook
Cossitt
Côté
(Lac-Saint-Jean)
Crofton
Crosby
(Halifax West)
Darling
Daubney
de Cotret
Della Noce
Desjardins
Domm
Dorin
Duplessis
Fennell
Fontaine
Gagnon
Gass
Gérin
Gormley
Gottselig
Graham
Gray
(Bonaventure—Îles-de-
la-Madeleine)
Greenaway
Gurbin
Hamilton
Harvey
Hawkes
Hicks
Hockin
Horner
Howie
Jardine
Johnson
(Bonavista—Trinity—
Conception)
Joncas
Kempling
Kindy
Landry
Lewis
MacDougall
(Timiskaming)
MacKay
Mailly
Mazankowski
McCain
McDougall
(St. Paul's)
McKenzie
McKinnon
Merrithew
Minaker
Moore
Nicholson
(Niagara Falls)
O'Neil
Oostrom
Plourde
Porter
Price
Redway
Schellenberg
(Nanaimo—Alberni)
Scott
(Hamilton—Wentworth)
Scowen
Shields
Siddon
Sparrow
Stackhouse
Stevens
Suluk
Tardif
(Charlesbourg)
Taylor
Thacker
Towers
Turner
(Ottawa—Carleton)
Valcourt
Van De Walle
Vankoughnet
Vézina
Vincent
Warner
Wilson
(Swift Current—
Maple Creek)
Wise
Witer—101

• (1630)

The Acting Speaker (Mr. Paproski): I declare the amendment lost.

Mr. Lewis: I rise on a point of order. In the interests of continuing debate on Bill C-25 and allowing the committees to work, I wonder if there might be a disposition in the House to apply the vote on the amendment in reverse to the main motion.

The Acting Speaker (Mr. Paproski): Shall we proceed in that way with the main motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mr. Paproski): The question is on the main motion in the name of the Deputy Prime Minister (Mr. Mazankowski). Is it the pleasure of the House to adopt the said motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mr. Paproski): All those in favour will please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mr. Paproski): All those opposed will please say nay.

Some Hon. Members: Nay

The Acting Speaker (Mr. Paproski): In my opinion the yeas have it.

And more than five Members having risen:

The Acting Speaker (Mr. Paproski): Shall I dispense with the ringing of the bells?

Some Hon. Members: Agreed.

The House divided on the motion (Mr. Mazankowski) which was agreed to on the following division:

(Division No. 32)

YEAS

Members

Andre
Belsher
Bernier
Bertrand
Blais
Blouin
Bourgault
Boyer
Bradley
Brightwell
Brisco
Browes
Cadieux
Caldwell
Cardiff
Clark
(Yellowhead)
Clark
(Brandon—Souris)
Clifford
Clinch
Collins
Comeau
Cook
Cossitt
Côté
(Lac-Saint-Jean)
Crofton
Crosby
(Halifax West)
Darling
Daubney
de Cotret
Della Noce
Desjardins
Domm
Dorin
Duplessis
Fennell
Fontaine
Gagnon
Gass
Gérin
Gormley
Gottselig
Graham
Gray
(Bonaventure—Îles-de-
la-Madeleine)
Greenaway
Gurbin
Hamilton
Harvey
Hawkes
Hicks
Hockin
Horner
Howie
Jardine
Johnson
(Bonavista—Trinity—
Conception)
Joncas
Kempling
Kindy
Landry
Lewis
MacDougall
(Timiskaming)
MacKay

Mailly	Porter	Taylor
Mazankowski	Price	Thacker
McCain	Redway	Towers
McDougall (St. Paul's)	Schellenberg (Nanaimo—Alberni)	Turner (Ottawa—Carleton)
McKenzie	Scott (Hamilton—Wentworth)	Valcourt
McKinnon	Scowen	Van De Walle
Merrithew	Shields	Vankoughnet
Minaker	Siddon	Vézina
Moore	Sparrow	Vincent
Nicholson (Niagara Falls)	Stackhouse	Warner
Nowlan	Stevens	Wilson (Swift Current—Maple Creek)
O'Neil	Suluk	Wise
Oostrom	Tardif (Charlesbourg)	Witer—101
Plourde		

NAYS

Members

Althouse	Guilbault (Saint-Jacques)	Nicholson (Trinity)
Angus	Heap	Nystrom
Axworthy	Hovdebo	Orlikow
Benjamin	Isabelle	Ouellet
Blackburn (Brant)	Kaplan	Riis
Broadbent	Keeper	Robichaud
de Jong	Killens	Robinson
Dingwall	Langdon	Rossi
Epp (Thunder Bay—Nipigon)	MacLellan	Skelly
Gauthier	Malépart	Turner (Vancouver Quadra)
Gray (Windsor West)	Marchi	Waddell
Grondin	McCurdy	Young —38
	McDonald (Broadview—Greenwood)	
	Murphy	

● (1640)

[*Translation*]

The Acting Speaker (Mr. Paproski): I declare the motion carried.

* * *

[*English*]

CANADAIR LIMITED DIVESTITURE ACT

MEASURE TO ENACT

The House resumed from Tuesday, December 2, consideration of the motion of Mrs. McDougall that Bill C-25, an Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith, be read the second time and referred to a legislative committee.

The Acting Speaker (Mr. Paproski): Those who would like to listen to a really good debate, please stay. Those who do not, please leave in a hurry.

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I appreciate the opportunity to speak on this Bill and I appreciate your efforts to create an atmosphere in which one can speak. The sale of Canadair to Bombardier is a fire sale. It is a giveaway which raises many questions. I want to deal with several aspects of this issue which concern me. One concern is that the company is now making a profit. Another is the fact that we seem to be paying Bombardier to take Canadair. Finally, I would like to deal with the fact that Canadair and Bombardier have won the contract for the CF-18 under very questionable circumstances. According to the bidding process, that contract should have gone to Bristol Aerospace of Winnipeg.

Canadair is now making a profit. That was not always the case. A few years ago Canadair was a private company owned by General Dynamics. The company was in financial difficulty and was going to close. The federal Government decided to buy Canadair in order to preserve the jobs in Montreal and the aerospace industry in Canada. The people of Canada invested a lot of money in Canadair and Canadair spent a lot of time developing the Challenger jet, an executive plane. The Challenger jet was quite successful, but that did not happen by accident. The Government invested a lot of the people's money to develop it. Much investment was required to carry out the research and development.

At that time the world economy was in great difficulty. Canadair, an export company, was attempting to sell aircraft in a depressed global economy. Canadair was faced with losses and lack of revenue and did not have the wherewithal to develop a new product. Investment of $2.2 billion of taxpayers' money resulted in the creation of the Challenger.

When the present Government was in opposition, its members criticized this investment. They called it a waste. Now that they are in office, they are giving the results of that investment to the private sector. The Government is giving the company away at the exact moment that the company has begun to turn a profit, the exact moment that positive results of the investment are beginning to show.

Why is the Government giving away a profitable company? Why is it giving away the results of $2.2 billion of investment by ordinary Canadians? I suspect the Government is doing this to show that its policy of privatization is successful. The Government wants to create the appearance that it can take a failing public company and make it succcessful in the private sector. However, the reality is that the company became successful because of the investment by the people of Canada in Canadair. We should retain Canadair in public hands in order that the public Treasury can benefit from the profits which are beginning to be made. I conclude that the Government is giving this firm away to bolster its arguments in favour of privatization.

There is another aspect of this deal which raises many questions. Just how sweet is this deal for Bombardier? How sweet is the deal? Let me point out a few facts. Canadians invested $2.2 billion in Canadair in order to develop this company which is now turning a profit. Bombardier is paying $120 million for the company, which is a fraction of the investment. That $120 million purchase figure is less than the $300 million liquidation value and less than the $224 million book value of the company.

• (1650)

In return for that $120 million, Bombardier is getting $300 million to $400 million in technology, $50 million in federal grants in January plus another $30 million later. It will be receiving export financing, the amount of which has not yet been specified. Furthermore, Bombardier will get the $1.7 billion defence contract.

Bombardier has no financial obligations related to Canadair's debt or outstanding liabilities. In other words, it is ready to reap the benefits of the profit-making capacity of Canadair without any responsibility for its liabilities. It is also getting $20 million in profits from 1985 and $2.8 million in profits for the first quarter of 1986. It is not a bad deal when one considers that purchase price of $120 million and the equivalent of $120 million in royalty payments. Bombardier is receiving many benefits for taking Canadair off the Government's hands and serving as an example that privatization works. This sale amounts to a giveaway.

I want to deal with the aspect of the Canadair and Bombardier deal that is of most interest to the people of Winnipeg. It concerns the awarding of the CF-18 contract, which raised a lot of questions in Winnipeg. People wonder why the contract went to Canadair in Montreal when Bristol Aerospace in Winnipeg won the bidding process. The 75 departmental experts rated the Winnipeg bid higher and, in all fairness, the contract should have gone to Winnipeg.

Why did it go to Montreal? The explanation given by the Government in the House on the day of the announcement was that of technology transfer. Was the decision based on reasons such as regional development and national interest, or was it part of the original deal to sweeten the pot for Bombardier to obtain Canadair?

The Government said that the contract went to Canadair in Montreal because Canadair had the capacity for technology transfer. Unfortunately, that reason was given as a last minute explanation rather than being an original consideration when the contract bidding process began. That raised doubts about the credibility of the explanation as to why the contract went to Montreal.

The bids, as presented to us by the Government, were very close. However, the Government used this as a reason for giving the contract to whomever it wanted. I suggest that in any race, whether it is a bidding race or a foot race, when there are excellent competitors the gap between the winner and the loser is often very narrow. Bristol Aerospace in Winnipeg should have rightly been awarded the contract because they won the bidding process. However, it was taken away with the last minute rationalization of technology transfer.

Let us consider other explanations for awarding the contract to Canadair. Was it on the basis of regional development? Let us examine the Prime Minister's (Mr. Mulroney) comments to Premier Pawley of Manitoba about regional development, in which he compared Manitoba and Winnipeg to prosperous Ontario. He said that the economy in Manitoba was throwing off benefits like the economy in prosperous Ontario. If that is his conception of what it is like to live in a have-not province like Manitoba, perhaps we can understand his lack of appreciation that Manitoba also needs consideration in terms of regional development.

Was the decision to award the contract to Canadair in Montreal based on national unity? I suggest that national unity has two sides. People in western Canada are distrustful of the federal Government and unfortunately are losing faith in the political process. This decision has contributed to that cynicism that exists in western Canada. If this was not an original consideration in selling Canadair to Bombardier, the Government should have examined this in more detail and perhaps considered sharing the work between Montreal and Winnipeg by repairing some aircraft in Montreal and some in Winnipeg. Some aircraft are already being repaired in Europe, so it is possible to divide the work among Canadians rather than create a situation in which there are winners and losers, with resentment by people who feel left out of the political process.

We must remember that the Government was elected by western Canadians who felt that they would be part of the political process.

In conclusion, this sale of Canadair to Bombardier raises many questions. Was the CF-18 contract part of the original deal, although obviously not made public? How sweet is the deal that was given to Bombardier to take over Canadair? Why is the Government giving away a company when it is making a profit? It is a questionable fire sale deal and it is time for the Government to lay all the documents on the table and let us see the original documents that made it possible for the Government to give away Canadair in a deal with Bombardier.

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

Mr. Waddell: I have a question Mr. Speaker.

The Acting Speaker (Mr. Paproski): There are questions and comments. The Hon. Member has one minute. If the Hon. Member does not conclude his remarks, there will be nine minutes left for questions and comments the next time the Bill is called. The Hon. Member for Vancouver Kingsway (Mr. Waddell) has 30 seconds in which to ask a question.

Mr. Waddell: Thank you, Mr. Speaker. The Hon. Member can answer with a yes or no. Did he read into the record the part of the job statement in which Bombardier says that it is committed to maintaining existing levels of employment at Canadair, subject to cyclical shifts and sound business practices, and will pursue new programs and opportunities so that the level of employment at Canadair and its suppliers will increase. Does he agree that there are more escape holes in that clause than meet the eye and that it is not really a good job guarantee for the workers?

Mr. Keeper: Mr. Speaker, not only did the so-called job guarantees have an economic loophole, they have legal loopholes. The guarantees have no legal impact.

The Acting Speaker (Mr. Paproski): Before I call it five o'clock I would like to say that I have received a written notice from the Hon. Member for Thunder Bay-Nipigon (Mr. Epp) that due to prior commitments he is unable to be present in the House on Friday, December 5, 1986, to move his motion during the hour for Private Members' Business.

Accordingly, I am directing the Table Officers to drop the item of business to the bottom of the order of precedence. Since notice will thereby be removed, the hour for Private Members' Business will be suspended and, pursuant to Standing Order 39(2), the House will continue with the business before it prior to that hour until the ordinary hour of daily adjournment.

• (1700)

Mr. Gauthier: Mr. Speaker, I rise on a very short point of order. I think the House should take exception to people having a position on the Order Paper and not being able to take the time which is allocated for debating their measures, be it a Bill or a motion. I do think Private Members' Hour has been regularly eaten away by government time, which robs us back-benchers of our right to express our views on motions. If an Hon. Member cannot be here, I am sure there are other Members on the book. I know I have a couple of Bills and I would love to have that hour. I ask you, Mr. Speaker, to consider my request that, in the eventuality that someone cannot make it, for God's sake, you should come and see us. We are willing and able to be here to debate our Bills.

The Acting Speaker (Mr. Paproski): I appreciate what the Hon. Member for Ottawa—Vanier (Mr. Gauthier) is saying because I consider Private Members' Business to be very important. However, I think there was a ruling made by the Speaker in this regard, that we would not lose the place for the Hon. Member. Sometimes when there is an opportunity to either wait for an Opposition Day, or whatever is going to happen the following day, there is not enough time to get hold of some Hon. Members. However, I will take the Hon. Member's submission as notice and the Chair will review it and come back with another statement for the Hon. Member.

Mr. Althouse: Mr. Speaker, on the same point of order, while the Chair is considering the constant attempts to correct this problem we are having with Private Members' Business, I wonder if it would consider the possibility of Hon. Members within their own Parties switching times. I am sure the Hon. Member for Thunder Bay—Nipigon (Mr. Epp) and I could have switched dates if we had been aware that this was something that was permitted by the rules as they exist.

The Acting Speaker (Mr. Paproski): The provisions of the new Standing Orders were brought in by the great McGrath Report. The House is its own master. If Hon. Members want to bring in something like that, they will have to discuss it with the Speaker and with their own House Leaders. Perhaps in 1988 or 1989, after the next election, Hon. Members might be able to bring new Standing Orders into the House.

I agree perfectly with the Hon. Member that Private Members' Business is very important and should not be lost. Nevertheless, this is what we have to live with today.

It being 5 p.m. the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*English*]

RAILWAY ACT

PROPOSED AMENDMENT TO PROVIDE INCREASED COMPENSATION TO VICTIMS OF FIRES

Mr. Vic Althouse (Humboldt—Lake Centre) moved:

That, in the opinion of this House, the Government should consider the advisabiilty of introducing legislation to amend the *Railway Act* to provide for increased compensation to victims of fires set by railway operations in order to reflect current replacement costs on items lost through property damage.

He said: Mr. Speaker, in the almost seven years I have been a Member of Parliament, this is the first time I have had the opportunity, by good luck, to have my motion drawn for Private Members' Business. This particular motion also happens to have been chosen by the special committee which looks into such matters to be a votable motion. Therefore, because it is a votable motion, I think my fellow colleagues in the House would wish to follow the debate with some attention. What we are trying to do with this motion is to correct an anomaly in the Railway Act which has existed for some years. It is, therefore, an important item for the Government to consider when it next opens up the Railway Act for amendment.

What drew my attention to this particular problem of fires being set by railway operations is an incident which happened to three of my constituents. A fire escaped from railway property and moved on to three different farms burning crops and some outbuildings. The estimate of damage ranged somewhere between $17,000 and $20,000. The three farmers went to the railway and to a lawyer. Upon checking the Railway Act, the lawyer advised them that the railway was liable for $5,000 worth of damage under Section 238 of the Railway Act. The farmers submitted their claims to the railway and had their claims adjudicated. They had to prorate the $5,000 according to damage done to each of them. That amount was very much short of the damage actually done. These constituents and their lawyer got in touch with me about this situation. I suggested that the only option was to have the Railway Act amended and brought up to date. Therefore, I began to look into the matter.

I found that this particular section came into effect back in 1902. It has been in existence ever since. It provides a maximum amount of money for which the railways are liable due to fire initiated by railway activity. In 1902, the source of most fires, I think most of us would agree, would have been from the steam locomotive which belched sparks through its smokestack and set off fires in the dry tinder along the track which would spread to the surrounding farms and grassland and, indeed, into the forests. I am sure some of my colleagues have some examples where extensive forest fires are oftentimes set off by these kinds of railway operations.

I am sure we are aware that under Section 239 of the Railway Act the railway companies are required at all times to maintain and keep their right of way free from dead or dried grass, weeds or other unnecessary combustible matter. In the course of doing that, the section crews will often use fire to keep that dry matter under control. However, using fire as they do, it will occasionally flare up again in a few days and set off a fire.

I should point out that the railways can be sued in addition to the $5,000 if the complainants can prove negligence. They can take the railways to court and attempt to prove negligence on the part of the railways. However, that is a very costly process which goes on and on and can take many, many years. The damage would have to be in the hundreds of thousands of dollars before any complainant would resort to the legal system in an attempt to recover such losses. The railways have some of the best legal talent available and it is extremely difficult to find a lawyer or law firm competent to challenge that legal talent or willing perhaps in the future to give up some business with the railways.

This is a question which can be best addressed by updating the $5,000 limit. I am not certain what amount to recommend to the Government when this motion is presented. However, for your consideration, Mr. Speaker, I will give a couple of amounts which I have been considering. First, using the $5,000, which at that time was considered a fair recompense, and taking the cost of living and other indexes, that amount would now be some seven or eight times greater. If one uses precise price indices based on 1903, the year that this measure came into effect, the $5,000 would be worth about $68,331. However, if we go back and use some other indices, we arrive at different figures. Because the people who will be making the decision on this initially at least are Members of Parliament, I thought it might be of some interest to Members if we placed the $5,000 in the context of the fee that Members of Parliament took in 1903.

• (1710)

In 1903, Members of Parliament received a sessional indemnity of $1,500, and the sessions tended occasionally to go beyond a year, plus an allowance of $6 per day for sessions that went beyond 30 days. If we use that as the base price, we find that $5,000 works out to something in the order of $180,000 or $185,000. I point out these two sets of figures to show what bringing a $5,000 indemnity on the basis of 1903 into the present day would mean. What we would be talking about is an increase from the $5,000 mark to somewhere between $70,000 and $180,000.

It is as simple as that. The motion, as Hon. Members who know procedure around here will realize, is posted as a motion because it deals with money which effectively must be handled by Government. What I am calling on the House to do with this motion is to support it and to instruct the Government to consider changes to the Railway Act in order to bring it up to date. In this way, when people suffer the damage of a fire caused by railway operations they or their community will not be limited to receiving only the pittance of $5,000 as opposed to the real damages that have been done to them.

Mr. Ross Belsher (Fraser Valley East): Mr. Speaker, I rise to speak to the motion put forward by the Hon. Member for Humboldt—Lake Centre (Mr. Althouse). The question he raises is whether or not this matter should be more properly dealt with by the courts or under the Railway Act. I will confine my comments to whether or not it should be left in the Railway Act, as is being suggested by the Hon. Member, or whether or not it should more appropriately be left in the hands of the courts.

In recent years the Canadian railways have developed a safety record second to none. CP Rail has been the safest railway in North America for each of the last four years, while CN has been in the top six in the same period of time. We have a railway system of which we can be proud. It was the railways that built this nation, and they continue to perform a vital role in the Canadian economy.

Our railways are safe indeed, and we have an excellent base from which to work. However, one can never be satisfied that one is doing enough where safety is concerned. There are always avenues that should be explored when searching for improvements. There are a number of areas in which legislative changes can help to improve the safety of the system. In fact, the Government's record speaks to that. I think it was in June of last year that we adopted the aeronautics legislation which improved safety measures which ultimately influenced the safety records of our airline industry and its workers.

At present, railway safety is regulated through the provisions of the Railway Act. This legislation has evolved from the early days of the Canadian railway system and encompasses a wide range of issues including economic regulation and corporate powers. In certain aspects the safety provisions are outdated and combined with many other non-safety items.

As evidence of the antiquated aspects of the Railway Act, there are such anachronisms as specific provisions regarding the weight and composition of steam locomotive bells and requirements regarding the oiling of locomotives which became redundant about a century ago. Other non-essential items include sections of the Act which specify that telegraph poles should be set vertically wherever possible and should be painted in urban areas.

Section 338.1 of the Railway Act establishes the liability of railway companies for fires started by railway locomotives. Where the railway company has used "modern and efficient appliances" and has not otherwise been guilty of any negligence, the compensation for property damage by fires started by locomotives is limited to $5,000.

This section of the Railway Act was first written before 1910 and was subsequently revised in 1919. At the time it was considered appropriate to establish liability for fires in the Act because the early steam engines were prone to setting fires even when operated with all due regard to safety and in accordance with proper operating procedures and because insurance was not widely held by property owners. While fires still originate on railway property, these are more likely to be caused by sparks generated by train brakes or by wayside maintenance activities than by locomotives, although diesel locomotives have been known to emit sparks which start fires. However, Section 338 has been used in a more general sense in relation to fires started by trains, without determining whether they originated from the locomotive. Insofar as regulatory control over railway company activities is concerned, Section 221 of the Railway Act gives the Canadian Transport Commission the power to make orders and regulations governing prevention and control by railway companies of fires along railway rights of way.

Section 338 of the Railway Act does not prevent or prejudice any action or claim against a railway company for failure to use "modern and efficient appliances" or for other negligence relating to fires. Therefore, with the exception of this section, there is no legislated limitation on railway company liability.

It is difficult to see any reason why claims for damage caused by fires originating on railway property should not be handled through the courts as civil cases. A person whose property is damaged by a fire started by a railway company should have normal access to compensation through the courts. There does not appear to be any useful purpose served by any exception to this right, as preserved in Section 338.

While the Hon. Member proposes that the maximum level of compensation to victims of fires started by any railway operation, as set out in the Railway Act, be increased to reflect current replacement costs for damaged property, the exception introduced by the Act, regardless of limits on liability, is an anachronism. The Hon. Member's proposal is pertinent in that this section of the Railway Act appears to have outlived its usefulness. However, any change should take into consideration the possibility of deleting it in its entirety rather than modifying it as proposed. In any event, it would be preferable to deal with the modernization of the Railway Act in a co-ordinated manner rather than in a piecemeal fashion as entailed by the Hon. Member's motion.

• (1720)

The change proposed by the Hon. Member should be considered in conjunction with a general review of railway legislation, something which is presently under way at Transport Canada. In due course, such a review could be laid before the House and Hon. Members could then have ample opportunities to examine this amendment and any others that may be considered appropriate in the context of a comprehensive legislative proposal.

Mr. Gordon Taylor (Bow River): Mr. Speaker, I am very happy to have the opportunity to speak on this particular motion. I think it is a very timely motion and I would like to thank the Hon. Member for moving it. This type of debate is useful, particularly since changes to the legislation have taken so long that everything in the Act is now out of proportion.

The resolution is quite confined. It talks about amending the Railway Act to provide for increased compensation to victims of fires set by railway operations in order to reflect current replacement costs. Actually, the motion deals with fires started in some way or other by trains and does not involve anything else.

If I were to have one criticism of the motion, I think it would be that it is too limited. It should be expanded. I would like to give one or two examples of why I think it should be expanded. In spite of that criticism, I am sure this debate will be very valuable to the Government and the Minister responsible when preparing the new legislation. In that light, I think we should give the House examples and illustrations of things pertaining to this motion so that we will not leave any one particular item out when the new legislation comes in.

The first fire I recall that was started by a train occurred when I was about nine or 10 years old. It was a very, very dry summer that year. The wheels of a train apparently hit something on the track and set a spark. That spark got into the grass and spread like prairie fire. You know how fast a prairie fire spreads when the tinder is dry, Mr. Speaker.

This particular fire destroyed the home of a man, though it was not very much of a home. Everyone called it his shack and it was located in a mining area. However, it was his home. I do not think he ever received anything for it. There was simply no way that he could go to court. There was no one to represent him and he did not receive anything. He lost his home. While his neighbours assisted him to find a place to live, I believe the man was very badly treated.

Sometimes the reasons for fires starting are questioned. I remember an accident in southern Alberta, an area now represented by the Hon. Member for Medicine Hat (Mr. Porter). Again, it was a very dry summer. At that time, I was connected with the Alberta Highways Department. The grass was so dry that it was almost impossible to realize how fast a fire like that could spread.

I recall one time when several new boys came into my Boy Scout troop. We were going camping and one of the things the boys had to do was to start a fire without a match. I was showing them two or three ways to do this. I took two sticks and rubbed them together. The boys told me that I would never start a fire that way. I said: "Well, let's see". I had a

piece of tinder which was really an old piece of underwear and I put that down. I started to rub the two sticks together and soon there was a spark. Soon after that there was a fire. Those young lads were amazed at how I could start a fire so quickly. If the tinder is in the right condition, one can start a fire very, very rapidly. Once the fire is going, it is hard to control. It goes like, well, prairie fire.

The fire in the Medicine Hat area destroyed a tremendous amount of grassland and several buildings. The farmers affected got practically nothing. They could not go to court because the fire was not set deliberately. No one knows who put the little rock on the track that started the spark that started the fire so it was useless to try to prove liability in a court. Consequently, they did some manoeuvring with the railway company. Whether they ever got a cent out of it, I do not know, but I doubt it very much. Railways are noted for being pretty tight when it comes to paying out anything like that. They are always afraid that their liability will mount and mount.

In this case, things could have been far worse. It was only due to the help of some of the farmers that that fire was stopped. If it had not been stopped, it might have wiped out the entire southeast section of the province.

When dealing with fires started by trains, we must look after the victims. Victims should not always have to get the blunt end of the stick. They should not have to go to court to prove liability because, as the Hon. Member who moved the motion said, it is almost impossible to prove negligence. Who is negligent if a rock hits a train and starts a fire? That is not negligence. How can that be stopped? Yet the victims, the people who lose their grassland and their homes, receive nothing. I do not think that that is right.

I would like to see new legislation drafted so that there is provision made for the cost of replacement of the loss to the greatest possible degree as set by an independent appraiser. If those two or three farmers from southern Alberta had had the opportunity of hiring an appraiser to set the amount of damage, they could have negotiated with the railway and there could have been an appeal to the court. We always want a final appeal to the court. If that had happened, I am sure there would have been a lot more happiness come out of that catastrophe than actually came out of it.

One time when I was connected with the Highways Department in Alberta, a train hit an asphalt truck. The asphalt spread and of course sparks flew and there was quite a fire. The fire destroyed a good part of Highway No. 2 by burning off all the asphalt. It also did some damage to the adjoining grass, but not too much damage because there was not much grass there. The ditches saved that. However, one man was injured very badly. Again, he was the victim of the accident.

In our modern age, it seems to me that we look after criminals and the like but we forget about the victims. Almost always the victims get the blunt end of the stick. I think our legislation should be so designed that it would give some resources to victims of accidents which occur inadvertently. This has been remedied to some degree through legislation. If a victim is hurt by someone trying to rob his home, he can receive compensation. We have made provision for that. I wonder whether we should make provision for the victims of fires, whether they be started by trains or trucks or by some other means. Victims of fires should not have to go without. Some group should be established and a fund should be made available to them.

• (1730)

I understand a piece of legislation is being prepared. It should address the entire matter of victims. Victims of crime are already looked after, but the legislation should take into consideration victims of fires which start inadvertently. If it can be proven that the fire was started deliberately, the victim can go to court. If the person who started the fire has anything, I suppose one should be able to get some redress. However, people who start fires deliberately very often have nothing, and the victims are helpless.

I do not know whether negligence can be proven in the case of a railway fire. A railway president in his right mind or any of his people would not start a fire with a torch. However, fires start and victims are left with no redress.

The legislation should be as broad as possible. We cannot cover everything. For instance, we cannot put a dollar figure on human life. I remember an accident which occurred in the constituency of the Hon. Member for Crowfoot (Mr. Malone) where there was no protection at all. There was a fire because the car ran into a moving train. There was an almost instantaneous explosion and three young lives were lost. However, as I said, we cannot cover everything. Surely to goodness a victim who has played no part at all in causing the fire should not be left helpless and without compensation. I think it is very important to bring that out in this debate.

I believe the objective of the federal program is to ensure that a uniform set of standards is set in place across the country. They should not only be applicable to railways. They should be applicable to all modes of transportation. I think the debate is well worth-while. I hope it helps the draftsmen of the new legislation.

Mr. Morrissey Johnson (Bonavista—Trinity—Conception): Mr. Speaker, over the years the Canadian railway system has established and maintained a high level of safety. During the past four years, Canadian Pacific has achieved the best safety record of all class one railways in North America. This includes all major railway companies of the United States and Canada. Canadian National has consistently ranked in the top six during the same period of time. It should not be forgotten that railways are responsible for only 3 per cent of the total transportation-related deaths in Canada.

While the record has been and continues to be good, there is room for improvement. With this in mind, early in 1986 the

former Minister of Transport identified specific steps to improve the safety of railway operations.

These steps included a safety blitz of operating personnel to ensure that safety practices were understood, stepped up supervision and monitoring of operations, increased Canadian Transport Commission inspection and verification, medical check-ups for operating personnel, performance audits of supervisors, a maintenance review, and accelerated government and railway initiatives to develop the advanced train control system.

The Minister also initiated inquiries into accidents and accelerated work on a new railway safety Act to modernize and improve regulation of railway safety. At the Minister's direction, the Canadian Transport Commission carried out an examination of Canadian railway derailments and collisions in recent years. The review indicated that the number of accidents had declined during the last five years in relation to the traffic handled.

Derailments have been declining in spite of an increase in the volume of traffic moved. Approximately a third of all derailments occur in yard operations, and these are generally of a minor nature. More than 80 per cent of the collisions reported to the CTC also take place in yards. The majority of these collisions are minor side-swipes which occur during switching operations and result in superficial damage to freight cars. Fortunately head-on train collisions are rare.

Perhaps I should say at this time that no matter what safety precautions are taken, there are always the elements of human error and mechanical failure. I doubt very much that we will ever eliminate accidents.

On the basis of the CTC report and the latest information available for 1986, there do not appear to be any identifiable trends signifying deterioration in railway safety performance in Canada.

A special task force was formed to examine the flow of dangerous commodities through the rail network in the Toronto area and to report to the Minister on options to improve safety. One must agree that the Minister is certainly monitoring and taking precautions to eliminate the possibility of accidents wherever possible.

An early result of this initiative was an offer by CP Rail to reduce the speed of operation of trains carrying dangerous goods across the Metropolitan Toronto area. This voluntary offer was accepted by the Minister and now is in effect.

Canada's railway industry, through the Railway Association of Canada, has been instrumental in sponsoring a program to develop a major technological advance in train control systems. Working in co-operation with the Association of American Railroads, the railways have initiated a program known as the advanced control system, which would use advanced computer and satellite communications technology to achieve substantial improvements in productivity and safety. At the direction of the Minister, Transport Canada is working with industry on means to accelerate prototype development. The advanced train control system will help to make Canadian railways even safer and thus help them to build upon their already enviable safety record.

As I said at the outset, we as Canadians should be proud of the fact that one of our major Canadian railways has achieved the best safety record of all class one railways in North America and that our other major Canadian railway ranked sixth among them.

• (1740)

[*Translation*]

Mr. Darryl L. Gray (Bonaventure—Îles-de-la-Madeleine): Mr. Speaker, I welcome the opportunity this afternoon to say a few words about the motion moved by the Hon. Member for Humboldt—Lake Centre (Mr. Althouse).

Mr. Speaker, first of all, I would like to summarize the events that led up to what is now happening in the transportation sector, and by this I mean the railways or any other form of transportation.

[*English*]

As you are well aware, Mr. Speaker, it is important that the present Government, with our new Transport Act, with our Railway Act and with all of the implications, take into account what has been done and what has to be done. I beg your indulgence, Sir, to make several points.

[*Translation*]

Railway safety has become a major concern not only as a result of increased highway trafic but especially since the advent of the petrochemical industry and synthetic products. The companies have been marketing a slew of new products which are often very dangerous and harmful and which are transported mostly by railways.

Sixty-two per cent of all railway accidents occur at level crossings. As I said earlier, our Government has taken steps to improve safety at level crossings and on rails as well. Mr. Speaker, this is a long-term project which calls for the active participation of other governments, the railway industry, and the chemical industry.

From 1978 to 1985 the number of accidents at the 27,200-odd level crossings declined from 871 to 602. This is not good enough, and I am sure you will agree that the number of accidents is still too high. Here are a few of the initiatives which have been taken, and other immediate projects related to railway crossings. Here are some of the recommendations we are making and which will be implemented in the near future.

1. Light-reflecting grade crossing St. Andrew's crosses;

2. Larger flashing light lenses whose red shade is more easily spotted:

Mr. Speaker, when I say "a red shade more easily spotted" I refer exclusively to railways.

3. More rapidly flashing lights;

4. New light-reflecting gates;

5. New constant-time signals which provide enough time before the arrival of the train and which give more confidence to the public;

6. Federal underpass and overpass construction projects;

7. Again, a federal contribution to the train-watch program.

Here are more details about this program, Mr. Speaker.

Efforts have always been made to improve grade crossings and install the necessary automatic protective devices, yet they have not been sufficient to reduce significantly the number of deaths and injuries.

The purpose of this Canadian program is to get all federal, provincial and municipal authorities to work together on a nation-wide basis to reduce property damage and injuries resulting from grade crossing accidents.

And to do that, Mr. Speaker, the program called Train Alert Operation covers four points: education for the public of all ages on the dangers at level crossings; statutes and regulations to define the rights and responsabilities of car drivers and pedestrians at level crossings; engineering, including the planning, building and maintenance of level crossings; and finally, program evaluation based on results.

Mr. Speaker, we therefore need to inform and educate the public, in the light of statistics that are still too depressing, as shown by media reports of accidents which, for the most part, could have been avoided, at level crossings across the country. This therefore is the reason for the Train Alert Operation.

In order also to improve on safety conditions at points other than level crossings, almost all the recommendations following investigations have already been, or are being implemented. Among those recommendations, we note the following:

1. (a) Ball bearings rather than oil pads on freight car axles;

(b) Tank cars equipped with front shields, thermal protection and protectors for base couplers.

Mr. Speaker, in using those words I realize this is a complicated, a very technical matter for Canadians, but in the final analysis it boils down to greater safety for us.

2. Installing rail car hot box detectors, upon entering and within densely populated areas.

3. The hiring by Transport Canada of qualified personnel who could be quickly dispatched to the scene of an accident in order to supervise clean-up operations.

4. (a) A manual for locomotive and caboose employees, showing among others things the curve features and stations for each division;

(b) Paid courses for employees working on rail cars used for the transportation of dangerous goods;

(c) Instructions for mechanical inspections and file maintenance;

(d) Filing with the CCT, for approval, the list of railway train mechanical inspection sites;

(e) Filing with Transport Canada and all private or public agencies of emergency plans and round-the-clock telephone numbers for information on dangerous goods;

(f) Listing of trains, indicating the position of cars containing dangerous goods and the nature of their contents;

(g) Installing tachometers, windshield wipers, and defrosters on engines and cabooses.

5. Also, Mr. Speaker, as always, installing rearview mirrors and communication equipment between locomotive and caboose with monitoring by a central station. By the way, Mr. Speaker, in view of the accidents which have occurred over the past two, three, four or five years, I think that the idea of a main station is very important, so that the person who is at the head of the train is always in contact with the one at the other end, but especially with the main station which is always in contact with our railway network.

6. The installation of black boxes. Black boxes is translated in French by "bavards". I know, Mr. Speaker, this is the same word we use to designate some Hon. Members who are a little too talkative. But this is a different story all together.

These black boxes record everything that goes on in the train.

In 1986, Mr. Speaker, we must live with the new technology. And so on and so forth, Mr. Speaker. You are signaling me that I still have one more minute. But what I want to say, dealing with the motion moved by my friend the Hon. Member for Humboldt—Lake Centre (Mr. Althouse), is that it is important to see the issue in its global context.

• (1750)

[*English*]

It is important, Mr. Speaker, that we see new motions introduced in the House. I congratulate the Hon. Member for Humboldt—Lake Centre (Mr. Althouse). We cannot isolate one particular problem, we have several cases. May the heavenly Father forbid but at times I think that we have too many lawyers. But that is another subject.

As to the motion, I hope that the Hon. Member will realize that in the House we are working with the Minister of Transport (Mr. Crosbie) and the Minister of State for Transport (Mr. Bissonnette). We hope that the intent of the proposed Bills will be satisfactory to Hon. Members and to all the people concerned.

[*Translation*]

Mr. Gabriel Desjardins (Témiscamingue): Mr. Speaker, it gives me pleasure to join today in the debate on the motion moved by my colleague from the New Democratic Party opposite, and I wish to congratulate him for his motion,

especially since, as he is aware, I am one of the members of the Committee on Private Members' Business. I want to congratulate him on the quality of his presentation when he came before the committee to explain his Bill and, without revealing what went on in committee, I can tell him that he made a good impression and that we soon came to a consensus in recognizing the validity of his views.

I also believe that it is quite right to say that such an archaic piece of legislation should indeed be reviewed, and I can assure my colleague that it will be within a few months and that our Government will be proposing important reforms. The Hon. Member will have had the merit of contributing to these reforms, and he will be able to say that his intervention today was not in vain and was indeed extremely important.

I would like to tell the Hon. Member that I come from a region, Abitibi-Témiscamingue, where the railroad has played an extremely important role for economic development and where it still plays a major role in our economy. Naturally, the railroad played and continues to play a very important role in passenger transport, but also in the movement of goods from my region, in which the main industries are forestry and mining.

The train therefore plays a very important role in the export of our products. If there was a fire in our region caused by a train carrying wood, and we do export a lot of wood, it would be a terrible tragedy in view of the immensity of our territory and the forest which surrounds us. The very idea that my entire region or villages and parishes in it could be destroyed by a fire caused by a train accident is terrible and I am glad to know that there have been very few such accidents in the past. The figures show that there have been very few such fires, but we still have to take precautions and to tell ourselves that this is always a possibility, and in this regard, today's motion is quite justified. To my knowledge, no one in my region has been the victim of a train-related fire, and I hope that such a thing will never happen. If it did, we would find out that the existing legislation is quite inadequate, but as I said earlier, I am certain that the intervention of the Hon. Member will receive a favourable response in coming months when this legislation is reviewed.

If I may, Mr. Speaker, I would like to give a more detailed reply to the Hon. Member. If we look at the record of our Government as concerns air and sea safety, I think that it shows how much we can accomplish in the case of rail safety.

If I may, I would like to say a few words about air security, where we have made a lot of improvements in the last few years. Some weeks ago, something happened to me which I would like to relate here as it shows that we are very concerned about security in this country. The terrorist attacks of which we are all aware have brought to Canada better security measures and better protection of people in our airports.

Surely that will cause a certain amount of unpleasantness and it happened to me a few weeks ago. I was at the Ottawa Airport ready to board a plane to my riding of Rouyn-Noranda and I was intercepted at the X-ray screening. I had handed over my suitcase and an officer took it back because the X-rays had picked up something unusual and that was a paper knife which I was unfortunately carrying in my bag. Because I had letters to open, I had put the paper knife in my bag and it was discovered. I can tell you that I was slightly embarrassed at the Ottawa Airport as the security officer was looking at the weapon or tool. I was next to him and people were going by and I was saying to myself: I hope no colleague of mine or people I know are around here, because I will look like a terrorist. I then congratulated the officers for their serious and strict enforcement of the rules.

I wanted to give that example to show that security in Canada is a matter which has always been treated seriously. I could have dealt at length with other steps taken to ensure air and marine security, but I think that if the past is a guarantee for the future I can assure my colleague that his representation today will not have been useless and that the Government will soon table a bill taking into account his present demands.

[*English*]

The Acting Speaker (Mr. Paproski): I will recognize the Hon. Member for Cariboo—Chilcotin (Mr. Greenaway), but I expect the Speaker to return shortly to deliver his ruling. When the Speaker comes in, I would hope that the Hon. Member will yield him the floor.

Mr. Lorne Greenaway (Parliamentary Secretary to Minister of State (Forestry and Mines)): I certainly will yield the floor when the Speaker comes in to deliver his ruling.

Along with my colleagues, I wish to congratulate the Member for Humboldt—Lake Centre (Mr. Althouse) for bringing this important point to the attention of the House. It certainly is inequitable and unfair that a piece of legislation that has been on the books since 1903 pays only $5,000 in compensation to people who suffer loss from fires caused by the railroads. According to his figures, it now should be upgraded to about $68,000. This is something that is very important, and it should be looked into.

I realize that we cannot do very much here today, but I will make a commitment to the Hon. Member that I will speak to the Minister of Transport (Mr. Crosbie) and to the chairman of the standing committee, and draw this to their attention. I know that in my riding it would be very important. I did not realize this was on the books. With three railroads running through my constituency, it is a very important thing, and we will look into this.

* * *

BUSINESS OF THE HOUSE

Mr. Speaker: This morning the Chair heard a point of order regarding the status of the allotted days for the current Supply

period, and the effect of yesterday's proceedings on the Supply motion that was to be debated and voted on yesterday.

The House will remember that at 3 p.m. yesterday the Chair heard comments at length on an alleged question of privilege before taking the matter under advisement. Accordingly, Routine Proceedings were delayed and the House was still considering Routine Proceedings when it adjourned at six p.m. I will go through the details of that in a moment.

I have reviewed the precedent referred to by the Hon. Parliamentary Secretary to the Deputy Prime Minister (Mr. Lewis). The events in that precedent were as follows. First, on Wednesday, June 6, 1972 the sixth and seventh allotted days for that period were designated to occur on Thursday, June 8, 1972, and Friday, June 9, 1972. Second, the Notice Paper shows a notice of motion of Supply for Thursday, June 8, 1972. Third, on June 8, 1972, the House began Routine Proceedings and debate ensued on a motion under the then Standing Order 43. Fourth, at 10 o'clock p.m., when the House adjourned it was still considering the motion under Routine Proceedings. The order for Supply was not reached or called on June 8, 1972. Fifth, the Order Paper for June 9, 1972, shows under the continuing order of Supply: "the sixth allotted day" with the same motion on the Notice Paper and an additional motion.

• (1800)

At this point it is important to note that since the order for Supply was not reached on June 8, it reappeared still as the sixth allotted day on Friday, June 9, 1972. It was not a lost allotted day because the order had not been called.

The sequence of events yesterday was as follows: When Question Period ended, there was an alleged question of privilege. Debate on this lasted from three o'clock to 4.30 p.m. This was followed by a statement by the Hon. Minister of Employment and Immigration (Mr. Bouchard) which, including replies, lasted 10 minutes. The House then moved under Routine Proceedings to petitions. There were petitions presented. During the presentation of petitions, the Hon. Member for Kamloops—Shuswap (Mr. Riis) moved: "That the House do now proceed to Orders of the Day". That occurred at about 5 p.m.

As Hon. Members know, if this motion had passed the House would have gone to Orders of the Day and the opposition motion would have been called at about 20 minutes to 6, which is the time the vote on the motion of the Hon. Member for Kamloops—Shuswap was completed. At that point the allotted day would have commenced. However, the motion to proceed to Orders of the Day was defeated and the House continued with Routine Proceedings which were then at the petition stage.

The Hon. Member for Churchill (Mr. Murphy) rose, presented a petition, and moved: "That the House do now proceed to Introduction of Bills". That motion is non-debatable. A division was called for. Before the vote could take place, the ordinary time of daily adjournment was reached and the Deputy Speaker lapsed the motion. I am not ruling on that aspect at this time. It was raised and I will return to the Chamber to discuss that.

However, I repeat that before the vote could take place the ordinary time of daily adjournment was reached and the Deputy Speaker lapsed the motion. The day was then done. In the words of the old hymn: "The day thou gavest Lord, had ended". Consequently, I must rule that the allotted day was never in fact commenced and, therefore, two allotted days remain in the current period.

The Chair wants Hon. Members to understand that it is not for the Chair to comment on how or on whose motions the day ended as it did, only that it did end without the allotted day having commenced.

The Acting Speaker (Mr. Paproski): The hour provided for the consideration of Private Members' Business has now expired. Pursuant to Standing Order 36(2) the order is dropped to the bottom of the order of precedence on the Order Paper.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

HEALTH—REQUEST FOR BAN ON CIGARETTE ADVERTISING. (B) PLEA BY PHYSICIAN'S ORGANIZATION

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, on October 30 I raised an extremely important question with the Minister of National Health and Welfare (Mr. Epp). I have raised this question with regard to the Government's failure to introduce a policy against cigarette advertising on a number of occasions. In reply to my question, the Minister of National Health and Welfare stated, as reported at page 908 of *Hansard*:

• (1805)

It is not simply a matter of banning advertising so that people will no longer smoke, thereby ending lung cancer. Obviously that which the Hon. Member continually puts forward is not the complete answer.

I never said that a ban on cigarette advertising is the complete answer, and neither has anyone else. The point is that it is part of the answer.

The Minister of National Health and Welfare said that he is in favour of a smoke-free country. He is certainly not working toward that end but he has given that as an objective of his Department.

It is an extremely important part of a comprehensive strategy. Of course, I am not able in a question to give the entire strategy. I have had an opportunity to discuss it in the

House and my Party has taken a comprehensive position. The comprehensive strategy we recommend includes research and assistance for tobacco crop substitution. The advertising ban is obviously a part of it, along with quitting programs, research into assisting people in the treatment of the addiction to tobacco, counter-advertising programs, health promotion programs and, of course, provisions for a smoke-free work environment and smoke-free facilities for the use of the public when dealing with the Government.

The reason why an advertising ban is so important is that tobacco companies are losing smokers as they quit or die of smoking related diseases. They need new recruits and they are getting them from young people. Consumption of tobacco has been increasing. The tobacco companies are spending $200 million a year to advertise tobacco and the Department of National Health and Welfare has some $1 million or $1.5 million for counter-advertising. It cannot possibly compete with the advertising that the cigarette companies are using to bring young people into this addictive habit.

A Private Member's Bill cannot deal with money and cannot force the Government to spend money, so I could not bring those other aspects that would require expenditure of funds, such as positive programs of crop substitution research or counter-advertising programs, into my Private Member's Bill. However, my Bill C-204 is as comprehensive as possible for a Private Member's Bill. It would ban advertising of tobacco products as hazardous substances according to the Act, and of course would provide a smoke-free workplace for areas under federal jurisdiction. That is as comprehensive as I can be. Does the Minister support that? No, he has not come into the House to support the Bill. It is a Private Member's Bill and, although he is a Minister, he can certainly come to the House and support my Bill, as I hope he will.

I note that the Government itself is still advertising tobacco. One of the very sad ironies we see today is that federal Government agencies are promoting the use of tobacco. For example, there is tobacco advertising, without a health warning, on one of the major signs in Toronto, at Harbourfront. It is a federal Crown corporation. CN Rail, a federal Government agency, advertises tobacco products. There is advertising and promotion of cigarette products at airports, train stations and many other places under federal jurisdiction.

The Government is promoting a product which is known to kill 35,000 Canadians a year. Since the Minister of National Health and Welfare has been in office, 70,000 Canadians have died of tobacco related diseases and another 35,000 are dying in his third year of office. Assuming that he is not fired before the end of his term, he can have the honour to be the Minister of National Health and Welfare while 100,000 Canadians die of an absolutely preventable set of diseases.

Of course, it is not possible to make changes overnight and no one expects the advertising to stop overnight. However, it is extremely important that we work toward that end. I do not believe I have to defend once again the argument that there has been no government activity in the last two years. I ask the Government to name one act that it has undertaken to provide a smoke-free workplace or to ban advertising. The Minister asked one tobacco company to withdraw one advertisement directed to our young people.

The federal Government fights its own employees who seek in collective agreements protection against smoke pollution. It fights individuals who have taken actual cases to court. Vancouver introduced a by-law for a smoke-free workplace. The federal Government has said that it will not support it. I call upon the Government to change its ways on this subject and for the Minister of National Health and Welfare to come out in support of my Bill, which is the most comprehensive strategy we have before the House to deal with this extremely sad problem which is killing such a large number of Canadians.

[*Translation*]

Mrs. Monique B. Tardif (Parliamentary secretary to Minister of National Health and Welfare): Mr. Speaker, everybody will agree that the effects of cigarette smoking are devastating. Every year, cigarette smoking results in over 30,000 premature deaths in Canada. So it is one of the major public health problems in this country.

The federal government is concerned about this problem and has already put into place policies and programs which aim to reduce tobacco consumption. However, this government does not plan to take a piecemeal approach to this problem. Accordingly, it has been actively developing a comprehensive, health-oriented tobacco policy, one which addresses the full range of tobacco issues.

I would like to outline to the House some of the activities which the government has already undertaken in this regard.

In January 1985, in response to concerns about the RJR-Macdonald Company sponsorship of the Canadian Ski Association, the Minister of Fitness and Amateur Sport announced a new policy requiring amateur sport bodies funded by the government to desist from associating with tobacco companies.

In October 1985, the Department of National Health and Welfare, its provincial counterparts and several national non-government organizations announced the launching of the "National Program to Reduce Smoking", building on the collaborative efforts of the "Generation of Non-Smokers" program.

The federal government also provides funding to non-government organizations, such as the Non-Smokers' Rights Association, the Canadian Council on Smoking and Health and the Canadian Lung Association. These organizations are an essential complement to the government's anti-smoking activities, and we aim to continue supporting their work.

The government is also concerned about encouraging farmers to withdraw from the tobacco industry, in the face of a declining tobacco market. Accordingly, the Minister of Agriculture is currently studying several options for a new

program to assist those farmers who wish to undertake alternative enterprises.

Due to concern that involuntary exposure to tobacco smoke conflicts with the objective of having a healthy work environment, six federal departments and agencies have recently restricted smoking in the workplace. It is hoped that this will provide an example for those private and public companies which have not yet put into place smoking policies.

Canadians are letting us know that they are also concerned with current tobacco advertising practices. They became more aware of this issue with the Macdonald sponsorhip of amateur skiing and the "Tempo" cigarette advertising campaign. The new 15-cigarette "Export A" pack has also been a worrisome tobacco marketing practice since it makes the product more accessible to young people.

If you take a look at what is being done, Mr. Speaker, you will realize that there is less advertising. Above all, I would like to say that several options to take stronger action on tobacco advertising are currently being considered by the government, and legislative measures remain a possibility.

Of course, any action on tobacco advertising will be taken within the context of a comprehensive approach to the tobacco problem, which has as its goal a smokeless society by the year 2000.

• (1810)

[*English*]

RAILWAYS—FUTURE OF 551 CN EMPLOYEES AT MONCTON. (B) NUMBER OF JOBS RETAINED IN MONCTON

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, I am very pleased to have an opportunity to reply to answers given to me in this House on November 6 by the Minister of Transport (Mr. Crosbie) regarding employment at the Moncton shops. The Minister said CN has found accommodation for 551 workers. However, the point I want to make is that 234 of these jobs will be lost to Moncton. If the CN-CGE deal is approved, another 303 positions might be saved. Unfortunately, that scenario is looking more and more unlikely.

• (1815)

The CN-CGE deal is in jeopardy because CN and its unions cannot agree on the waiving of a no-contracting-out clause. I must say that the Government has unwisely put all its eggs in the CGE basket and it is now left with a very serious problem.

The Minister is having real trouble answering questions in the House. He has responded by blaming others for what I say is his own incompetence and inaction. First, the Minister blamed the unions for not agreeing to the sale and for not agreeing to impossible conditions. Second, he has blamed the previous administration for past policies. However, I remind the Minister that he is now head of the Department of Transport and he has the power to intervene and make changes. The fact of the matter is that up until now the Minister has done absolutely nothing to assist in trying to find a solution to this problem, and he has a clear responsibility in this matter.

The Minister will recall that his predecessor clearly indicated to the people of Moncton and to the workers that the Government would not tolerate any massive lay-offs at the Moncton shops. The Minister must now uphold that commitment. Unfortunately for the Moncton and the New Brunswick area he is not doing so.

Let us have a look at the figures. In Septemmber, 1985, 225 employees were informed that they would be laid off temporarily. Those workers have never been recalled. In September, 1986, a further 101 employees received their pink slips. Last month, another 62 were let go. I hear that there might be further lay-offs tomorrow. However, I do not know the numbers but some people have been called in.

The figure at the moment is close to 400, not including those in tomorrow's announcement. The Government and the Minister have completely forgotten their commitment to the people of Moncton. How many lay-offs will it take to constitute a massive lay-off in the eyes of the Government?

Coming back to the CN-CGE deal, Hon. Members will recall that last week I asked the Minister to intervene. I asked him to speak personally to the union leaders because at this stage I believe that only the Minister can break the impasse. If he wanted, he could reassure the unions that the Government will not allow CN to contract out railway work outside the Moncton Shops complex. I believe that would go a long way in terms of reassuring the unions. However, the Minister will not do that. I suppose he would feel quite uncomfortable because he has chosen to criticize publicly the unions for not accepting the deal.

I also say that CN has put its unions in an impossible position. On the one hand it has said it will not extend contracting out beyond Moncton, while on the other hand it has placed contracting out on the bargaining table in its present contract negotiations with its unions. There is also a credibility factor involved here. The unions and the workers in Moncton have been assured many times that there would be no massive lay-offs, that their shops would not close and that they would not be put up for sale. Then, the same workers are being hit with massive lay-offs. How can we blame them for not accepting the deal? They have no faith in what is happening. That is why the workers are refusing to agree and why we are at an impasse.

• (1820)

While this has been happening, it seems that the Minister of Transport has left the whole affair to Premier Hatfield of New Brunswick. Where was the Premier when it was first announced that the shops were to close? I would suggest that if the Premier wants to take the train, he should arrive at the station on time. In this case, he was not on time.

[*Translation*]

Mr. Speaker, I shall conclude briefly, if I may, by asking what the Prime minister has done and what he is doing about this? He wanders about the country saying that remote areas such as ours do not get their fair share of economic development. And then what does he do about it? Strictly nothing. Meanwhile, in Atlantic Canada, we are faced with a constant erosion of our regional transport system.

[*English*]

The Council of Maritime Premiers have expressed their concern that the new transportation act emphasizes profitability rather than transportation as a regional development tool. The Prime Minister (Mr. Mulroney) has turned a deaf ear to those comments.

[*Translation*]

Mr. Speaker, I shall conclude with the following question: How far will the Minister allow the situation in Moncton to deteriorate? How many jobs will we lose before the Minister takes any action?

[*English*]

Mr. G. M. Gurbin (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, I am pleased to respond to the Hon. Member for Westmorland—Kent (Mr. Robichaud). As all Hon. Members know, the transportation system across Canada is under a great deal of pressure. Whether in New Brunswick or in other parts of Canada, we all have to face head-on some of the changes that are occurring at this time. Some of these changes, such as the ones occurring in Moncton, are not easy changes.

The Government is actively encouraging co-operation and the negotiation of a settlement between CGE and the unions involved. This is something the Minister is certainly encouraging as much as possible. It is not simply a question of blaming someone, it is a question of encouraging all parties to participate in constructive discussions and to reach a successful conclusion to the CGE deal.

The Hon. Member has suggested that the Government is not doing anything in Atlantic Canada or the Moncton region. I will not deal with the whole myriad of programs under Employment and Immigration or the regional economic development agreements. In this particular case, a $4 million special development initiative is in place to help fund the search for new industries and to minimize the impact on affected CN employees. That is a special $4 million initiative that has been taken in recognition of the serious problem faced by the people of Moncton and the CN employees.

In direct response and follow-up to the question the Minister answered in the House, our most recent figures indicate that accommodation has been found for 551 employees so far. Of these, 54 are eligible for early retirement and 487 positions have been offered to the unions for acceptance in Moncton, Toronto, Montreal and Windsor. Ten positions come under the general category of "various other", and 317 of these jobs are in Moncton.

• (1825)

Obviously the Government wants to see as many of the CN workers as possible accommodated. It is trying with whatever devices it has to ensure a successful conclusion to the CGE deal and to take any special initiatives possible to satisfy the needs of CN workers.

REFUGEES—DEPORTATION OF IRANIAN STUDENT FROM UNITED STATES. (B) REQUEST FOR CANADIAN ACTION

Mr. Sergio Marchi (York West): Mr. Speaker, I am pleased to review an earlier question which I asked of the Minister of State for Immigration (Mr. Weiner) on November 26. It concerns a 25 year old Iranian student, Akbar Moatamedi, who has sought refugee status in Canada. Mr. Moatamedi speaks English and several other languages. He is facing deportation by the Americans at any moment.

Earlier in the year he was deported by the Americans. He stopped in France and tried to commit suicide rather than face certain persecution and probable death as soon as he touched the tarmac in Iran. Because of that act, France sent him back to the United States where he is currently in a Washington hospital pending a second attempt to deport him back to Iran.

The fact of the matter is that Mr. Moatamedi is facing probable and certain death. He has submitted a list of 10 individuals, including family members and friends who have faced execution in Iran, to the United Nations High Commission on Refugees.

The only reason he was not deported last week was because interest was shown by Canadians and some publicity was generated in Canada. The Americans have allowed additional time to lapse in order to see whether Canada would be willing to take this individual.

There are Canadians in Yarmouth, Nova Scotia who have tried to communicate a message to the Canadian Government indicating that they are perfectly willing and able to sponsor Mr. Moatamedi, to house, to feed and clothe him, and even to employ him. They have rallied, as they rallied in the past for four Iranian refugees in the last year, not only to provide Mr. Moatamedi with a brand new life in Canada, but to save his life. They have committed themselves to the task, and to date the Government has turned its back on their pleas.

They, together with the gentleman's lawyers in Washington and in Toronto, are frantically trying to convince the Government otherwise. It is an eleventh hour plea. To date the Government has only said that it is an American issue and that it cannot do anything according to the regulations.

We know better. It is a complete fabrication of the authority vested in the Minister of State for Immigration. The facts are very clear. The Minister can issue the individual refugee status which would allow him to go through the Canadian process and prove that he would be persecuted and would be faced

with death in Iran, whereupon he could be accorded refugee status. The Minister could offer a ministerial permit. By the very fact of such a permit, all security and medical clearances could be avoided and held after his arrival in Canada. A ministerial permit signed by bureaucrats, as well as by the Minister, would allow the immediate transportation of the individual to Canada because of health, safety or compassionate reasons, and then all the processing could take place from Canada.

The Minister cannot say that the regulations do not allow him to bring Mr. Moatamedi into Canada or that it is an American issue. There is power and authority in the Immigration Act to allow the person into Canada. After all, the five Soviet army defectors did not apply for such a transfer at the embassy. They did not fill in any application forms; obviously, they were in the middle of a war. What happened was that because of a ministerial permit, the five individuals were allowed to be air-lifted from Afghanistan into Canada, and now the processing is taking place.

A third option would be to allow the community of Yarmouth to sponsor the individual under the auspices of a refugee program. Again the Minister is avoiding reality. In 1986, 12,000 refugees from around the world were sponsored by the Government. An additional 6,000 refugees were sponsored. A community has to come forward with a number of guarantees in place to convince the Government that it is prepared to shelter and house those individuals properly and adequately. The Government can allow the community initiative that has already taken place. Mr. Miller from Yarmouth has already put up X amount of dollars showing his intent, but the Government has refused.

• (1830)

Rather than the Government hiding behind a facade of regulations, rather than the Government saying that it cannot do that, rather than the Government not allowing the community to sponsor this individual, it should state the reasons why the Government cannot, clearly and forthwith. The Government should not hide behind a pretence that it cannot do what it has already done hundreds and hundreds of times for other individuals, some of whom have been most questionable.

I look forward to the Parliamentary Secretary providing some real answers and solutions which are within the grasp of the Government. The Government should not say it is unable and it should not call it an American issue. It is a Canadian issue sponsored by Canadian citizens.

Mr. G. M. Gurbin (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, I am very pleased to give the Hon. Member for York West (Mr. Marchi) some accurate information. Unfortunately, the Member's premises are inaccurate. I would challenge him to try to be accurate when he makes representation on behalf of someone and ask him not to put forward information which might be misleading to Canadians who are listening.

Mr. Marchi: I challenge that statement.

Mr. Gurbin: I ask the Hon. Member to prove that any of the 10 people about whom he is talking have been treated in the way he indicates.

Mr. Marchi: Ask the United Nations.

Mr. Gurbin: We have investigated the issue. We found that none of the 10 people which the Hon. Member mentioned have faced any of the difficulties that he suggests. My time is very short, but let me tell him quickly that what we are doing is precisely what the Hon. Member said, namely, following the United Nations.

Canada received the Nansen Medal this year because of the actions of our Government and what we have done for refugees. We are following the suggestion of the United Nations High Commissioner that the Canadian Government should allow the case to be followed through the American courts. On December 1, application was made to the American courts on behalf of this particular candidate. We have been advised by the United Nations to let that process continue. If the Hon. Member has any other accurate information or if there is any other information that comes from any further investigation, the Prime Minister (Mr. Mulroney), the Minister of Employment and Immigration (Mr. Bouchard) and the Minister of State for Immigration (Mr. Weiner) have said that they are more than prepared to consider any other additional information that could affect our position.

[*Translation*]

The Acting Speaker (Mr. Paproski): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1).

At 6.33 p.m, the House adjourned.

HOUSE OF COMMONS

Friday, December 5, 1986

The House met at 11 a.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

SOCIAL SECURITY

GOVERNMENT PERFORMANCE

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, yesterday, the Minister of Employment and Immigration (Mr. Bouchard) tried to make Canadians believe that the Official Opposition was trying to scare the unemployed.

Mr. Speaker, the Official Opposition and the people of Canada are mindful of the fact that not long ago, in 1985, this same Government released a paper and invited Canadians to discuss the reform of Old Age Security pensions and family allowances. The same Government and the same Prime Minister promised the elderly that Old Age Security pensions would not be affected. They promised that the money cut from family allowances would not be used to reduce the deficit.

Mr. Speaker, Canadians will recall that this Government did the exact opposite. Six months later, it cut the indexation of Old Age Security pensions and family allowance payments to help reduce the deficit, leading to the results we saw in the polls in July, namely that 52 per cent of Canadians do not trust the Prime Minister.

* * *

[*English*]

AGRICULTURE

ANNOUNCEMENT OF FEED FREIGHT ASSISTANCE TO BRITISH COLUMBIA

Mr. Fred King (Okanagan—Similkameen): Mr. Speaker, this morning I had the honour on behalf of the Hon. Minister of State for the Canadian Wheat Board (Mr. Mayer) to announce a $400,000 increase in feed freight assistance to British Columbia. This is in addition to the $5.6 million spent in 1986 under the Feed Freight Assistance Program to ship 525,000 tonnes of grain into B.C. The changes announced today are in line with the Government's goal of equalizing feed grain prices in those areas of Canada that are not self-sufficient in feed grain production.

Today's announcement is yet another indication of the commitment of this Government to maintain and enhance the role of the agricultural producer in our Canadian economy.

I pay special tribute to the B.C. Cattleman's Association and the B.C. Federation of Agriculture for bringing to our attention inequities in feed grain freight costs in the province. I am happy and proud that the Government has addressed these inequities.

* * *

• (1105)

AGRICULTURE

ASSISTANCE FOR GRAIN PRODUCERS

Mr. Les Benjamin (Regina West): Mr. Speaker, on October 6, as reported at page 97 of *Hansard*, in response to questions from my Leader, the Hon. Member for Oshawa (Mr. Broadbent), about deficiency payments for western grain producers, whether or not it would be new money, and when they would get it, the Prime Minister (Mr. Mulroney) said:

> I will tell him this. He is asking whether it is new money or old money. It will be new money and good money in the pockets of the farmers.

On October 7, in response to questions from the Right Hon. Leader of the Opposition (Mr. Turner), the Prime Minister said as reported at page 147 of *Hansard*:

> The program about which we have been talking will put a billion dollars of increased cash flow into the hands of Canadian farmers beyond that which they are now receiving.

He went on to say:

> This is new money in the hands of farmers, and I know my right hon. friend will not oppose that.

We and the western grain producers would like to know where that new money in the pockets of the farmers is. When are they going to get it and in what manner?

* * *

ENERGY

SYNCRUDE TAR SANDS PROJECT

Mr. Alex Kindy (Calgary East): Mr. Speaker, security of supply should be the policy of the Government on oil. We cannot rely on imports from the Middle East or elsewhere as the political situation in those countries is volatile and our own

conventional oil resources are depleting at an accelerated rate. The only logical solution to this problem is to develop the tar sands.

At this time Syncrude has an expansion scheme, a capacity addition program, which would add around 20,000 barrels a day to its current production of 129,000 barrels a day, and provide 25,000 man-years of construction work and 275 new permanent jobs. I am advised that if the world price is $16 U.S. per barrel or more, Syncrude would be able to finance the expansion on its own. If the world price should fall below that, it would require loan guarantees from the federal and provincial Governments. Our Government should extend all its co-operation to this industry so the program is completed on schedule.

* * *

INDUSTRY

CHAMPION FOREST PRODUCTS MILL IN HINTON, ALTA.

Hon. André Ouellet (Papineau): Mr. Speaker, yesterday in Edmonton a group of concerned citizens from the town of Hinton, Alberta, held a press conference to make one final appeal to the federal Government to save the projected expansion of the Champion Forest Products mill. This project, if completed, would create some 450 jobs in the town of Hinton, as well as stimulate the economy of the entire region. It is no secret that with the downturn in the oil patch and the state of agriculture in the province, Alberta cannot afford to lose a major expansion of its forest industry, and certainly neither can Canada. Yet that Conservative Government refuses to act.

The people of Hinton tried to lobby their Member of Parliament quietly and the Conservative Government hoping that the Conservatives, who had promised so much to western Canada, would listen. They did not. Those people have now organized and taken their case directly to the people of Canada. We urge the Government to listen and act now in order to save an expansion project important for Hinton and for Canada.

* * *

CANADIAN WHEAT BOARD

HIGH QUALITY WHEAT—FINAL PAYMENT REVIEW URGED

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, growers of high quality hard wheat on the Prairies are justifiably upset over the recent statement by Canadian Wheat Board Commissioner Jarvis that they will receive little or no final payment for number 1 and number 2 grades of wheat sold for the 1985-86 crop year.

High quality wheat attracted large premiums in 1985-86 because of world-wide shortages. Farmers who grew it had good reason to expect a fair-sized final payment over and above the initial price paid at the time of delivery. Unfortunately, it appears that funds which ought to be available for this have been used by the Wheat Board to cover losses incurred on the lower grades of wheat which sold for less than the initial price. Consequently, many farmers on the southern prairies who grow smaller quantities of high quality wheat are seeing their anticipated final payment diluted to cover losses on lower quality wheats which are grown in much greater volume by farmers in the north. I urge the Minister responsible for the Wheat Board to review this serious matter both for fairness today and policy direction tomorrow.

* * *

• (1110)

AIRPORTS

MERGER OF DORVAL AND MIRABEL AIRPORTS

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I would like to congratulate the Government on its innovative solution to the problem which was plaguing Montreal of having two airports 50 kilometres apart. The innovative solution, of course, is to designate them as one airport, calling Mirabel the north terminal and Dorval the west terminal. I expect that airport planners from across the world will flock to Montreal to see this innovative solution.

In order that those planners can see this solution applied elsewhere, we should resolve the problem of no direct flights to Edmonton by opening a new Alberta International Airport so that people can fly to the south terminus in Calgary and take a free bus up to Edmonton. I suggest that the British Columbia International Airport should incorporate the Vancouver terminal and the Victoria terminal, west and east. In Ontario we should have the southern Ontario International Airport, Lester B. Pearson branch, with a west terminal at Malton, an east terminal at Hamilton, and additional terminals at London and Windsor.

This is a very fine concept which will resolve all our problems. We expect that at the new Atlantic International Airport, transportation between the east terminus in St. John's and the west terminus in Halifax will be free, by ferry.

* * *

AWARDS AND DECORATIONS

PRESENTATION OF BRAVERY AWARD TO FIREFIGHTER KEITH CLIFFORD

Mr. Alan Redway (York East): Mr. Speaker, at this very moment at Rideau Hall the Governor General is presenting a

bravery award to one of my constituents, firefighter Keith Clifford, and to 33 other Canadians for acts of heroism.

On November 12, 1984, firefighter Keith Clifford arrived at the scene of a fire in the city of Toronto. Informed that two children were trapped inside the building, he and two other firefighters battled blinding smoke and flames and, despite the extreme heat, rushed to the upper floor. Disregarding the danger, he crawled into the blazing front room in search of the children. Despite the hot gases that erupted, sending a ball of flame throughout the second floor, firefighter Clifford and his two companions succeeded in rescuing the young children from the blazing inferno.

Keith Clifford and the other 33 bravery award recipients are role models for all Canadians. They deserve our congratulations, our thanks, and our everlasting admiration.

* * *

INDUSTRY

SYDNEY STEEL CORPORATION—NEED FOR LONG-TERM CANADIAN NATIONAL RAIL CONTRACT

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, the federal Government has stated that it will not direct Canadian National to provide a long-term contract for rails to Sydney Steel Corporation. In so doing it is playing directly into the hands of the Government of Nova Scotia which is using the requirement of this agreement as an excuse to close the Sydney Steel Corporation if the agreement is not forthcoming. It will be a tragedy if the federal Government allows this to take place because Sydney Steel has always been the prime supplier of rails to Canadian National.

The situation in industrial Cape Breton is very serious indeed. The unemployment rate is presently approximately 40 per cent. In the city of Sydney, where two-thirds of the tax base is paid by individual homeowners and only one-third by commercial establishments, the loss of Sydney Steel would be devastating.

The federal Government has already done tremendous damage to the economy of Cape Breton by closing the heavy water plants after saying they would not be closed until alternate employment was available, by cancelling the decentralization, and by cancelling the construction of the federal building and other projects. I ask the federal Government to accept this as a request to consider this very carefully.

* * *

MINES AND MINING

KIRKLAND LAKE GOLD MINE ANNOUNCEMENT

Mr. John A. MacDougall (Timiskaming): Mr. Speaker, Christmas came early to the riding of Timiskaming yesterday when American Barrick announced that its property in the Harker-Holloway area will be put into production with a mine named Holt McDermit. This will entail a cost of $50 million, 1,500 tonnes per day, 100,000 ounces of gold per year, over 200 jobs, and an influx of $20 million into the Kirkland Lake area.

The hard work done by the company, the mayor and council, and the economic development office of Kirkland Lake must be recognized. We must also recognize that the spin-off of this project for the Larder Lake and Black River-Matheson area will be tremendous. The work being done by the Minister of Energy, Mines and Resources (Mr. Masse) and the federal Government must be recognized. Through such work and co-operation among the various levels of government such projects are carried out.

* * *

• (1115)

REFUGEES

REQUEST FOR ADMISSION OF LAOTIAN TO CANADA

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, my statement is addressed to the Secretary of State for External Affairs (Mr. Clark). Mrs. Mataplan Souksavath and her eight children reside in my riding. Her husband and father of the eight children, Khamphouy Souksavath, has been in prison in Laos since 1975. He is 47 years old, sick with dysentery, malaria and heart problems. In spite of this condition he must go to the jungle every day to cut down trees.

I ask the Government of Laos and the Government of Canada to help. I believe December 12 is National Day in Laos and I ask that Government to show some humanity and release Mr. Souksavath so he can join his wife and eight children in Vancouver.

ORAL QUESTION PERIOD

[*English*]

CANADA POST CORPORATION

REQUEST FOR TERMINATION OF SUPERMAILBOX SCHEME

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, my question is directed to the Prime Minister. When we became a country at Confederation the first two duties of the Government were, first, to protect the realm and defend the country, and second, to deliver the mail. The Government cannot even deliver the mail. There have been discussions in the House about a long series of problems about the security of supermailboxes. Now there is a single key that will open every box in the supermailbox. Will the Prime Minister order his Minister responsible for Canada Post to get on with the

business, get rid of this farce of supermailboxes, and deliver the mail to Canadians?

[*Translation*]

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, what the Leader of the Opposition is referring to is, of course, a serious matter. The Government received the corporate plan from Canada Post. It accepted the plan and a decision was made to refer it to committee. The committee will make its recommendations to Parliament, which will then decide what will be done about the plan.

As for the allegations that the mail is not being delivered in this country, I may remind the Right Hon. Leader of the Opposition that the situation today is not any worse than it was in 1984. If anything, there has been a substantial improvement in the quality of delivery and the cost to Canadians.

HOME DELIVERY OF MAIL—GOVERNMENT POSITION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I have to sympathize with the Minister, because Canada Post's corporate plan was approved by the Prime Minister on October 17 and announced in the House of Commons on November 5. I don't know why the Prime Minister approved the plan, but he did. Again I want to ask the Prime Minister: Will he order the Minister responsible for Canada Post to stop the superbox farce and start delivering the mail to Canadians?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the Minister just explained to the Leader of the Opposition that this complex and important question, which has been a matter of concern to Canadians for twenty years under the Liberal Government, is being dealt with through a corporate plan that has been duly submitted. Hon. Members, in accordance with parliamentary reform, were advised of the plan, and I am sure there will be suggestions for some major changes. The Government will be advised of specific recommendations by Hon. Members for improving postal services, and we intend to listen to what committee members have to say. Unlike the former Government, we believe that backbenchers have a very real role to play in the House. They are not a bunch of nobodies, as former Government seemed to think.

[*English*]

RIGHT TO MAIL DELIVERY

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, we are all for this new spirit of democracy and parliamentary participation that the Prime Minister expresses. That is all very well. However, the Government announced a plan. Now we have locks that do not stay locked, and keys that will open every box in the supermailbox. Rates are going up and service is deteriorating. Will the Prime Minister take his responsibility and ensure Canadians that one of their fundamental rights, mail delivery service, will be upheld by his Government? He can go through all the charades he wants, but let us get the mail delivered in this country.

• (1120)

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, in response to my right hon. friend, the plan which was submitted was a corporate plan submitted by the Postal Corporation. It is charged with trying to conduct this service at reasonable cost in the most efficient way considering the expenditure of taxpayers' money. This plan was submitted, as it ought to be, to a parliamentary committee for consideration. Members of Parliament in their new roles under parliamentary reform are sending strong signals—and I suppose there will be a report—to the House of Commons that this plan is unacceptable in some important areas.

First and foremost must be the interest and welfare of Canadian citizens, particularly, for example, in rural areas. There shall be no second-class citizens in this country as long as this Government remains in office, postal services or otherwise.

CORPORATION'S BUSINESS PLAN—COMMITTEE HEARINGS

Hon. Herb Gray (Windsor West): Mr. Speaker, my question is directed to the Government House Leader. On November 5, as reported at page 1110 of *Hansard*, the Minister responsible for Canada Post, speaking for the Government, said:

> Canadians at large as well as Members of this Parliament of all Parties have expressed considerable interest in the development of this plan. I have accordingly felt that Parliament should have a full opportunity to review the rate increase components which the Corporation has assumed in the forecast included in the plan. I am, therefore, proposing to refer this aspect of the plan to an appropriate committee of this House.

Why is the Government agreeing with its members on the parliamentary committee to choke off hearings on this matter without hearing any real testimony on postal rates or any evidence from the public? Why is the Government not carrying out the commitment of the Minister responsible for Canada Post and allowing the public to be heard on this matter? Why is the Government not keeping its promise in this regard?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am surprised that the Hon. House Leader of the Liberal Party would suggest that I should interfere with the parliamentary committee process.

Some Hon. Members: Oh, oh!

Mr. Mazankowski: Because that in effect is what he is asking me to do. The committee has destiny of its own House. Whatever the committee decides, the committee does. My understanding is that it is now seized with the task of writing a report which I hope will be presented to the House, and which I hope will have some very positive and beneficial suggestions

which perhaps even the Hon. House Leader of the Liberal Party might find acceptable.

Mr. Gray (Windsor West): The Minister has given a very unconvincing explanation as to why what the Minister responsible for Canada Post said on behalf of the Government is not turning out to be the case.

LEVEL OF SERVICE—PROPOSED POSTAL RATE INCREASE

Hon. Herb Gray (Windsor West): I want to ask the Minister acting for the Minister responsible for Canada Post this question. His Minister said there would be no increase in postal rates until there was an improvement in service. We now have clear evidence that instead of an improvement there has been a clear deterioration in service, including a deterioration in the security of mail because of these supermailboxes.

Why has the Government again broken its promise with its intention to increase rates for delivering the mail by increasing the rates for postage? It is not keeping its promise not to do this unless service is first improved. Why will the Government not keep its promise?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, my only suggestion to the House Leader of the Liberal Party is that he be a little patient and wait for the report. Perhaps then he can comment on what suggestions or recommendations might be contained in the report. If he is a little patient I think this whole matter will work out very well.

* * *

TRADE

UNITED STATES DUTY ON CANADIAN SOFTWOOD LUMBER

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Prime Minister who talked about the trade talks which are going on with the United States in his press conference this morning. Yesterday the U.S. lumber coalition made it clear to the U.S. Department of Commerce that it would accept nothing less than a 25 per cent tariff on Canadian lumber exports, thus laughing at the whole stance taken by the Canadian Government in these negotiations. Does the Government today seriously expect that after the same group of people announce their decision about the Canadian Government's proposal, having said they wanted 25 per cent yesterday, they are going to go for 15 per cent today?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, as the Hon. Member knows, that is a matter which is a speculative issue at this point in time. We are dealing with the U.S. Commerce Department and with the U.S. Secretary of Commerce. As I have not heard back from him, there is nothing to be gained by commenting at this time.

[*Translation*]

GOVERNMENT'S POSITION ON ALLEGED FURTHER FINAL OFFER

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I have a question for the Minister. The Canadian Government has already made two final offers. During his press conference this morning the Prime Minister made it clear that he intends to continue this fight. My question is directed to the Prime Minister or the Minister. Can the Government assure the House that it will not make a third lousy final offer?

• (1125)

[*English*]

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I cannot really add further to my earlier answer, that this matter is under discussion in Washington today, except to say that the Province of Quebec was one of the provinces that supported the position of the Government of Canada.

PRIVATE SECTOR STUDY—IMPACT ON JOBS—CANADIAN SOVEREIGNTY

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I say to the Minister that it will not be the first time that the Premier of the Province of Quebec has been wrong.

In this context I wish to ask the Prime Minister this. Since a private sector study, which I know the Prime Minister would respect, has indicated each percentage point we give away in these tariffs costs us 1,000 jobs on the Canadian side of the border, will the Government now learn its lesson and not make another offer in these negotiations? Will it stick to our legal position which is in the best interests of the Canadian industry and which protects Canadian sovereignty?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I have already said in the House, as have my colleagues, that the position that we have taken with the support of nine provinces is the position that protects Canada's sovereignty. It is the Opposition's position which is the threat to Canadian sovereignty.

* * *

CANADA POST CORPORATION

RURAL MAIL DELIVERY—LACK OF GUIDELINES

Mr. George Baker (Gander—Twillingate): Mr. Speaker, we seem to be getting somewhere with the postal plan. My question is for the Acting Minister responsible for the Post Office. Some 68 post offices have closed down in western Canada. Even two have closed in Newfoundland. Why did the Government approve, and will the Standing Committee now have the authorization to change, the fact that guidelines were set for mail delivery in urban centres within a province and between urban centres between provinces but no guidelines

were set for rural mail delivery in Canada? There was only the closure of 5,000 post offices and the laying off of 8,700 people?

[*Translation*]

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, anyone who is prepared to face facts and has followed committee proceedings when Canada Post officials gave evidence would realize that the premise of the Hon. Member's question rests on fiction. Committee members scrutinized the Canada Post business plan and questioned postal officials for over two weeks. The committee will report to the House of Commons in due time, and then the Government will be in a position to consider the committee recommendations and decide whether or not the plan ought to be changed.

[*English*]

PROPOSED PRIVATIZATION OF RURAL POST OFFICES

Mr. George Baker (Gander—Twillingate): Mr. Speaker, the fact of the matter is that rural Canadians face a situation of having their mail handled by either a superbox or the local business merchant. Enough said about superbox.

Let me ask the Acting Minister this question. Does he really believe that a local business merchant can handle the mail, receiving that paltry, tiny sum of profits from the sale of postage stamps, as efficiently as today's postmaster and postmistress in rural Canada? We are being robbed and rooked in rural Canada.

Some Hon. Members: Hear, hear!

[*Translation*]

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, if the Hon. Member were aware of what is going on he would know that the private sector already handles 25 per cent of Canada Post business. That is a fact. Under the proposed plan, over the next ten years . . . They are talking about lay-offs, throwing figures around to scare Canadians. The people who might be affected as a result of such transfers to the private sector should know that, whenever possible, Canada Post will follow a program of attrition. Committee members were made aware of this as well, so perhaps the Hon. Member should have attended the proceedings.

* * *

[*English*]

AGRICULTURE

ASSISTANCE FOR GRAIN PRODUCERS

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, my question is for the Right Hon. Prime Minister. During his press conference this morning the Prime Minister said something along the lines that he never made a commitment to western Canadian grain farmers to make a $1 billion payment during this fiscal year. During the Saskatchewan election campaign western Canadian farmers certainly felt that they had a commitment that there would be $1 billion either before Christmas or shortly thereafter, but certainly during this fiscal year. Why is the Prime Minister cutting western Canadian grain farmers adrift? Why are they not receiving their money before Christmas or in this fiscal year? Farmers want to know. The campaign is over and they want their money.

• (1130)

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, what a silly attitude to adopt. The Government of Canada, pursuant to undertakings made in this House, has put together a package designed to assist Canadian farmers which, I believe, and according to the Minister, is the largest assistance package to aid Canadian farmers in history. That is an extremely important measure for western Canada in particular but for all Canadian agricultural communities in general.

The commitment that I made in the House of Commons on behalf of the Government will be honoured in its entirety. That money will find its way, as we indicated—

Mr. Benjamin: When?

Mr. Mulroney: As I indicated at this morning's press conference, the Minister will be indicating no later than next week the timing of this measure. It will be pursuant to my undertakings and it will benefit Canadian farmers to the tune of $1 billion.

Some Hon. Members: Hear, hear!

TIMING OF PAYMENT

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, in response to a question put by the Leader of the Opposition on October 7, the Prime Minister said that this is new money in the hands of farmers. The impression western farmers had was that they would be getting the money this fiscal year. Why is that money not coming in this fiscal year? If it is not coming in this year, can the Prime Minister tell the farmers when they will be getting that money? They have to plant crops next spring. They need the money now.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the Hon. Member is distorting what I said. What I said is on the record and is very clear-cut. I can go a little further. The Hon. Member went into his riding during the provincial election campaign to which he refers and he gave the electorate a choice: take the NDP position or the government position. As I believe it, every single provincial riding in the Hon. Member's federal riding went Progressive Conservative.

Some Hon. Members: Hear, hear!

NATIONAL SOVEREIGNTY

PASSAGE THROUGH CANADIAN WATERS BY UNITED STATES SUBMARINES

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. On May 6 last three nuclear-powered U.S. submarines surfaced at the North Pole. The only way we would have known if these submarines had travelled through Canadian waters was if the United States Government had asked permission for them to do so. Would the Secretary of State please tell us if these submarines passed through Canadian waters, and if they did so, did the Canadian Government give them permission to do so?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, we have a variety of ways of knowing of the presence in our waters of submarines from the United States or other countries. I do not think the Hon. Member would suggest that it would be in the interest of anyone, and certainly not in the Canadian national interest, to reveal publicly the nature of the means by which we come to that information.

The other thing I should point out is that with regard to our capacity to deal with and assert our sovereignty in northern Canada generally, as a result of 16 years of indifference and neglect by the former Government, when we came into office we were not as well prepared as we intend to become, but we are nonetheless in a position to have that kind of information to which the Hon. Member refers.

PROTECTION OF SOVEREIGNTY

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, I am not asking the Minister to disclose any secrets. This occurred last May 6. I am not asking about something that will happen tomorrow. Did the federal Government give permission to the United States Government for these U.S. submarines to pass through Arctic waters and, in doing so, do something to protect Canadian sovereignty in Arctic waters?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, once again, I do not propose to be drawn into the trap the Hon. Member is setting that would have the consequence of Canada identifying travel patterns of submarines of friendly countries in our waters. That is not in the interest of this country nor in the interest of our obligations. I will say that there are provisions in place that allow us to know the information and to assert and protect our sovereignty, and those provisions are respected.

[*Translation*]

AIRPORTS

DEVELOPMENT OF MONTREAL REGION

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I don't know whether we should call the new Montreal International Airport "Dorbel" or "Miraval", but I have a question for the Minister of State for Transport about the non-solution he announced yesterday. My question is as follows: Can we expect the Greater Montreal area to continue to suffer economically, compared with the Toronto area, as a result of having two weak airports instead of one strong one?

My question is as follows: is the Greater Montreal area not going to remain economically depressed, compared with the Toronto area, for having two weak airports instead of one strong one?

Hon. André Bissonnette (Minister of State (Transport)): Mr. Speaker, this particular solution was announced yesterday to remove, once and for all, the uncertainty about the future of Dorval and Mirabel, which was keeping back investors and preventing job creation.

If you look at the kind of investment we expect now that the mission of these airports has been clarified, you will see that 1,000 jobs can be created in the short term.

RECOMMENDATIONS OF CONCERNED PARTIES—GOVERNMENT POSITION

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, could the Minister inform the House how many jobs have been lost in the Montreal area, if we consider that the percentage of Canadian air traffic going through Montreal has dropped from 27 per cent to 14 per cent since Mirabel was opened? Why did the Government choose to ignore the advice of the City of Montreal, local municipalities and all economic sectors that it was necessary to have an airport at Dorval?

Hon. André Bissonnette (Minister of State (Transport)): The real reason why air traffic has dropped on certain routes to Montreal is the inconsistency of the policies of the previous Liberal Government. When the Liberal Government opened Mirabel, after spending half a billion dollars on its construction, it opened six gateways in Canada to intercontinental flights. That is where where the problem started. There, and nowhere else.

* * *

[*English*]

TRADE

UNITED STATES DUTY ON CANADIAN SOFTWOOD LUMBER

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is directed to the Minister for International Trade. Yesterday the

Chairman of the United States Coalition on Fair Lumber Prices said that he wanted a 25 per cent to 30 per cent duty on Canadian softwood lumber. The Minister also knows that this afternoon at three o'clock the same Coalition will issue a press release indicating that the Canadian offer is not acceptable. Will the Government of Canada capitulate again and raise the Government's final offer from 15 per cent to 25 per cent as has been demanded by the United States Coalition?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I have already answered similar questions in the House today by saying that we are not negotiating with the lumber producers in the U.S. The Government of Canada is dealing with the U.S. Department of Commerce on this issue and I have not had any information back from the Secretary of Commerce at this time.

MINISTER'S POSITION—CANADIAN PROPOSAL

Mr. Maurice Foster (Algoma): Mr. Speaker, I wonder why the Government is continuing to negotiate this cowardly agreement to establish an export tax on softwood lumber when already hundreds and hundreds of workers in the softwood lumber industry in northern Ontario are being laid off. Does the Government not simply weaken its case by continuing to negotiate a side deal with the American Coalition, knuckling under with a final offer at 10 per cent, then going to 15 per cent? Will it be 20 per cent or 25 per cent next while the industry is already being shut down?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, as I said previously in the House, our proposal contains a combination of measures which are designed to ensure that any revenues remain in Canada, that the provinces retain flexibility in determining stumpage pricing, that a dangerous precedent in U.S. countervail policy will be avoided, that the ability of the provinces to determine their own natural resource management policies will be unimpaired, and that Canadian sovereignty will not be infringed. Those are the reasons for adopting this approach.

* * *

• (1140)

AGRICULTURE

ASSISTANCE FOR GRAIN PRODUCERS

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is for the Prime Minister. It follows up an earlier question, and what he had to say about his commitment to western grain producers. On the first day after the Government announced its intention to do this outside the House, I asked the Prime Minister about the timing and urgency of it. The Prime Minister said that the Government intended to act "in the shortest possible time—"

That was clearly sending a message to western grain producers that the action would come, if not before Christmas, certainly in this fiscal year. Will the Prime Minister live up to that commitment, or was it all a big scam simply to win an election in Saskatchewan?

Mr. Mazankowski: What have you got against farmers, Ed?

Right Hon. Brian Mulroney (Prime Minister): What is it with the NDP always opposed to the interests of farmers? You do something, it's not enough. You do something, it's not fast enough. In point of fact, you are fundamentally opposed to a Government assisting farmers in this measure.

Mr. Speaker: Order, please. I would ask the Right Hon. Prime Minister to address his response through the Chair.

Mr. Mulroney: My apologies, Mr. Speaker.

The Government will act precisely along the lines of the undertaking that was given to the House of Commons.

Mr. Broadbent: When?

Mr. Mulroney: The Hon. Member who is shaking his head went into Saskatchewan. He said that the issue in the campaign, at least in his area, was going to be between his integrity and that of the Prime Minister, and look what happened to you.

Mr. Broadbent: And the people of Canada will be saying, look what happened to you, after the next election.

Some Hon. Members: Oh, oh!

Mr. Speaker: Order, please. Neither Member will be saying anything if they do not check the language that they are using. I do ask that all Members direct their remarks through the Chair.

PRIME MINISTER'S STATEMENT

Hon. Edward Broadbent (Oshawa): During the course of the election campaign when the Prime Minister said that the Government planned to act in the shortest possible time, would he not agree that a producer on the Prairies thought that would mean soon, that it would mean before Christmas, that it would certainly mean in this fiscal year? If that is the message that he wanted to send out, will he live up to that commitment and make sure that those hard-pressed producers on the Prairies get that money in this fiscal year? Will he give us that commitment?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I have done it before, and I have done it earlier today. As we indicated we would, we have worked with the farmers, the producers, and the provinces to make sure that this was done, as I had indicated, in the shortest possible time. That was the undertaking. The modalities of it will be announced very shortly, before Christmas, by the Minister of Agriculture.

Mr. Broadbent: Will they get the money in this fiscal year?

Mr. Mulroney: If Canada Post delivers it.

Mr. Broadbent: Is that a commitment?

Mr. Mulroney: Look at the Perry Masons over here. Of course they are going to get their money. We undertook that they would be getting money, and of course they will get it.

Mr. Broadbent: In this fiscal year?

Mr. Mulroney: My hon. friend refers to the next election. The NDP are always great when they are staggering from one moral victory to another. You are great until they count the votes. We will wait for you in the next election, particularly in western Canada.

Some Hon. Members: Hear, hear!

Mr. Speaker: The Hon. Member for Montreal—Saint-Marie.

[*Translation*]

Mr. Malépart: Thank you, Mr. Speaker. I will let Conservatives and New Democrats fight over third place in Quebec. We are No. 1.

* * *

UNEMPLOYMENT INSURANCE

MINISTERIAL ANNOUNCEMENT CONCERNING EARLY RETIREES

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): My question is for the Minister of Employment and Immigration. Yesterday and the day before the Minister promised he would have good news for the 50,000 early retirees. Today, after Question Period, will the Minister tell us whether he will honour his promise and commitment to announce the good news?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I did promise I would make an announcement today and I intend to do just that. I did not specify it would be ... well, I would not want to make a mistake, but the announcement will come later today.

REQUEST THAT GOVERNMENT TABLE STUDIES AND POLL RESULTS

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): A supplementary, Mr. Speaker. There were a number of inquiries during the Forget Commission study, so would the Minister be prepared to table the annualization concept studies directed by Mr. Paul Dickinson of his Department, as well as the various unemployment insurance public opinion polls taken by Decima and other firms since November 1984 which show that most Canadians would rather pay higher premiums than endorse unemployment insurance benefit cut-backs?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I am not sure which documents the Hon. Members has in mind. The Forget Commission of Inquiry did extensive research and received lots of documents. Generally speaking, documents provided by the Government are official. We will consider the Hon. Member's representations and make these documents public, unless federal legislation should prevent us from doing so.

* * *

CANADA MORTGAGE AND HOUSING CORPORATION

SALE OF LA CITÉ UNITS—LAY-OFF OF EMPLOYEES—GOVERNMENT POSITION

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, my question is for the Minister responsible for the Canadian Mortgage and Housing Corporation. The housing units LA CITÉ, which were supported by the CMHC, were recently sold to a private contractor who dismissed the employees and refused to recognize the union. Why did the Government not ensure that the employees would be protected in this privatization operation?

[*English*]

Hon. Stewart McInnes (Minister of Public Works): Mr. Speaker, a management company employed the employees in question. They have contractual provisions with respect to lay-offs. The Government was not involved in that contract, and has no control over that situation.

[*Translation*]

ESTABLISHMENT OF POLICY TO PROTECT RIGHTS OF UNIONIZED WORKERS WHEN PRIVATIZATION OCCURS—GOVERNMENT POSITION

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, I have a supplementary. Will the Government develop a policy to protect union rights in privatization operations to avoid a repetition of what happened at LA CITÉ, HABITAT 67 and Pointe-au-Pic, where the same problems occurred?

[*English*]

Hon. Stewart McInnes (Minister of Public Works): Mr. Speaker, the Government will always give the undertaking that it will be sensitive to the rights of employees in every situation. Having said that, all it can do is urge companies to be sensitive to the welfare of the individuals they employ. In this particular situation, this was done.

Oral Questions

AGRICULTURE

SOLICITATION OF FARMERS OFFERING GRANT GUARANTEE

Mr. Jack Scowen (Mackenzie): Mr. Speaker, my question is directed to the Minister of Agriculture. Most of the farmers in my constituency, and I understand in other parts of Canada, have received a letter and an application form from an individual in Ontario who guarantees that Canadian farmers will receive an annual grant of between $8,000 and $11,000 from the federal Government, if they fill in the application form and forward $20. How does the Minister advise farmers to respond to this proposition? I have brought it to the attention of the Department.

Hon. John Wise (Minister of Agriculture): Mr. Speaker, I appreciate the Hon. Member's question, and his co-operation in bringing this matter to my attention. I wish to inform the House, and indeed the country, that, thanks to the interest of the Hon. Member and other Members in the House, the officials in my Department are investigating this matter. I would suggest that farmers refrain from filling out the application form and submitting their $20 until this investigation is completed. Information is available on all government programs from any government Department for no charge, and I invite everybody to apply for such information.

* * *

[*Translation*]

MANPOWER

GOVERNMENT EMPLOYMENT POLICY

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, my question is for the Minister of Employment and Immigration. In the Forget Report, we find the following under recommendation 50:

A significant reduction should be made in the number of staff at national and regional headquarters.

During the first two years in office of the Conservative Government, 1,000 positions have been abolished. Last October 17, the Minister wrote and said that 1,200 jobs would be abolished this coming year. Yesterday, the Department informed the union representatives that, in 1988-89, 800 jobs will be abolished and that, in 1989-90, another 700 jobs will disappear. This makes nearly 4,000 jobs less. Why did the Government anticipate the Forget Report and eliminate these jobs and how will it be possible to maintain the quality of services provided in manpower offices?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, if we began two years ago, we certainly did not anticipate the Forget Report since the Commission was established a year and a half ago. Therefore, we began before the Commission was created.

Second, what the Hon. Member should say, as he is well aware, is that while positions have been abolished, very few people have lost their jobs. There are only a few dozens. I believe that the Government was very clear two years ago when it announced its employment policy. The President of the Treasury Board was very specific. Such policies are applied in the normal way. I repeat that the procedure used by the Department allows us virtually to eliminate the loss of jobs for the designated positions and to respect generally the classification level of the people now occupying those positions.

• (1150)

[*English*]

QUALITY OF SERVICE

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, Forget Recommendation No. 39 reads:

The Unemployment Insurance Commission should do more to inform the public, employers and employees about the program in general; about the requirements of the law, regulations and appeal process; and about the rights and responsibilities of claimants and appellants.

Line-ups are already long at the unemployment insurance offices. We have 1.2 million unemployed in Canada today. Employment counsellors are already working overtime. I talked to a few this morning. How can the Minister argue that the quality of service will remain the same, better, or improve in the years to come when he is cutting 4,000 jobs, which is one-fifth of all employees working in unemployment insurance?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, in my opinion, the Hon. Member is using a recommendation which applies to a much more general context in the report than the Hon. Member has suggested to state that the quality of services at employment centres is directly related to staff reductions.

I repeat that we are going to assess the recommendations contained in the Forget Report. We are not saying that those recommendations are good or bad, but simply that we want to take the time to evaluate them. It is much too early to establish a relationship between service efficiency and staffing reductions. In my opinion, there is absolutely no direct relation between the fact that a position is abolished and the quality of services provided to Canadians.

* * *

[*English*]

AGRICULTURE

ASSISTANCE FOR GRAIN PRODUCERS

Mr. Les Benjamin (Regina West): Mr. Speaker, I have a question for the Prime Minister. The tenor of his answers in this House on October 6 and 7, plus his answers today to my

colleagues, have led western grain producers, and all of us in this House, to understand and believe that at least a billion dollars "of good money" in the farmers' pockets, to quote the Prime Minister, would be provided for them in this fiscal year. Can we take from the Prime Minister's answer to my Leader a few minutes ago that that new money will be in the farmers' pockets in this fiscal year?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, now my hon. friend, as I understand what he said, is not referring to my answers. He is referring to what he describes as the tenor of my answers. The answers were that there would be action on behalf of farmers. There shall be, and the Minister of Agriculture will announce this very beneficial initiative no later than next week.

Mr. Broadbent: He has not said they are going to get the money.

An Hon. Member: Quit prompting.

Mr. Broadbent: Go and explain that in the west.

An Hon. Member: Devine said "this year".

Mr. Broadbent: Remember Pembina and what happened in Edmonton.

Mr. Clark (Yellowhead): Send Shirley Carr to Edmonton.

Mr. Broadbent: Go west on the weekend and explain this one.

Mr. Gauthier: Go outside and settle your differences.

An Hon. Member: He does not like money going to the farmers.

Mr. Clark (Yellowhead): Where do you want it to go to if not the farmers?

Mr. Speaker: The Hon. Member for Regina West.

TIMING OF PAYMENT

Mr. Les Benjamin (Regina West): Mr. Speaker, just so that our understanding is the understanding we have had since October 6, and we have had lots of announcements in this fiscal year, what I would like to know from the Prime Minister is whether the farmers will actually get the money in this fiscal year.

Mr. Nystrom: Yes or no.

Right Hon. Brian Mulroney (Prime Minister): I have responded to that a number of times. For some reason my hon. friend from Oshawa, with his Quebec lieutenant from Aylmer, gets upset—

Some Hon. Members: Oh, oh!

Mr. Mulroney: —when we take important initiatives designed to assist western farmers. I am sad and I know that western farmers will be dismayed at the spectacle of the NDP trying to throw red herrings on the floor. We announced an important initiative for western Canada. It will be implemented pursuant to the exact statement that I made in the House of Commons.

Mr. Speaker: The Hon. Member for Papineau.

Mr. Ouellet: Mr. Speaker, the way the Conservatives and the New Democrats are fighting today, it is not only for third place in Quebec, it seems that it is third place across Canada.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): Go outside and settle it. Let's get on.

* * *

[*Translation*]

COMBINES

AIRLINES—MERGERS—GOVERNMENT POSITION

Hon. André Ouellet (Papineau): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. Is the Minister aware that in less than two years seven major airline mergers have already taken place, the last of which—the CP Air takeover by Pacific Western Airlines—no doubt being the most important airline merger in Canadian history? Does the Minister intend to step in or ask the director of investigation to appear before the Canadian Transport Commission to defend consumer interests and hopefully prevent that merger?

[*English*]

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, as the Hon. Member knows, under the new Competition Act passed in June the Director of Investigation and Research has the mandate to look at all mergers to see their impact on competition in the country. I am informed that he and his officials are looking into the questions which the Hon. Member has raised.

[*Translation*]

CONTROL OF 90 PER CENT OF MARKET BY TWO MAJOR AIRLINES—GOVERNMENT POSITION

Hon. André Ouellet (Papineau): Mr. Speaker, I appreciate the Minister's answer, and I would like to know if he is personally satisfied, as the Minister of Transport seemed to be earlier in this House in answering my question, that only two major airlines in Canada should control something like 90 per cent of our market. Is that situation acceptable to the Minister of Consumer and Corporate Affairs?

[*English*]

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, as the Hon. Member would know, under the new Competition Act it really is not up to the Minister of Consumer and Corporate Affairs. The Director of Investigation and Research has a mandate from Parliament to conduct those investigations and make those conclusions. If he feels that the matter is detrimental to the interests of consumers, then he can refer it to the Competition Tribunal. It is totally within his hands and it would be most inappropriate, indeed, illegal under the law for me to intervene personally.

* * *

APARTHEID

SOUTH AFRICA—WITHDRAWAL OF CANADIAN VISA SERVICES

Mr. Reginald Stackhouse (Scarborough West): Mr. Speaker, my question is for the Secretary of State for External Affairs. The withdrawal of Canadian visa services in South Africa is causing unintended confusion and possible hardship to people of all races, some of them coloured, who want to visit their relatives in Canada. Without injury to our campaign against apartheid, what action can the Minister take to assist people of all races who want to have a chance to visit their families here?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, that action taken by Canada was a direct and considered consequence of discussions within the Commonwealth. We know that it creates some hardships for South Africans, but we believe that that is one way in which the absolute disapproval of the people of Canada for the regime of apartheid can be made manifest in South Africa. Obviously what we are trying to do is to demonstrate to anyone with influence upon the policies of the Pretoria Government how repugnant those policies are to other countries of the world. This is a measure which makes a small contribution to that end.

* * *

ABORIGINAL RIGHTS

LOGGING OPERATIONS ON DEER ISLAND

Mr. Ray Skelly (Comox—Powell River): Mr. Speaker, my question is for the Prime Minister. There is a situation on Deer Island in which native people are trying to prevent logging of a very sacred area. Would the Prime Minister ask the Minister of Indian and Northern Affairs to intervene immediately in the dispute to see if the Government of Canada will apply what resources are necessary to see that that island is returned to the native people?

Mr. Stan Schellenberger (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, the Kwakiutl Band presently has a comprehensive claim before the Government. The Minister will shortly be making a decision on that claim. The matter is presently before the courts which will be making a decision, hopefully in the near future.

• (1200)

RISK OF IMPRISONMENT FOR INDIAN PEOPLE

Mr. Ray Skelly (Comox—Powell River): Mr. Speaker, my supplementary is directed to the Prime Minister. He will know there is presently a confrontation taking place in that area. The land the natives are attempting to defend is clearly theirs. It contains aboriginal burial grounds and is very sacred to those people. Will the Prime Minister have the Minister intervene immediately so they do not wind up in jail defending land which properly belongs to them?

Mr. Stan Schellenberger (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, the Minister is very concerned about that situation. Injunctions are being sought by both the logging interests and the native people themselves to see whether a decision can be reached through the courts. We would rather that it be reached through a proper land claims study. That proposal is being actively considered by the Minister.

* * *

REFUGEES

SITUATION OF IRANIAN IN UNITED STATES—REQUEST FOR ADMISSION TO CANADA

Mr. Sergio Marchi (York West): Mr. Speaker, my question is directed to the Minister of State for Immigration. It concerns the ongoing struggle of the 25-year old Iranian student who probably faces death when he is deported to Iran. I spoke with that person's lawyer in Washington. He has introduced a new and important element into the case by way of a letter dated December 3 from the UN High Commission on Refugees. It says: "Because of Mr. Moatamedi's long stay in the United States he will be regarded with suspicion by Iranian officials. Moreover and more importantly, he may well be exposed to both harassment and persecution".

How much more evidence do the Minister and his Government require before they act compassionately and allows Canadians in Yarmouth, Nova Scotia, to sponsor this man as a refugee? Why is the Government so against saving one human being's life?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, my hon. colleague has been told on several occasions that before a person can be sponsored as a

refugee, that person must be acceptable as a refugee. He has been told on several occasions that the person he is referring to cannot be considered as a refugee under the terms of the Convention. That is something which must be respected. Apparently, the Hon. Member is trying to cast some doubts in the mind of Canadians while knowing very well that this Iranian cannot be accepted in Canada, not being recognized as a refugee.

[*English*]

GOVERNMENT POSITION

Mr. Sergio Marchi (York West): Mr. Speaker, Canada played an integral role in saving American hostages in Iran, yet it cannot save the life of one Iranian in the U.S. Time is running out. The U.S. has booked this man's return flight to Tehran for January 7. Therefore, will the Minister either grant refugee status to this man, issue a ministerial permit, or allow Canadians to sponsor him? Or is he prepared to condone a pathetically weak and inhumane Reagan-style refugee policy?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, all the information we have received from the United States both from our own officials and those of the American Government, have convinced and persuaded us that the person he is referring to is not at all in danger presently and therefore cannot be issued a refugee permit, for it is granted only to people who are in danger. I just do not know how I can explain that to him, but that individual cannot enjoy a special status because he will not be in danger if deported by the United States.

ROUTINE PROCEEDINGS

[*English*]

Mr. Speaker: Tabling of Documents.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I move, seconded by the Hon. Minister of Justice (Mr. Hnatyshyn):

That the House do now proceed to Orders of the Day.

Mr. Speaker: The question is on the motion of Mr. Mazankowski, seconded by Mr. Hnatyshyn, that the House do now proceed to Orders of the Day.

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

Mr. Speaker: All those in opposed please say nay.

Some Hon. Members: Nay.

Mr. Speaker: In my opinion, the yeas have it.

And more than five Members having risen:

Mr. Speaker: Call in the Members.

The House divided on the motion (Mr. Mazankowski) which was agreed to on the following division:

(*Division No. 33*)

YEAS

Members

Bernier
Bissonnette
Bradley
Brightwell
Browes
Cadieux
Clark (Yellowhead)
Clinch
Collins
Crofton
Crouse
Darling
Daubney
Duplessis
Edwards
Fennell
Gottselig
Gravel
Greenaway
Hamilton
Hawkes
Hicks
Hnatyshyn
Jardine
Johnson (Bonavista—Trinity—Conception)
Joncas
Jourdenais
Kempling
Kindy
King
Landry
MacDonald (Kingston and the Islands)
MacDougall (Timiskaming)
Mailly
Marin
Mazankowski
McCain
McInnes
Merrithew
Nickerson
O'Neil
Plourde
Redway
Reid
St-Julien
Schellenberg (Nanaimo—Alberni)
Schellenberger (Wetaskiwin)
Scott (Hamilton—Wentworth)
Scowen
Siddon
Stackhouse
Thacker
Towers
Valcourt
Van De Walle
Vézina
Vincent
Weiner
Wilson (Swift Current—Maple Creek)
Wilson (Etobicoke Centre)
Wise—61

NAYS

Members

Althouse
Benjamin
Blackburn (Brant)
Cassidy
de Jong
Foster
Gauthier
Grondin
Isabelle
MacLellan
Malépart
McCurdy
Nystrom
Ouellet
Skelly
Waddell
Young —17

[*Translation*]

The Acting Speaker (Mr. Paproski): I declare the motion carried.

Motion (Mr. Mazankowski) agreed to.

The Acting Speaker (Mr. Paproski): Orders of the day.

• (1240)

GOVERNMENT ORDERS

[*English*]

PATENT ACT

MEASURE TO AMEND

The House resumed from Tuesday, November 25, consideration of the motion of Mr. Andre that Bill C-22, an Act to amend the Patent Act and to provide for certain matters in relation thereto, be now read a second time and referred to a Legislative committee; and of the amendment of Mrs. Killens (p. 1378).

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, it is very pleasant to be so wholesomely welcomed by my colleagues for my participation in this debate. Of course, we are now debating Bill C-22 under the constraints of time allocation. As I indicated yesterday, I understand that the Government would want to limit the exposure through debate of the actions contemplated as a result of the passage of this Bill. If I headed a Government under such severe attack from consumer groups, senior citizens, retirees, provincial Governments and women's organizations I, too, would be led to conclude that a preferable course of action to follow would be to limit debate as this Government has done.

If I were in the Government I would be reading headlines on editorials with respect to Bill C-22 such as the following: "Patently Wrong", "Patent Weakness", "Selling Patent Law Changes", "Drug Price Deceit Backfires on Feds", "Truth and Consequences", "Don't Swallow the Tory Drug Bill Line", "Tories' Medical Drug Bill a Big Mistake", "Case Not Been Made for Altering Drug Laws". If I were to read such headlines I would consider that what we have here is a poor prescription.

The Prime Minister (Mr. Mulroney) talked about a drug crisis. The only drug crisis in Canada right now is the drug crisis being experienced by the Government. In looking at the circumstance and reflecting upon the severe pressures under which the Government now works, one wonders what could have impelled it to suggest this legislation in the first place.

We have in place in Canada, through compulsory licensing, an arrangement that has benefited Canadians to a huge extent. It is an inherent part of our general policy with respect to health care in which the emphasis is not on profits, pardon me, but on the welfare of the Canadian people.

One should reflect upon the circumstances which in the first place led to legislation introduced in 1969 which provided amendments to Section 41(4) of the Patent Act. Circumstances previous to 1969 are well documented. The Restrictive Trade Practices Commission and the Hall Royal Commission on Health both looked at the fact that in Canada at that time we had among the highest drug prices in the world. If they were second to any country they were second only to the United States. So severe were the circumstances that no solution could be seen except to find some means of increasing competition in the prescription drug market. What we want to emphasize here is that not only were the multinationals making huge profits but they were doing so in absolute exploitation of the purchasers of prescription drugs.

Given the arguments of the Minister of Consumer and Corporate Affairs (Mr. Andre), one would expect that there must have been at that stage of the game tremendous investment in research and development in Canada. But the fact is, and the record shows, and shows clearly, that the multinational drug companies, consistent with the pattern of multinationals in Canada, made no investments in research and development, made no contribution to university basic research.

This legislation will eliminate for all intents and purposes the 10 to 17-year compulsory lisencing provisions as compared to the situation which we have now. This is a subject to which I would like to return later.

I would like to review the results of compulsory licensing insofar as they have benefited the consumer and drug plans, be they private or provincial, and how they have made a significant contribution to the health care system. The Eastman Report, which was by far the most thorough examination of the drug industry in Canada, reached the conclusion anticipated by the Harley committee, a special parliamentary committee, that compulsory licensing would benefit the drug consumer, and it did. It resulted in having, instead of the highest, among the lowest drug prices in the world. So effective was this system that it became the model that was looked to by a number of countries in their search for policies which would restrict the huge profits and the high prices experienced elsewhere.

I wish to point out that most of the industrialized countries in the world have some type of restrictions on prices and profiteering. But in most cases they have proved unsatisfactory. It is notable that among those which have looked to Canada as a prospective model was a chairman of a congressional committee, Congressman Henry Waxman, who said that if the industry cannot contain its greed, then perhaps Congress should look to programs in countries such as Canada and Europe that have succeeded in holding down prices.

• (1250)

Let me remind you, Mr. Speaker, that the result of the Congressional study was the enhancement of the competitive position of generic manufacturers in the United States, a matter that has caused multinational members of the Pharmaceutical Manufacturers Association of the United States considerable chagrin. They have seen the handwriting on the wall and have reached the conclusion that the Canadian model is one likely to be copied elsewhere. So the attack is not on the Canadian system as much as it is a defensive action designed to ensure that Canadian legislation will not be brought to other countries in the world and adopted at their cost.

I should also point out that the present arrangement in Canada has not led to a decrease in profits. It has not led to a decrease in job creation. In fact, jobs have been created both in the patent pharmaceutical companies as well as in the generic companies. Profits in the drug industry in Canada, for both the generic and major patent drug manufacturers, have remained high. Not only have they remained high but they are higher than the profits of most industries in Canada and comparable to the profits of industry in the United States.

I have reviewed the fact that Eastman indicated in his commission report that there was no real need for change and that the generic drug industry which has grown up under compulsory licensing has benefited Canada. If this is so, why in the world has the Government seen fit to tinker with a piece of legislation in a way that is not supported by anyone but the Government and the Pharmaceutical Manufacturers Association of Canada. Let us not hide the fact that the Pharmaceutical Manufacturers Association of Canada is a mere arm of the Pharmaceutical Manufacturers Association of the United States. It has been backed and backed forcefully by the United States Government.

There can be no doubt that when Ronnie and Brian got together back in 1983, Ronnie said, Brian, we're going to have to do something about this situation if you want to have the fast track for the free trade talks. Brian said, in a typical smooth—

Some Hon. Members: Order!

Mr. McCurdy: The Prime Minister (Mr. Mulroney) said, with typical smooth talking obsequiousness, Yes, sir, we have to change this because I do not want you to be unhappy. I want to talk. Hey, how about an energy program? How about softwood lumber? How about hogs? How about a few other things? We will give you anything you want. Take the Auto Pact. Oh, but I want this drug Bill changed first, said Ronnie. Well, Mr. President, we will get on to it pretty quick.

The Government was not quite fast enough. Mr. Bush, the Vice-President of the United States, who just happens to be a former Vice-President of Eli Lilly, said, look, you are going to have to hurry up and do something about this because my folks down in the United States are awfully unhappy about the fact that Canadians have policies that benefit Canadian citizens and not Americans.

As a matter of fact, the Chairman of the President's Advisory Committee on Trade, Mr. Pratt, who is also the Chairman of the Board and Chief Executive Officer of Pfizer, had the ear of our ambassador in the United States. He had the ear of the President, and by God, he said, look, we have to have something done about this because we are not making enough money up here. Those folks expect us to modify our hunger for profit in a way that would contribute to the availability of drugs for Canadians. Those generic manufacturers up there are making medicine available to sick people cheap. That is an awful situation.

Then along came Mr. Yeutter in the spring who said, look now, Brian—

Some Hon. Members: Order!

Mr. McCurdy: I mean Mr. Prime Minister. He probably said, Mr. Speaker, through you to Brian, my patience is wearing thin.

An Hon. Member: So is ours.

Mr. McCurdy: And, by God, the Government jumped. Now we have before us a Bill that is more appropriate to American interests than to Canadian interests.

The third group of people the Government claims supports this Bill is that of scientists. I talked to some of those scientists who said that this Bill would be good for research. I asked one of them, can you tell me something? Yes, Howie, he said. What is in this Bill that provides for research? Well, I don't know. I said, could you not find anything? He said, no, I looked. I couldn't find anything but the Minister says it is there. I said well, you had better look at the Bill a little more carefully, my dear colleague, because if you look at the Bill very thoroughly and carefully you will find not a word in that Bill that provides for research, or for any investment in research.

It is true that some drug companies have said that they will expend more money on research, but what kind of research will they be doing? Let us look at Parke-Davis. Parke-Davis will study the safety of new drugs and the development of dosage and will do clinical research that will allow Canadian doctors access to drugs at the earliest possible stages. That would happen under the requirements for licensing in Canada in any event.

Similarly, Upjohn Canada expects to renew a multibillion dollar contract with Victoria Hospital in London for clinical research and for quality control and it will also invest in expanded offices. Offices are not where scientists work.

Mrs. Browes: Mr. Speaker, I rise on a point of order. I would like to bring to the attention of the Hon. Member that Parke-Davis happens to be spending $45 billion and creating 15 jobs in my riding, and I am damned proud of it.

Some Hon. Members: Hear, hear!

The Acting Speaker (Mr. Paproski): That is not a point of order, it is a point of debate.

Mr. McCurdy: I am not surprised that that poor little Member believes what she has been told.

An Hon. Member: Chauvinist!

Mr. McCurdy: The fact is that she is expected to believe, and my God she does believe, that these manufacturers that did not spend a penny before 1969 will suddenly start throwing money in. If they do, it is possible that there is a reason for it.

Patent Act

The Acting Speaker (Mr. Paproski): Order. Before I call it one o'clock, I believe the Hon. Member for Ottawa—Vanier (Mr. Gauthier) would like to ask a business question. The Hon. Member for Windsor—Walkerville (Mr. McCurdy) will have two minutes left for debate plus 10 minutes for questions and comments when we return at two o'clock.

* * *

[*Translation*]

BUSINESS OF THE HOUSE

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I should like to ask the House Leader and Deputy Prime Minister (Mr. Mazankowski) what business he intends to call for Monday, Tuesday, and perhaps Wednesday.

[*English*]

Mr. Mazankowski: Mr. Speaker, indeed I can. On Monday we will continue with Bill C-25, the privatization of Canadair Bill. That will be followed by Bill C-23, the Income Tax Act and Bill C-18, the national transportation Act. Tuesday will be an allotted day and Wednesday will also be an allotted day.

Mr. MacDougall: Mr. Speaker, I wonder if I could have agreement from all three Parties to introduce our Standing Committee's report to the House at this time.

The Acting Speaker (Mr. Paproski): Is it so agreed?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mr. Paproski): It being one o'clock, I do now leave the chair until two o'clock this day.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

GOVERNMENT ORDERS

[*English*]

PATENT ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Andre that Bill C-22, an Act to amend the Patent Act and to provide for certain matters in relation thereto, be now read a second time and referred to a legislative committee; and the amendment of Mrs. Killens (p. 1378).

The Acting Speaker (Mr. Paproski): When the House rose at one o'clock the Hon. Member for Windsor-Walkerville (Mr. McCurdy) had the floor. Since he is no longer in the Chamber, I recognize the Hon. Leader of Her Majesty's Loyal Opposition.

Right Hon. John N. Turner (Leader of the Opposition): Thank you very much, Mr. Speaker. The procedure has got a little accelerated, and we understand and appreciate that. As a matter of fact, I am glad Stanley Knowles is here to listen to my speech.

I rise to speak on this legislation because we believe it is bad legislation. It does not do what the Government says it will do in terms of increased research and development. It does not create more jobs, it does not give Canada a new and larger variety of drugs, and it will not give us better drugs. It definitely will give the country higher drug prices. Despite what the Minister has stated, prices will go up. They will not go down.

The Minister is fond of saying in one breath that prices will not go up, "not one cent", he said. Then in the next breath he announces additional support of some $100 million for the provinces over a period of four years to accommodate higher drug prices. The Scottish have a great phrase for that, and only you, Mr. Speaker, would understand it, "You can't blow hot and cold". This is what this Minister has attempted to do.

Some estimates put the cost to Canadians of removing generic competition, as this Bill will do, at upwards of $4.73 billion over the next 10 years. Dr. Eastman states in his report that in the year 1983 alone Canadians saved $211 million as a result of generic competition. Dr. Eastman has said repeatedly that there is no doubt that prices will rise as a result of this Bill. It is simple logic. If the presence of generic drugs is what has kept drug prices down over the last 15 years, then if you remove the bite of that generic competition, it is inevitable that drug prices will rise. They will rise as a result of the withdrawal of that immediate competition. Everybody in the House understands that. I believe that most people in the country understand it. The only person who does not understand it is the Minister of Consumer and Corporate Affairs (Mr. Andre), who keeps on insisting that it will not be the case.

When we challenged him with Dr. Eastman's statements that indeed prices would rise, the Minister referred us to that famous interview that he and Dr. Eastman had conceded to CBC's *As it Happens* on November 19, in which he and Dr. Eastman agreed, according to the Minister, that prices would not rise. To a certain extent, I sympathize with the Minister's position. He got flustered here in the House and he stated that the CBC had fabricated the interview. He was worried that perhaps the tapes had been interfered with. We tried to put the conversation together, the direct question from the journalist and the direct response from Dr. Eastman. Perhaps when the issue gets into committee we can call a few witnesses and find out exactly what happened to that great conversation.

I would like to quote what Dr. Eastman said in the interview:

The entry of generics which pushed down prices would be somewhat delayed, and therefore the average prices would be higher than they would be under the present legislation.

That is found at page 5 of the transcript of that delicious interview involving the Minister and Dr. Eastman.

Who was the Minister trying to kid? Does he think that Canadians cannot add. Does he think that the country does not understand the forces of competition, and the forces that are being diluted under this particular Bill? Does he think that he can fool people into believing that the legislation will not have the effect of raising the cost of medication for the sick, the elderly, the handicapped, those confined to nursing homes, and those in need of chronic care? Who really does he think still believes him?

[*Translation*]

Mr. Speaker, in 1969 I had the privilege of introducing amendments to the Patent Act. I was Minister of Justice at the time, and I had the privilege of being Canada's first Minister of Consumer and Corporate Affairs. Mr. Pearson, Prime Minister of our country at the time, had been persuaded to establish a department to protect the Canadian consumer. One of the first pieces of legislation introduced by the new department was the Bill aimed at putting certain restrictions on patent protection in order to stimulate competition in our country. We introduced this legislation because at the time, the price of drugs in Canada was exorbitant. In fact, Canadians were paying the highest prices in the world for their drugs.

Mr. Andre: You were wrong then and you're wrong now!

[*English*]

You were wrong then, and you are wrong now.

[*Translation*]

Mr. Turner (Vancouver Quadra): Mr. Speaker, the Minister says I was wrong then and that I am wrong now, but I had the advantage of being far better briefed and better prepared than the present Minister, that is obvious. Mr. Speaker, I mean no offence to the officials in his department, but I have the impression that although his officials are on top of their subject, they are incapable of briefing the Minister on the facts and national policy. That is the problem. I am sure his officials are experts, but the Minister's answers are patently amateurish. Our present system is the envy of countries throughout the world. The U.S. Department of Health is making enquiries here in Canada, to find out why our drug prices are among the lowest and the most reasonable in the world. The U.S. Department is looking at our Canadian legislation, at the same time this Minister is changing that legislation and about to risk the consequences. It is incredible. Why is he doing this?

Mr. Speaker, the percentage of funds spent on research and development in relation to sales figures since 1969 did not drop as a result of the 1969 changes in the legislation. In fact, it increased 3.6 per cent. In fifteen years it had risen to 3.9 per cent, by 1983. In fact, before 1969, before those amendments, no one was in a hurry to increase research and development in Canada.

What makes the Canadian Government believe there will be more research from here on in? The Government seems to think that somehow people who speak up against this Bill are opposed to medical research. That statement is nonsense because, in the 40 years before 1969 when the present law was passed and foreign companies were covered by the kind of protection advocated in this Bill, no new drugs were produced in this country. The pure and simple fact is that those companies will go on doing research in their own countries, as they have always done, and this Bill will only help them make more profits by restricting competition.

• (1410)

[*English*]

I notice that the Minister has left the Chamber—

Mr. Andre: I am here.

Mr. Turner (Vancouver Quadra): I am glad he is listening, Mr. Speaker. He is taking some valium back there, I think. The Minister's own private medical needs will be accelerated as a result of this situation. I do not know whether he is going out for a smoke or whether he has had a long day, but I am delighted that he is listening. He is behind the curtain, which is the kind of government we have.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): The Government of the silent curtains. The Minister is back there and I am glad he can hear us.

Dr. Eastman pointed out that research and development in Canada is not likely ever to be at high levels because we have a relatively small domestic market. I might say, and I want to be quite clear, that members of our caucus—and this was endorsed by a Party resolution last weekend—support the recommendations of Dr. Eastman. We believe there should be a balance between protection of intellectual property and cost to consumers, and we believe that Dr. Eastman achieved that in his report. He analyzed the effect on research and jobs on the one hand and on the price and cost to Canadian consumers on the other. We thought at one time that the Government was going to accept the report, but it has abandoned the report's recommendations. During the course of this debate in the House and in committee we will be proposing and advancing amendments that will reflect Dr. Eastman's recommendations.

The Minister argues that higher drug prices for the multinationals will create 3,000 new research jobs in Canada. But there is no commitment in the legislation. Indeed, it is not mentioned anywhere. It is a secret deal the Minister says that he has with the multinationals.

Mr. Foster: Gullible.

Mr. Turner (Vancouver Quadra): Yes, I think the Minister may be gullible. He has it in his pocket. He has those secret deals. We are going to have that research. It is another behind the curtain deal or wherever those deals are made.

Mr. McCain: You know, you have been there.

Mr. Turner (Vancouver Quadra): We suspect that most of the deals for this legislation were made in Washington. They were certainly not made here in Ottawa, Toronto or Montreal. He says that the multinationals will put $1.4 billion into research in Canada over the next 10 years. On the other hand, Mr. Speaker, it will cost Canadians an additional $4.7 billion in higher costs over the same period. We have estimates that indicate that that will cost the country 9,000 jobs. In other words if we put the Minister's 3,000 jobs against the 9,000, we will have a net loss of 6,000 jobs. In any event, I have enjoyed watching the Minister of Consumer and Corporate Affairs in the House. He has been handling hot coals, trying to bounce them around hoping he will not get burned. But from where did the pressure come, particularly the change in the legislation from June until—

Mr. Redway: Did you check it out with George Shultz?

Mr. Turner (Vancouver Quadra): As I said to my friend, I am a good friend of George Shultz, but he is not my boss as he is to the Members over there. Not only have we checked it, we have had the American multinationals on television saying that they knew the law before Canadian companies and Canadian consumers did.

Mr. Redway: What about Keith Davey?

Mr. Turner (Vancouver Quadra): Keith Davey is an amateur compared to Dalton Camp.

Some Hon. Members: Oh, oh!

Mr. Turner (Vancouver Quadra): The Hon. Member ought to concentrate on his own particular purview and ambitions. See what you can do in that great caucus of yours on capital punishment. Stick to that and we will talk about some of the wider issues.

The Minister and the Government have capitulated completely to an American lobby. The American Pharmaceutical Manufacturers Association had an indication of what was in this Bill before Parliament, before Canadian industry and before the Canadian Consumers Association did. They knew because it was a priority. The chairman of that Association in the United States also sits on the U.S. advisory committee on free trade.

Mr. Yeutter, the U.S. trade representative, listed among his five priorities in these free trade negotiations a better deal for American pharmaceutical companies in Canada. We now know the reason the law was changed between June and today and why this legislation has the priority it does for the current Government. The elderly, the sick, the handicapped, those who are not protected by plans and are vulnerable to any rise in prices have been sacrificed and made hostages to the free trade negotiations with the United States.

The story continues. It began on softwood lumber. There was a final offer of 10 per cent, then another final offer of 15 per cent. The American lumber coalition is now wanting 25 per cent. But our Government, weak-kneed, with no guts and no sense of principle yielded before it ever sat down with the United States on the National Energy Program. It diluted the Foreign Investment Review Act, it gave way on lumber, on publishing and it has now given away on drug prices.

As I say, the hostages to that negotiation with the United States are those who are least able to protect themselves, the aged, the sick, the handicapped, those in nursing homes and those needing medical care. When Uncle Sam says "jump", the Prime Minister (Mr. Mulroney) and his colleagues ask "how high and how far". There is no doubt in anybody's mind that the only reason the Government is prepared to sell out with this Bill is to keep the Americans happy and the Prime Minister's personal free trade agenda on track.

• (1420)

I do not know whether that close relationship between the President and the Prime Minister still obtains. I do not know whether the President's current travails in Washington will cause our Prime Minister to look for ways to put some distance between himself and that special relationship. Only time will tell. However, I suggest it is time for our Government to show some backbone in its negotiations with the U.S. on trade.

We on this side of the House feel one of the sacrifices made to keep those negotiations going was this legislation. When the Bill gets into committee we look forward to putting the kind of questions to the Minister that we have been putting to him in the House. We hope he is able to buttress the contentions he has been making in this House with some solid evidence.

As well, and the Minister may consider this irrelevant and a distraction, but I think it might be useful to get some of the tapes of the famous interviews he has had and have them played for the committee. We could have CBC representatives describe how those tapes were fabricated. We would like to get some solid evidence of the very close personal relationship which must now exist between Dr. Eastman and the Minister. We could ask Dr. Eastman how he intends to be the head of the Drug Prices Review Board when he is so solidly backed and reinforced by the Minister.

We do not have the numbers in this Chamber to back up our very strong views on this legislation. However, we do enjoy a free Parliament and unfettered public opinion. We can hardly wait for the Minister to have his opportunity to defend this legislation before the committee and before the forum of public opinion.

Mr. Andre: Point of order.

Mr. Redway: Point of order. Mr. Speaker, perhaps the Right Hon. Member, his party, and the House, will unanimously agree to allowing me to put a question to him.

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Andre: I wonder if the Right Hon. Leader of the Opposition (Mr. Turner) would consent to one short question?

Some Hon. Members: No.

Mr. Andre: I was just asking if the—

The Acting Speaker (Mr. Paproski): Is the Minister asking a question or standing on a point of order?

Mr. Andre: Yes, just one short question.

The Acting Speaker (Mr. Paproski): Before the Hon. Minister asks the question I must have unanimous consent.

Mr. Turner (Vancouver Quadra): If you want some advice I will be glad to give it to you privately, Andre.

The Acting Speaker (Mr. Paproski): Is there unanimous consent?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Andre: Then debate.

The Acting Speaker (Mr. Paproski): The Hon. Member for Ottawa West (Mr. Daubney).

Mr. Andre: On debate.

The Acting Speaker (Mr. Paproski): On debate?

Mr. Andre: Yes.

The Acting Speaker (Mr. Paproski): The Hon. Minister of Consumer and Corporate Affairs (Mr. Andre) on debate.

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, the question I was going to ask—

Mr. Ouellet: Point of order. He has already spoken.

The Acting Speaker (Mr. Paproski): Order, please.

Mr. Andre: This is on the amendment, Mr. Speaker.

The Acting Speaker (Mr. Paproski): Before anyone else rises on a point of order, the Hon. Minister spoke on the main motion but not on the amendment. He is entitled to speak on the amendment. I recognize the Hon. Minister on debate.

Mr. Andre: Mr. Speaker, in 1968, when the Right Hon. Leader of the Opposition (Mr. Turner) was proud to bring in changes to the Patent Act, he said that drug prices in Canada were the highest in the world.

Mr. Turner (Vancouver Quadra): Among the highest, I said.

Mr. Marchi: Next to the States.

Mr. Andre: Next to the States. Actual expenditures in 1968 in Canada on drugs were 84 per cent of the estimated cost of those drugs in the U.S. That comes from the Eastman report.

Mr. Turner (Vancouver Quadra): I said they were among the highest.

Mr. Andre: In fact I have a paper prepared by Dr. George Platt, an employee of the Government at the time the Right Hon. Leader of the Opposition was Minister of Consumer and Corporate Affairs. That paper points out that the investigation carried on by the Department and the various commissions and committees that looked into drug prices was based on false data. That data was supplied by the then Restrictive Trade Practices Commission which claimed that prices in Canada were higher than they were in the U.S. Based on that false data people worked themselves up into a lather, including the then Minister of Consumer and Corporate Affairs, now Right Hon. Leader of the Opposition, and he removed patent protection.

Canada was the second country to do that, the first being Mussolini's Italy which changed back in 1955. The fact is that prices in Canada at that time were 84 per cent of what they were in the U.S., or about the same ratio that exists today. Very little happened, except we removed patent rights.

The Right Hon. Leader of the Opposition talked about the savings Eastman identified. He said in 1983 there were savings of $211 million. That is in Table 7.7 at page 315 of the Eastman Report. There were 32 generic drugs in Canada at that time which generated this $211 million. I asked my Department what would happen if Bill C-22 were in place in 1983, what would be the savings? The savings would be between $230 million and $366 million. The savings would have been greater because of Bill C-22 in 1983 than under the existing system.

Some Hon. Members: Oh, come on.

Mr. Andre: I will explain why. If the gentlemen who have so much to say and who have not read the Eastman report, upon which they are apparently basing their position, would look at Table 9.3 which lists those 32 drugs, they will find that every one of those drugs except one would be past the ten-year market exclusivity period. There would be generic competition under Bill C-22 for 31 of those 32 drugs. Only one drug would not have a generic competitor in 1983. However, there would have been in lace a Drug Prices Review Board to hold down the price of the 80 per cent of drugs where there was no generic competitor, single source drugs, to the cost of living.

The savings there would far more than compensate for any loss of savings because of that one single drug.

Let us talk about that one single drug because it is an important drug. Cimetidine, its brand name being Tagamet, was discovered by Smith Kline & French. It has been very useful in treating peptic ulcers. Introductin of that drug saved $130 million a year in hospitalization costs because people with peptic ulcers are not required to go to hospital as frequently, not to mention lost time and comfort and so on. SKF made a lot of money on that drug, no question, but it saved Canadians a lot of money. The generic competitor came along and drove SKF out of business, basically. They were the third or fourth largest drug manufacturer in Canada and now they are way down the list. They shut down their facilities and laid off I do not know how many people. They shut down their research activities. That cost has not been factored in here anywhere.

Before the Right Hon. Leader of the Opposition rants on about his billions in costs he ought to look at the facts. He ought to pick up the Eastman Report and read it. He would find that those 32 drugs would be generic competitors under our scheme as well. He ought to ask the people of Montreal if they said "bye, bye, and good riddance" to Smith Kline and French when they shut down their plant and laid off those people.

• (1430)

Let us talk about what Dr. Eastman said or did not say. Dr. Eastman wrote a letter to *The Globe and Mail* which reads as follows:

> Mr. Andre says that the changes will not cause the prices of the new branded drugs to rise above the levels at which they are introduced in the market. I agree.

Those are Dr. Eastman's words. He agreed. He goes on to point out a fact that no one has mentioned here. He says:

> I would emphasize the importance of the Drug Prices Review Board. I would not have agreed to the chairman of the Board if I had thought that it would be ineffective.

Why has no one mentioned that? What about that research?

The Leader of the Opposition seems to think that it does not matter that generic competition will cause a few jobs in research to be lost because it will save so much money which will create other opportunities. Let us suppose we allowed generic book publishing in Canada, that anyone could publish any author they wanted to, provided they paid a 4 per cent royalty. Undoubtedly we would save hundreds of millions of dollars. Using the arithmetic of the Leader of the Opposition, those hundreds of millions of dollars would be generating jobs and there would be a tremendous boom. There would be no Canadian authors, but I suppose some would say that most of our authors are foreign anyway. We would be saving hundreds of millions of dollars, but we would be stealing the creations of our authors and that would be wrong.

It is just as wrong to tell people who have discovered cures for peptic ulcers, treatments for arthritis, or heart drugs which will save thousands of lives, that we are going to encourage people to copy their discoveries and prevent them from earning substantial amounts of money because, although we are grateful to have the drugs, we think it is horrible that they want to make a profit on their discovery and we will not allow them to do that. I defy anyone in the House to say that that is a stand of strong moral principle. That is a corrupt stand.

I do not know how many people involved in the medical field I have talked or written to. However, I know that they wonder about a country which is grateful for research done on cancer, Alzheimer's disease, or heart disease, but will not give them the same legal protection given someone who develops a new camera or a better mouse trap, who writes a book, or puts a trademark on a product. They wonder about a country which will not do the same for someone who has discovered a life-saving drug as it does for those who make other discoveries. How can we in all honesty deny scientists patent protection?

I visited UBC where the Terry Fox Foundation and the Welcome Foundation have jointly set up Pacific Pharmaceuticals. That is in the constituency of the Leader of the Opposition. That business has been established at UBC to do research into cancer. They believe it is essential to have patent protection to justify that expenditure. They have hired some staff and are getting letters from Canadian scientists living in California, Massachusetts, France and Britain who are delighted to hear that this research will be undertaken in Canada. They want to return to Canada to do research in this facility because they want to do research in these important areas and would like to do it in Canada.

That is an example of the exciting things which are happening as a result of the Patent Act changes we are proposing. On his next trip to Vancouver the Leader of the Opposition should go to UBC and talk to the scientists at Pacific Pharmaceutical who are actually looking for the cure for cancer. He should tell them what he just told the House and watch their reaction. He should tell them that he does not value their work and that their work does not deserve the patent protection which is given to the inventor of a mechanical device. I challenge the Leader of the Opposition to do that.

Someone just handed me a letter from H.B. Knuchel, Ciba-Geigy Canada Ltd., Mississauga, Ontario, which says in part:

> I wish you continued courage in your fight against a "two-faced" opposition; considering that the leader of the opposition, Mr. John Turner, not so long ago was Chairman of another Swiss pharmaceutical company (when he was a partner at McMillan, Binch) and declared on many occasions his opposition to the present compulsory licence legislation.

That company wouldn't be Sandoz, would it? However, I guess we are entitled to change our minds given the exigencies. I do not know whether resolutions were passed to this effect at the last convention. I am not sure whether this is one of the issues on which the Liberal caucus is united. I do not want to betray confidential information, but I suspect that some people, not too many seats away laterally from the Leader of the Opposition, would privately admit we are doing the right thing.

Mr. Nystrom: Never.

Mr. Andre: I think the Leader of the Opposition knows of whom I speak.

Mr. Nystrom: Not Nelson and not me.

Mr. Andre: Deep down I am not even sure about Nelson. He never struck me as the kind of guy who would want to legalize piracy. I would hate to have my mind changed. I understand that he has certain responsibilities to the hoard behind him.

Mr. Young: I'm a hoard? Some hoard.

Mr. Andre: I am sure that deep in his soul he understands the fundamental immorality of piracy and would not defend that position.

There are four reasons for what we are doing. We must respect the principle of intellectual property. It does not matter whether we are dealing with a book, a poem, a song or a drug. We must respect that and any country which does not must be ashamed. Second, we cannot deal ourselves out of research and development in this important area and particularly in biotechnology. That is just too important an area to deal ourselves out as we are doing without this Bill. Third, there is no question that we have international obligations which must be honoured. If we want to be treated as a first-class nation, as a member of G-7, we must respect the rules of that group, one of which is that you do not pirate each other's inventions. Fourth, and this is important for the health care of Canadians, we cannot tell Canadians that we will not do research into cystic fibrosis, multiple sclerosis, muscular dystrophy, Alzheimer's, AIDS and cancer because we are concerned that the generic companies will not be able to come on as quickly. We cannot responsibly tell Canadians that that research is unimportant. We need to have those 3,000 scientists working for the health and well-being of Canadians. We are doing this in a way that protects the consumers.

• (1440)

The Right Hon. Leader of the Opposition says that this will be on the backs of the elderly, the sick, the lame and those in nursing homes. He described everyone who is covered by a drug plan. So how will it affect them? If he is worried about the funding of the drug plan, I have pointed out and am willing to show him in committee that his cost projections are nonsense. If he had done in 1969 what we are doing now, Canadians would be saving more money today than they are under this scheme.

I am pleased that we are finally getting past this stage so that we can study the legislation clause by clause in committee as opposed to Question Period, which is not really an appropriate or intelligent forum, with everyone gesticulating for the benefit of the television cameras, to communicate information.

Let us get the Bill to committee and, while it may be too late, I ask the Opposition to try to keep an open mind and realize that this is a good Bill that is good for Canada. If they do they will support it.

Mr. Riis: Mr. Speaker, the Minister of Consumer and Corporate Affairs (Mr. Andre) has outlined his points of view on this important piece of legislation. As well, he commented on the views expressed by others, most recently, the Leader of the Official Opposition (Mr. Turner).

This is obviously a controversial piece of legislation, about which there are conflicting views and conflicting evidence. Yet the Minister says that it is good for Canada and good for Canadians and that everyone will enthusiastically agree with the Bill once the facts are on the table.

This whole matter will soon be referred to the appropriate committee that will hear witnesses in its clause-by-clause examination of the Bill. Given his confidence in this Bill, will the Minister consider giving the appropriate committee permission to hold hearings in some places other than Ottawa so that it will be easier for Canadian individuals or groups to have access as witnesses to present their views to the committee? Will he be open-minded to that proposal?

Mr. Andre: Mr. Speaker, I did not participate in the negotiations but my understanding is that offers were made to travel to four cities; one in the east, one in the west, and two in the centre. Offers were made to provide ample time for all of those committee hearings in exchange for some commitment that the New Democratic Party would not use dilatory tactics at report stage and third reading stage. Those very reasonable offers were turned down by the New Democratic Party. Now they are coming back and trying to negotiate in another forum. They had their chance and should have been reasonable at that point in time.

Mr. Riis: Mr. Speaker, I have a short supplementary question. I do not imagine that the Minister wishes to inadvertently mislead the House and the people of Canada. According to my recollection, I believe that the proposal was indeed to travel to some communities on the understanding that there would be an agreement that members of the Opposition would have a limited opportunity to speak and that the Government would be in a position to predict the exact hour that the Bill would be terminated. That was the arrangement. To suggest that the New Democrats were not prepared to co-operate enthusiastically at all stages of this Bill is inappropriate and incorrect. I just wanted to clarify that for the Minister's sake.

Mr. Andre: Mr. Speaker, I am pleased that he did so. In case the Hon. Member has forgotten, I want to clarify that on November 6 when I extended the courtesy to the opposition Parties of saying that I would be introducing the Bill at first reading that day, they used the opportunity to filibuster and for the first time in Canadian history tried to deny first reading of the Bill. They did that for two days, setting a dreadful parliamentary precedent of trying to prevent the introduction of a Bill. For the House Leader of the New Democratic Party to turn around and say that they were being reasonable flies in the face of the facts.

Patent Act

Mrs. Collins: Mr. Speaker, I hoped to have the opportunity to pose a question to the Right Hon. Leader of the Opposition (Mr. Turner) following his speech, but that was not allowed. I thought that perhaps during debate we were all equal in the House.

However, I am pleased to have an opportunity to address a question to the Minister of Consumer and Corporate Affairs (Mr. Andre). I will be a member of the Legislative Committee dealing with this Bill and I am looking forward to studying it in more depth.

I was particularly pleased that the Minister raised the issue of the Terry Fox Foundation and the Welcome Foundation which are based in the riding of the Leader of the Opposition. Ironically, the first opportunity I had to talk to those people was on Cancer Day last spring. I was selling daffodils on behalf of the Canadian Cancer Society and the leader of the Terry Fox Foundation recognized me. The issue he wanted to address to me was the importance of this legislation which was pending at that time, and the kinds of activities that would be generated as a result of the legislation. This includes not only the kinds of scientific research jobs that will be created in British Columbia, which I thought the Leader of the Opposition would be concerned about, but more importantly for Canadians, the possibility of finding cures for cancer and other diseases that will help senior citizens and all people.

I am continually amazed by the comments we hear from the Opposition. I believe the opposition Parties have frequently made what I believe are terribly misleading comments that try to imply that drug prices in Canada today are low because of generic competition. It is my understanding that only 7 per cent of drugs now on the market in Canada have generic competition and that in fact since 1979 only one of the 145 new drugs that have entered the market has a generic competitor. I believe that the reason we enjoy the relatively reasonable drug prices is more likely because of the health care system which enables the provinces to bulk buy and negotiate prices for these drugs with the drug companies. Perhaps the Minister could enlighten me on this issue.

The Acting Speaker (Mr. Paproski): Before the Hon. Minister answers the question, I want to advise the Hon. Member for Capilano (Mrs. Collins) that we are all equal in the House. According to the provisional rules, Standing Order 55(2), the Prime Minister (Mr. Mulroney) and the Right Hon. Leader of the Opposition (Mr. Turner) have unlimited time for debate. However, they do not have a period for questions or comments. I do not want the Hon. Member to feel that she is not equal in the House.

Mr. Andre: Mr. Speaker, the Hon. Member or Capilano (Mrs. Collins) was absolutely right. The fact is that 7 per cent of the drugs in Canada have generic competition. Of course, these are the major drugs, so that on a dollar value it represents approximately 20 per cent. However, the prices of the 80 per cent of drugs in Canada that have no generic competition are still about 80 per cent of the price they are in the United States. The main reason for this is that provincial Governments purchase 60 per cent of the drugs and, from a sales point of view, it is cheaper for the drug companies to sell to ten buyers than to 10,000 physicians. Of course, the buyer can make bulk purchases, receive volume discounts and so on. The market in Canada is different from that in the United States, and that is why the prices of drugs where there is no generic competition is 80 per cent of the price in the United States.

I should also point out that the drug prices review board will also review that 80 per cent of drugs and keep their prices to the cost of living. That will provide additional consumer savings, such that the head of the pharmacare program in Saskatchewan said that he believes Bill C-22 will make it cheaper for Saskatchewan in the future than under the current regime. I would ask the Member for Yorkton-Melville (Mr. Nystrom) to talk to the head of the pharmacare program before he gets caught up in some of these wild numbers his colleagues are talking about.

Mr. MacDougall: Mr. Speaker, will the Minister bring me up to date on how many announcements have been made in regard to the proposed legislation?

Mr. Andre: Mr. Speaker, I forget the exact number of announcements, but so far it comes to $550 million of new incremental additional research and development in Canada.

• (1450)

If the Opposition, using dilatory tactics, are somehow able to prevent this, then of course the $550 million will probably not be there. That is the real price tag members of the New Democratic Party should bear in mind if they carry on the way they are.

Mr. Nystrom: Mr. Speaker, I have known the Minister for many years. I know he considers himself to be a very open and generous man. In the tradition of the Conservative Party when it was in opposition with respect to more freedom of information and being open and so on, I wonder if he now would agree to make public the cost impact studies of this legislation? I understand there have been some studies done. Will he make these studies public so that the Canadian people, not just Members of Parliament, will have a chance to see what the assessment has been of some of these officials?

Mr. Andre: Mr. Speaker, as I indicated many, many, many times in the House, if we get this thing to committee, which I suppose we are now going to do, we will indeed look at the cost studies and examine all the alternatives. I am looking forward to that with great anticipation. That is what I have been trying to encourage the NDP to do for some days now.

Mr. Redway: Mr. Speaker, the Minister indicated in his remarks that one of the purposes of this legislation is to enhance the health of Canadians. I must say I was surprised to learn that Dr. Gagné, the Dean of Pharmacy at the University of Montreal, had indicated that Canadians, as a result of the present legislation, were being denied the use of certain drugs

because the companies which develop those drugs were not prepared to bring them into Canada and allow them to be copied by the generic drug companies. Dr. Gagné gave an example of a new powerful heart drug called "Milrinone" as one drug which was not available in Canada because the company which developed it did not want it to be copied. Dr. Philip Seeman of the University of Toronto as well indicated that another drug in—

The Acting Speaker (Mr. Paproski): I would appreciate it if the Hon. Minister would reply to this particular question because the time is more than—

Mr. Redway: May I just ask the Minister if there are any other drugs which Canadians are being denied at the present time as a result of the existing legislation which will become available with the amendments the Minister is putting forward?

Mr. Andre: Yes, indeed, there are. I cannot give the Hon. Member a list. I do not know if a list exists. However, I am in receipt of representations, not just from Dr. Gagné but from a lot of physicians. I read into the record the other day a representation from a physician at the University of Ottawa who pointed out that as a clinical paediatrician he could not get access to certain drugs which would be helpful to, in his words, the paediatric world, in other words, children, as a result of our Patent Act. Hopefully, when we make these changes, that paediatrician who is treating the sick children of eastern Ontario will now have access to the full range of drugs in which to treat those children.

The Acting Speaker (Mr. Paproski): The time allotted for questions and comments has now terminated. Debate. I would say that this is the last 20-minute speech. The rest of the speeches will be 10 minutes.

• (1500)

[*Translation*]

Hon. André Ouellet (Papineau): Mr. Speaker, I am pleased to take part in this debate which, in my opinion, not only is important and educational but also shows just how different are the positions taken by the three political Parties in this House on this matter.

On one hand we see that the New Democratic Party does not want to change existing regulations, on the other hand the Government or the Progressive Conservative Party advocates too many changes, in our opinion. As usual, the Liberal Party, the Official Opposition, favours striking a proper balance by taking a moderate approach which, I think, is surely more acceptable.

The only way Canadians can really appreciate this debate is to view the matter in its historical context and perspective. The history of drugs in Canada reveals that 20 years ago ours was the country where drugs cost the most. Today, Canada is one of the countries where drugs are the least expensive. And why did we make major decisions many years ago, in the late sixties, to change the legislation and reduce the price of drugs? It is because, as pointed out by the Leader of the Opposition who himself introduced a Bill in this regard in the late sixties, three studies had shown that our health services and drug prices were among the most expensive in the world. The Restrictive Trade Practices Commission, the Royal Commission on Health Services and, finally, the Special Committee of the House of Commons had all come to the conclusion that consumer prices for drugs were much higher in Canada than in all Western countries except the United States.

Why had the Government introduced Bill C-90 at that time? Obviously, it was not the ideal solution to amend the Patent Act and to use a method virtually without any equivalent in the rest of the world to regulate drug prices. The ideal solution would have been to come to an agreement throughout the country to control prices. In fact, this is the method used in France and many other European countries where the central Government has the authority to control prices.

When Government Members tell us that, in those countries, patents are protected for many years, much longer than in Canada, they forget to say that while pharmaceutical companies have patents which guarantee exclusivity for over ten, twelve, fifteen or eighteen years in certain cases, these companies agree with the Governments not to charge abusive prices to the sick and the consumers. There is therefore a negotiated agreement between the pharmaceutical companies and the state for an appropriate price control.

At the time, in Canada, the provinces did not want to abandon their authority over internal trade and retail sales. Consequently, the Government felt the need to amend the Patent Act to make it possible to copy the patents for certain pharmaceutical products and allow generic companies to market similar drugs at a lower price. And no doubt that action by the then Liberal Government bore fruit. Why did the drug companies not react at first? Quite simply because during the first years they suffered no impact, no damage from generic competition, since initially it took a number of years for generic companies to market comparable drugs. But with the passage of time, generic companies became more efficient—they could introduce drugs faster and compete with the major pharmaceutical companies.

It is certain that in the late 1970s and the early 1980s generic drug companies became more and more efficient, and whereas initially they needed seven or eight years, later they only needed three and a half, or four years to get to compete with products of the major multinational companies with drugs of equal quality and lower prices.

Then the large multinationals came to the Government and asked for amendments to the Patents Act. I can tell you that, as Minister of Consumer and Corporate Affairs, I accepted at that time the arguments that were submitted by the drug companies, and no one here in this House is denying that people who invest vast sums of money into research and are the leaders in innovative pharmaceuticals certainly deserve some sort of protection to recoup their costs and make decent

profits. This is the reason why, when we announced a first round of discussions with drug companies to agree on how to amend the Patents Act, I personally hired the Hon. Martin O'Connell, who was quite familiar with the pharmaceutical field and had had contacts with those companies, in order to negotiate with them a compromise that would both satisfy the industry and provide guarantees as to job creation, investments and above all the maintenance of an acceptable price level for drugs in Canada.

But now, a few years later, we have a new government, a Tory Government that has completely waived its responsibilities. I do not hesitate to say, Mr. Speaker, that the agreement which could have been reached with the drug companies by a Liberal government would have been more balanced, more accommodating and more secure for Canadian drug consumers than the one now proposed by this Government. There is no doubt that the big companies felt it was easier to deal with a Conservative Government than with a Liberal Government and this surely explains why they were given concessions first by the Government and then by the Minister who has just been appointed and who really sold off to the drug companies. The 10-year guarantee which the government is ready to allow the drug companies is exactly twice what the Liberals would have allowed the drug companies and would have agreed to if a Liberal Government had been in power.

Secondly, in the investment area, I can say that the drug companies have already within a few months reduced the investments they were to have made because, if we refer to statements made in the newspapers in July 1986, mention was made in *Le Devoir* of some $3 billion investments and I quote:

From now until 1995, states Mr. Beauchemin—

—from the Canadian Drug Manufacturers' Association—

—investments made each year in research and development will substantially increase. The funds intended for research are now representing 4.5 per cent of sales made by the industry. They will soon be up to 10 per cent of that amount.

Then, a few months later, when the new Minister of Consumer and Corporate Affairs suddenly introduced his Bill, we could read in a December issue of the Montreal *La Presse* daily the following comment, and I quote:

"The Montreal region will get half of the $1.4 billion which the pharmaceutical industry has agreed to add to its investment projects in research and development in Canada by 1995", Mr. Harvie Andre, Minister of Consumer and Corporate Affairs and Member for Alberta-Centre in the House of Commons, said to *La Presse* yesterday.

However, in a few months, the drug companies have reduced by more than half the amounts they had agreed to invest in Canada if the Government amended its Patent Act. Moreover, this alleged commitment by the Canadian Drug Manufacturing Association to invest in research and development, say, 10 per cent of their turnover does not even appear anymore in Bill C-22 which the Minister has introduced. The question is: Why does this Tory Government not table in the House the formal commitments which the pharmaceutical industry has made to convince them to amend this legislation? And why do we not find in Bill C-22 this 10 per cent ratio which to us, as the previous Government, seemed absolutely essential?

I do not hesitate to say that this Bill is a total abdication of the Government's responsibilities toward the sick and the medicine users. The most shocking part in this whole affair, Mr. Speaker, is that the Government had obtained a report from consultants who had met all the parties involved, not only the provincial authorities who buy most of the drugs sold in this country, but also the other users, the various groups of senior citizens which probably represent the category of people in our society who are the greatest users of medicine in this country, the manufacturing companies themselves, and also the makers of generic drugs and all other interested parties.

And when these consultants had tabled their report, commonly known as the Eastman Report, we discovered a number of things. We discovered for instance that imported drugs represented 30.3 per cent of total deliveries in 1982, that is, approximately 13 per cent more than in 1967.

Those, therefore, who claim, as the Government would like Canadians to believe, that the legislation which greatly changed the Patent Act and made it possible for generic companies to copy the best and most popular drugs in Canada is detrimental to the sick in this country and may deprive them of good medicine, are absolutely wrong, because as Carole Thibaudeau wrote in the September 20 issue of *La Presse*:

In any good drugstore, one can find a table listing the main patented drugs and their generic counterparts: the average price differential is twofold. But the regulating effect on prices is well illustrated by an extreme case, that of Valium, an anti-depressant of which the patent held in the United States by Hoffmann-Laroche expired in 1985.

According to *This Magazine*, from Toronto, the same quality of Valium sells for $345 in the United States as against $80 in Canada, because in this country we have the equivalent Diazepam generic.

Now, it is clear that the previous Act, as mentioned in the Eastman Report, did not have the adverse effects this Government would like us to believe.

The Eastman Commission made a number of important comments. According to its report, an overall summary of the compared growth and development of the pharmaceutical industry in Canada and the United States had led to the direct conclusion that growth has been greater in Canada than in the United States since 1967.

As far as employment was concerned, the Canadian generic drug industry has experienced rapid growth. While virtually no Canadian was working in that industry in 1968, there were 1,200 employees in 1982. Jobs in the pharmaceutical industry increased 24 per cent between 1969 and 1984, while growth in all other manufacturing sectors was 11 per cent.

Profitability did not decrease after introducing the 1969 amendements to the Patents Act. Profitability in the pharmaceutical industry clearly outperformed that in all other manufacturing industries. Also, profits in the pharmaceutical sector do not fluctuate as they do in other sectors.

Concerning prices in Canada in 1983, the weighted average selling price of generic drugs was 51.4 per cent lower than the weighted average selling price of products manufactured by

patentees. During the year 1983 only, Canadian consumers saved $211 million by buying generic drugs equivalent to patent medicines.

As far as research is concerned, a high proportion of pharmaceuticals or drugs resulting from research and development work had no greater therapeutic value than products already on the market.

More than 70 per cent of new drugs are produced by firms which already manufacture pharmaceuticals in the same therapeutic category.

No matter what the Government says, the fact is that the major drug companies of the world, which have an opportunity to set up shop in Porto Rico and gain access to the American open market or in Ireland where they are on the doorstep of the European Economic Community, will always choose Porto Rico or Ireland over Canada as the site of their drug manufacturing facilities.

Government incentives for research and development have been among the best and most generous in the world for quite a number of years, yet drug companies have shown no interest.

The most absurd aspect of it all is that the Government is bent on pushing through this Bill which totally ignores the absolutely essential guarantee which the previous administration wanted to secure from the companies, namely that they would manufacture their products in this country. We Liberals are prepared to agree that the major drug companies doing research should indeed be adequately protected. We were quite willing to give them the kind of protection recommended in the Eastman report. We were prepared to raise the royalty limit because the 4 per cent they are getting now has probably become too low with the passage of time.

But we are not prepared to endorse the amendment they want unless they agree to make specific and much higher investments than those the Government has been able to obtain from them.

And second, the guarantee that they will make drugs in Canada, is absolutely not in the present legislation, and invest in research in Canada at least 10 per cent of their gross income in Canada is not mentioned in the legislation either; therefore, I must regretfully say that our party is duty bound to fight this legislation which, as the Leader of the Opposition said, has become not an issue to be ruled on its merit, but an item of free trade negotiation with the United States, which, in our view, confuses the issue and forces the Government to cave in before both the American Government and the major pharmaceutical multinationals.

• (1510)

[*English*]

Mr. Redway: Mr. Speaker, I listened with great interest to the Hon. Member and to the Leader of the Hon. Member's Party who spoke in connection with the position of their Party on these amendments to the Patent Act. I took from the comments of both the Hon. Member and his Leader the fact that while the Liberal Party might not be supportive of the Bill in its entirety, it would perhaps be supportive of some sort of change to the Patent Act. In fact, if I understood them correctly, they support the recommedations made by Dr. Eastman in his report that there should be some further protection in the Patent Act than there is now. As I recollect, Dr. Eastman said that there should be patent protection of some four years in the Patent Act.

I would be interested to know if in fact it is the position of the Liberal Party that there should be an amendment to the Patent Act providing for at least four years of protection. I would be interested to know if that is the official policy of the Hon. Member, of his Leader and of his Party or if there is some confusion in the ranks. Perhaps there is confusion such as there is with the Liberal Party's policy on trade negotiations with the United States. Is there some confusion such as there is with the Liberal Party's position on NATO and NORAD? In fact, is it possible that the Liberal Party may have a "mug-wump" policy with respect to the Patent Act, a policy which has its mug on one side of the fence and its wump on the other?

[*Translation*]

Mr. Ouellet: Mr. Speaker, I am pleased to reply to the Hon. Member. The position of the Liberal Party has always been quite clear on this matter. We recognize that Section 41 of the Patent Act should be amended. I indicated this in May, 1983 when, as Minister of Consumer and Corporate Affairs, I stated the following:

The Liberal Government is seeking ways to stimulate the growth of the pharmaceutical industry in Canada while reaffirming its objective of maintaining prices at a reasonable level. Some amendments to the Patent Act might help achieve this double goal. In this context, three proposals have been put forward which are to be discussed with the provinces, the pharmaceutical companies, as well as those who are involved in the administration of health care and all other interested parties.

These discussions did take place, but the Government changed and what we regret is that the three solutions which we were recommending, namely a variable rate for royalties . . . As I said at the time, we could continue to grant licenses, but the rate of the royalties could be based on the research and development carried out by the patent holder in Canada.

Second, after a drug is introduced on the market, there could be an exclusive market for a specific number of years before a manufacturer could use the compulsory import licensing system.

Patent holders would have an assured marketing period, which would allow them to plan for the future. The Government was thinking of a period of about five years, and I have every reason to believe that, at the time, the pharmaceutical

companies themselves would have agreed. After his study, Dr. Eastman recommended a four-year period, and now, the Conservative Government has come up with a ten-year period, which we find quite excessive.

Finally, we had talked about a more or less selective protection against compulsory licensing. For instance, we were saying that the companies which promised to achieve a specific performance and to respect certain principles in setting their prices could be protected against import licenses, but if they did not respect their commitments, they would lose this protection for one or more drug for which they hold the patent. I find that the three solutions which we had proposed were examined very lightly by this Government, and rather than negotiating a proposal which would be acceptable to the pharmaceutical companies, the provinces, which are the major purchasers of drugs, and the consumers, the Government is now proposing a solution which is exclusively to the advantage of the large multinationals, and I find this quite regrettable.

• (1520)

[*English*]

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated.

I believe that there have been discussions among House Leaders, and agreement to revert to Statements by Ministers.

Mr. Mazankowski: Mr. Speaker, may I seek unanimous consent of the House for the purpose of allowing the Hon. Minister of Employment and Immigration (Mr. Bouchard) to make a statement, which I understand the opposition Parties are expecting at this particular time, further to an undertaking that the Minister made in the House yesterday?

Mr. Riis: It is our intention to co-operate with the Government to facilitate the Minister delivering his statement. I wish to indicate that there was an appropriate time for statements earlier in the day. If my memory serves me correctly, it was a government decision to jump that period into Government Orders of the Day. In an effort to co-operate and facilitate the business of the House, we would be pleased to hear the Minister now.

Mr. MacLellan: We are agreed and look forward very much to the Minister's statement.

The Acting Speaker (Mr. Paproski): Is it also agreed that the time will not be added to this evening's sitting?

Some Hon. Members: Agreed.

ROUTINE PROCEEDINGS

[*Translation*]

UNEMPLOYMENT INSURANCE

CHANGES RESPECTING PENSION INCOMES—STATEMENT BY MINISTER

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, as promised on Wednesday, December 3, I am pleased to announce today that the unemployment insurance rules dealing with pension earnings will be changed. These changes will allow workers who take other employment after their retirement and then work long enough to requalify for unemployment insurance benefits to receive those benefits without any deduction of previous pension income.

[*English*]

This change will put more than $230 million of unemployment insurance funds back in the pockets of the people affected.

On November 8, 1984, in the agenda for economic renewal the Minister of Finance (Mr. Wilson) announced the Government's intention to treat pension income as earnings for the purpose of determination of unemployment insurance benefits. We were guided by the principle that persons who have retired should not look to the unemployment insurance fund as a supplementary source of income. It is designed to provide wage replacement to those who are temporarily out of work.

The important change in policy announced in November, 1984, did not adequately distinguish between those who had retired and left the labour market, and those who had retired to begin subsequent careers. Military and RCMP personnel who are required to retire earlier in life best illustrate the point.

The changes announced today will ensure that this group is treated fairly and equitably as active members of the labour force.

[*Translation*]

Workers who have started subsequent careers and contribute to unemployment insurance and subsequently become unemployed will be entitled to full unemployment insurance benefits based on their post retirement employment income, regardless of their previous pension income.

Mr. Speaker, there is one additional issue which I would like to deal with today. Some retirees who were receiving benefits on January 5, 1986 when the former policy came into effect were disqualified and because they had left the labour market will not be able to requalify.

Notwithstanding the fact that Ministers made repeated announcements of the policy change in the November 1984 Economic Statement and subsequently, some of these people allege that they made their retirement decisions on the basis of inaccurate information from federal government sources.

[*English*]

To deal with this situation, I am today directing the commission to re-examine any such case and restore benefits, if the allegation is proven. The commission's normal adjudication process will apply. This is entirely consistent with the Government's action in similar cases in other benefit programs.

[*Translation*]

To bring these measures into force, I will be introducing legislation in the House and I will be seeking the co-operation of the Opposition parties to facilitate passage of this legislation.

Mr. Speaker, in conclusion, I wish to thank all members of this House for their advice on this matter. I wish to stress in particular the role played by the previous Minister of Employment and Immigration who is now Minister of Communications (Miss MacDonald). In a period that was particularly difficult, she devoted a lot of attention to this issue and thus contributed much to bring it to its conclusion today.

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, today is another great day for our senior citizens. Another victory, although to get this far, they had to sign petitions and come to Parliament Hill to make this Government admit that it was wrong, that it had made a mistake and that it was being unfair. Unfortunately, today's decision comes too late for the people who lost their homes. It comes too late for the person who committed suicide and asked for the ashes to be put on the desk of the Minister of Communications (Miss MacDonald).

Mr. Speaker, I think the Government should learn a lesson from decisions that were taken lightly and taken only to defend the interests of the rich. When the banks collapsed, depositors with up to $60,000 in their accounts did not have to sign petitions and come to Parliament Hill to make themselves heard and be reimbursed. However, I do want to congratulate the present Minister for reacting quickly to requests, following the Forget report's recommendations, and for having dealt with this problem. I must say, however, that unless he has additional information, some of the news is disappointing. First of all, I agree with him where he talks about our people in the military and in the RCMP, but the fact remains that in many cases, the situation arises as a result of factory shutdowns, when the employee is entitled to draw his pension benefits. Although this person would be entitled to unemployment insurance benefits if he were to find a job, I wonder what someone who is 57, 58 or 60 years old is supposed to do between the time he loses his job as a result of a factory shutdown and the day he finds another job.

And I am thinking of the region where the Minister has his riding and the remote areas of this country. You know, when a factory closes down, as in Trois-Rivières for instance, the 50 or 60 people affected cannot find other employment right away. I think we will have to find a way to deal with this.

There is another point on which I would like more information. I am proud of the Government's decision, but I am disappointed about how it applies to people who retired in 1985. These people appealed the original decision, they had to make representations and spend money, and either positive or negative rulings were handed down. Do they have to go through that again to make sure they get what they are entitled to retroactively?

The Minister says he is going to provide criteria, and I would like to say to the Minister that I congratulate the people who are listening, the people of the Quebec coalition, the people from Quebec City and Montreal, the people of the AQDR who co-ordinated the coalition. I want to congratulate Mrs. Lalande from Quebec City and the *Comité d'action-chômeurs*, Mr. Marcoux, Mr. Cloutier, Mr. Plamondon, Mr. Fortin, all from Montreal, all these people who worked together to make the Government aware of the problem and force its hand. I think the people listening to us today may have reason to celebrate, but their work is not finished. They cannot stop their campaign because they have to be out there helping their colleagues and filling out forms, to make sure these people get what they are entitled to.

Mr. Speaker, you are indicating that time is limited. I conclude by saying to the Minister that we will co-operate so that this Bill will pass quickly. Perhaps he might be able to go a step further to correct a few things and see to it that the 1985 retirees do not face more delays caused by administrative red tape or communications problems and get their money before Chrtistmas. I would point out to the Minister that this is the third time the Government has had to backtrack, so in the future he ought to be more careful when making decisions, particularly in the case of unemployment insurance. Make sure to consult people from now on, and you will avoid this kind of situation.

• (1530)

[*English*]

Mr. Neil Young (Beaches): Mr. Speaker, let me say to the Minister that his initiative is welcomed by myself and on behalf of my New Democratic Party caucus members. I can assure the Minister that we will do nothing to delay the implementation of this change in policy. However, that policy created a tremendous amount of frustration and anger among a large segment of the Canadian population, but I am sure the Minister is well aware of that. Nevertheless, it also raises a number of questions. The Minister's statement appears to be in response to the commission of inquiry into unemployment insurance, namely, the Forget Commission. Recommendation No. 26, as the Minister now knows, says:

> The current treatment of pension income should be rescinded with an effective date of January 5, 1986.

It goes on to say:

> The new policy should be announced and an implementation date of January 1, 1989 set.

The report then goes on to enumerate what that new policy should be.

I would like to give the Minister an opportunity this afternoon to assure the House and Canadian seniors that the policy he just announced will be the Government's policy from here on in, and that come 1989 we will not be faced with the same restatement of policy. I would like to have that assurance from the Minister and I am quite sure others would.

At the end of the Minister's remarks he said that he would be introducing legislation in the House. It is my recollection that there was no legislation introduced in the House when the Government changed the policy; it was done by an Order in Council. Perhaps the Minister could respond to my remarks after I have concluded, Mr. Speaker. It seems to me that that was a large part of the grievance that we in the Opposition had about that policy change and the fact that the representatives of this country were not allowed an opportunity to debate the policy. In fact, people directly affected by it, superannuates and those retiring from the Armed Forces, had absolutely no input. If the Government feels that legislation must be introduced in the House to effect the change the Minister has just announced, then I can assure him that our Party will give him all the assistance it can to make sure the legislation is adopted as speedily as possible so that the people who were denied benefits who were properly entitled to them can receive them.

The Minister in his remarks said that some retirees receiving benefits on January 5, 1986 when the policy came into effect were disqualified. The Minister seems to be suggesting that he is asking the Unemployment Insurance Commission to review those cases with a view to restoring the benefits if the allegations are proven. It has been my experience with the Unemployment Insurance Commission that when an individual is disqualified from receiving benefits, for whatever reason, that information is recorded. I would not like to see a large number of people whom the Minister seems to be attempting to assist in this matter being forced to file appeals before boards of referees in order to get benefits that they should have continued to receive following January 5 when this new policy came into effect.

It seems to me, Mr. Speaker, that in the last months those individuals have led a rather frustrating life and should not be subjected to any more anxiety. Perhaps the Minister could ensure that the Unemployment Insurance Commission will take a look at the disentitlement served on individuals and if an individual was disqualified because of the new policy, then it seems to me the commission should be instructed immediately to reinstate benefits from that time without necessitating people having to go through the whole appeal process which, as we all know, can take a very long period of time.

GOVERNMENT ORDERS

[*English*]

PATENT ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Andre that Bill C-22, an Act to amend the Patent Act and to provide for certain matters in relation thereto, be now read a second time and referred to a legislative committee; and the amendment of Mrs. Killens (p. 1378).

Mr. David Daubney (Ottawa West): Mr. Speaker, as a member of the Standing Committee on Research, Science and Technology, I am pleased to take part in this important debate this afternoon on a Bill which can do a great deal to redress the current high technology imbalance in our balance of payments which our country has faced in the high technology area for some years. We all agree that there is much less pharmaceutical research and development being done in Canada than our Government and the Canadian research and development community would like. This is because Canada has been regarded, as the Minister of Consumer and Corporate Affairs (Mr. Andre) pointed out so well this afternoon and for the last several weeks, as a country with a hostile climate toward investment in this area. The innovative drug companies doing basic research do not want to invest here because Canada has refused to reward them for their efforts.

Drug research in Canada is now almost totally oriented toward the clinical research and trials necessary to obtain permission from Health and Welfare Canada to market a drug in this country. The basic research that should provide employment for our university science graduates is being done in other countries at a loss to Canada. Bill C-22 will provide the means to correct this inequity for Canadian pharmaceutical research, and will lay the groundwork for employment in Canada for Canadian university science graduates. I believe that the steps being taken in this Bill and the new investment in research and development that will result are a major step forward in support of a truly significant pharmaceutical industry.

It is expected that as much as 30 per cent or $420 million of the estimated $1.4 billion of new research and development expenditures will go directly to Canadian universities, hospitals and other private research groups. Medical schools and research institutes will all benefit from the increase in basic and clinical research and development that will occur as a result of this Bill.

• (1540)

I would like to bring to the attention of the House a report by the Medical Research Council of Canada. It is a draft report on this legislation provided to me by the council. It points out that until the late 1960s the international pharmaceutical manufacturing community regarded Canada as a desirable country in which to expand research facilities. Good

universities and technology and good incentives contributed to this situation. As a result, in addition to several Canadian research installations, some 14 foreign companies had established R and D facilities in Canada by the mid-1960s. Between 1963 and 1969 the pharmaceutical industry in Canada increased its R and D expenditures at an average rate of 18 per cent per year.

However, after the Patent Act was amended in 1969 to provide for compulsory licensing, the growth rate of innovative pharmaceutical companies in R and D declined drastically. This decline in growth rate was more than twice as severe as that of the industry world-wide, and twice as severe as that of other industries in Canada. The draft report goes on to say that the proposed new legislation should have a profound effect on the research investment of the pharmaceutical industry in Canada, both indigenous and foreign. It concludes by saying that the direction which the patent legislation will take if and when the new Act is passed cannot but be favourable to the expansion of medical research funding in Canada.

As a member of the Standing Committee on Research, Science and Technology I have for some months been questioning witnesses appearing before us on a number of matters, including this issue. I would like to bring to the attention of the House some of the responses I have received from various important witnesses in that committee. On April 18 we had before us officers of the National Research Council of Canada. I asked Dr. Larkin Kerwin, Chairman of the NRC, to comment on the current controversy related to R and D and the generic drug industry. I asked if he viewed any changes in the present regime as it relates to that industry, were they to be introduced, as beneficial to R and D in that sector. Dr. Kerwin said we have been fussing around for quite a few years now in this area in general. It is quite clear that one of the results has been the complete drying up of most industrial R and D in this field in Canada so we are simply not in the game anymore. We are not carrying out the R and D, so we are not going to get the patents and we will not therefore capture the market. It is a field we have effectively almost abandoned and the only way to get back into it is to provide the incentive to the industries in question. He went on to say that this is going to become even more important in the field of agriculture where biotechnology is going to be producing new grains and new plants and new cereals. If these cannot be protected, then we cannot expect the Canadian industry to put very many resources into it. He said that the whole future of the Canadian biotechnology industry is largely tied up with whether or not they can get a satisfactory patent law. That came from the Liberal-appointed Chairman of the NRC.

We also had before us Dr. Stuart Smith, another Liberal appointee to the Science Council of Canada. I asked him the same question on April 24. His response in part was that his own feeling about it, just from talking to people in the industry, was that it is possible that some of the big firms will locate research here in exchange for a change in Section 41 of the Patent Act. He said, "Sure, a $1 billion shot in the arm for pharmaceutical research would be wonderful. The Science Council, I am sure, would welcome such a thing". We know we have a commitment of much more than that, some $1.4 billion so far. As the Minister pointed out this afternoon, almost $700 million in new R and D investment in this area has already been announced.

On May 28 I asked the Chairman of the National Consortium of Scientific and Educational Societies, Dr. Gauthier, the same question. He responded, also on behalf of the Canadian Federation of Biological Societies—

[*Translation*]

Indeed the Canadian Federation of Biological Studies fully supports this kind of measure. Therefore I would urge the Government to take appropriate action and encourage the drug industry to do more research in Canada.

[*English*]

My time is running out, but there have been many other indications of support referred to in this House in Question Period and in the debate so far. We can refer to the many telegrams and letters of support from a great number of leading scientists. In my view the Bill is important. It is a reasonable compromise of important principles, protections and objectives. I think all fair-minded Canadians will view it in that light.

I have been discouraged by what I consider to be a low level, base, and non-intellectual attack, particularly by the NDP, in using scare-mongering tactics among the old and sick. We know all Canadians are covered by good health care and drug plans. Almost all senior citizens, certainly those on social assistance and in need of help, are protected.

I think it is unfortunate that the NDP in particular—and it is very hypocritical of the Liberals as well—is attacking at this low level some legislation which will once again bring Canada into the civilized community of nations as it concerns the protection of intellectual property. It will give us a strong biotechnology industry and will at the same time provide important consumer protection for all Canadians.

Mr. Simon de Jong (Regina East): Mr. Speaker, I wish to participate in this very important debate because not only are we debating the question of whether we should extend patent rights to the pharmaceutical companies for up to 10 years, we are debating some important philosophical questions as well. The questions concern public good versus private interest.

It is always appalling to me to find a situation or situations where people make large profits because of other people's illnesses, weaknesses and misfortunes. I have listened to the debate and the justification by government Members for following the instructions of the multinationals. They have said Canada has and will be punished. We have not had research done here because those companies deem Canada not to be a good place because we have enacted some legislation in the past. I find that objectionable. Indeed, it is out and out blackmail. Yet government Members do not blush at all when

they say that this is the case and we should succumb to this blackmail.

The previous speaker pointed out that many Canadians are covered by drug plans. Indeed they are. That is the result of legislation which was often pioneered by the CCF and the NDP over the opposition of Conservative Governments and the Conservative Party. They have always maintained that this is creeping socialism. People should be able to stand on their own feet and pay their own drug bills. Things like medicare and drug plans are creeping socialism. Traditionally, on the one hand, members of the Conservative Party have always opposed those progressive measures. They now stand in the House and say that most Canadians are covered by drug plans. We see Conservative Governments, both provincial and federal, attacking those very social programs. The Government attempted to deindex old age security. Just this afternoon the Government attacked the UIC benefits of those who retire.

• (1550)

The philosophy of the Conservative Party has been to attack government spending. However, the Government proposes cutbacks in social programs such as the drug plan. The Government proposes to force Canadians against the wall. It will force up the cost of drugs while removing the protection which Canadians have by cutting and attacking social programs across the country. Every Conservative provincial Government has attacked social programs. In attempting to cut government spending they attack the social programs.

The Government is putting the old and the sick into a vice. It is proposing legislation which will increase the cost of drugs while reducing the protection which Canadians have. That is the catch-22 situation into which the Tories inviariably put the Canadian public. This is all done in the name of protecting private property, meaning patents for certain discoveries, intellectual property.

The Minister has often made comparisons to artists, writers, or inventors working in basements. He says that it is wrong for those inventions to be pirated. Philosophically I would agree with him. It is too bad that the Minister has ignored writers, authors and artists. We do not see any patent protection for them. However, he rushes to the aid of the multinationals. I have never considered companies and multinationals to be like individuals. They are not individuals working in basements and, at their own initiative, with imagination and diligence making discoveries.

Multinationals are very sophisticated and large international corporations have tremendous resources created through public policy and public expenditure. Many of the multinational corporations which will benefit from this legislation have become large through public programs. Our educational facilities, which trained the scientists, are publicly funded. To say that a pharmaceutical company has totally paid for its discoveries is false. It has been subsidized by a public education system which trained the scientists and researchers. Therefore, there is some public interest to be taken into account. The multinational pharmaceutical corporations have not made these discoveries all on their own. The public has already subsidized them through the university system.

One wonders as well about the tax deductions which the corporations receive.

Mr. Benjamin: Did they ever get their money back!

Mr. de Jong: The Government proudly proclaims that these companies will invest more in the country. I am sure they will invest more, particularly with the tax regime which we have. They will have most of their research expenditures refunded through the tax system. Through lost tax revenues the public will be paying again.

Mr. Benjamin: It didn't cost them a nickel.

Mr. de Jong: The Minister has unabashedly said that we will have all this increased research and development. We may very well have it, but that depends on whether it is in the economic interest of multinationals to do the research here or elsewhere. I suspect that that will depend mainly upon the tax regime in place. If the tax regime will refund to multinationals the money spent on research and development, of course they will do the R and D here. Why would they do it in a country where they may not have their investment refunded through tax exemptions?

Since the cost of these discoveries is often borne by the public through the education and tax system, I maintain that the public has an interest in how the discoveries are used. I do not begrudge any organization or individiual benefiting from a discovery. However, when is enough enough? If I discover a cure for cancer, should I be able to hold everyone in the world for ransom? I maintain that I should not and that no organization should be. I would expect a fair return for my effort, but it is morally wrong for an individual or a corporation to hold everyone for ransom for ten years.

The Government is introducing legislation which is not in the public interest but in the interest of a few large multinational corporations. We are being asked to swallow a bitter pill. It has been sweetened somewhat on the outside by the promise of increased research and more jobs in the country which, I hasten to add, will most probably be subsidized through our tax system. There are no written guarantees in this package. We are only offered some promise for sometime in the future.

This is a bad Bill. It is no wonder the Government wants to force it through Parliament as quickly as possible. I predict the Canadian people will not like this and that they will send the Government a very strong message that they will not accept it.

The Acting Speaker (Mr. Paproski): I regret but the Hon. Member's time has expired.

Mr. Fred McCain (Carleton—Charlotte): Mr. Speaker, I support this Bill as I opposed the legislation of 1969 which created the situation in which Canada now finds itself. My

family has had the misfortune of experiencing medical difficulties including burns, blood clots, cancer, heart attacks and surgery requirements as a result of broken bones. I am quite prepared to recommend to my family and all Canadians that if medicine can be improved, let us do it. If this is the kind of legislation that is required, let us support it.

I am dead set against the presentations which have been made by both opposition Parties. I find particularly contemptible the speech made by the Leader of the Opposition (Mr. Turner) today. If Canada heard that speech, he made no gain in the polls. If there was ever an explanation for his status in the polls, he gave it for 25 minutes in this House today. I object to it because its single thrust was against the United States. This Government is not subservient to anyone in the United States. However, we do not want to generate a situation in which we cannot deal with the United States as friends or in which they are depicted as the worst enemy of this nation. It is depicted in that fashion by both opposition Parties, both of which have members from British Columbia and Ontario which are provinces that require a lumber market in the United States. It is unjustifiable for Members of this Legislature or members of any other Legislature to focus a total attack on the United States of America, because there are drug manufacturers of note and quality in Switzerland, France, Germany, the United Kingdom and a multitude of other countries. All of them have multinational research capabilities whose inventions and improvements in the medical structure have contributed to the better health of the world.

• (1600)

This is a scurrilous, unjustified and improper basis for an attack. If there is a matter of principle involved, it should be used to the best possible advantage, but I have not had one letter of complaint about this legislation from a senior citizen of this land in spite of all the threats by the Opposition that medicine might cost them more. I believe that senior citizens in this country are looking for the maximum opportunity—

Mr. Benjamin: You are afraid to see them.

Mr. McCain: Incited no doubt by yourself and others of comparable nature. My senior citizens are looking for the best possible medicine for all the difficulties of geriatric life in this country. That is what they want.

I believe that any senior citizen who is given a true and proper picture of what this may mean for medications that he or she requires—

Mr. Benjamin: Your truth is not their truth.

Mr. McCain: —and the improvements that this legislation offers, will see that they have had very poor leadership from both opposition Parties. They have conducted a scare program and used a political opportunity without concern for the health of the nation.

Canada has generated programs which have probably given this nation the best level of social medicine anywhere in the world.

Mr. Benjamin: Which the Tories opposed.

Mr. McCain: Both those programs were put into effect in the Province of New Brunswick by Tories.

Mr. Benjamin: You opposed it. You opposed medicare. Don't give us the gears.

Mr. McCain: I protest that statement. That is not an accurate statement but a false statement. I submit that the Member should retract it now. If he wants to document—

Mr. Benjamin: I have the evidence.

Mr. McCain: If he can in any way document that statement, I will be the first in the House to humbly retract and apologize.

Mr. Benjamin: I will be glad to give it to you.

Mr. McCain: I challenge you. Excuse me for not addressing the Chair, Mr. Speaker. The world of medicine can be peculiar. Occasionally, innovations are rejected by the medical world and subsequently may be rejected by citizens or religious groups. However, I want to give an example of two friends who were given a prognosis of a very short life span. They went to Tijuana, Mexico to receive cancer treatment that was available there. In spite of that medical prognosis, those two gentlemen received that treatment and returned to perform their normal daily activities. The point is that we cannot afford to put all medicine in the same category and restrict the opportunity for treatment in Canada because certain medicines which may be beneficial will not be made available here.

The Government has subsidized some public and academic research in the sphere of biochemistry and medicine.

Mr. Benjamin: We have to do more of it.

Mr. McCain: If my good friend from Saskatchewan were to remember how much international research had contributed to agriculture, the stubble jumper, as he sometimes calls himself, would realize that he would be quite hungry without that research. Now we are talking about the kind of research that preserves health and increases the life span. I admit that it may cost some money, but I also submit that generic drugs are not the answer.

Let me give two illustrations. Last week, a gentleman who is required to take medicine for the rest of his life visited me at my house. This medicine is a foreign drug which costs him more than if it were made in Canada. He decided to try a generic substitute, but in one week had to return to bed. As soon as he returned to the original drug he recovered. It may be possible to manufacture another drug with the same elements and molecular arrangements, but if there is a degree of differential in temperature in the manufacturing process of

that drug, it can make it absolutely ineffective. I suggest that those Members in the Opposition should study chemistry.

Mr. Benjamin: Balderdash.

Mr. McCain: It is not balderdash. It is scientifically correct and accurate.

Mr. Benjamin: National Health and Welfare approves generic drugs.

Mr. McCain: My wife was advised not to use generic drugs in her medication program. Her physician said that he had tried it with his patients and was dissatisfied because it caused them discomfort. While this does not condemn all generic drugs, I suggest unequivocally that the exactitude required for making drugs is not always duplicated by another manufacturer, generic or otherwise.

Mr. Benjamin: Mr. Speaker, I rise on a point of order. I am sorry to interrupt my hon. friend, but would he permit one short question?

The Acting Speaker (Mr. Paproski): The Hon. Member's time has expired. Debate.

Mr. Maurice Foster (Algoma): Mr. Speaker, I am pleased to speak to Bill C-22, an Act to amend the Patent Act, which the Government is trying to ram through the House of Commons without adequate debate or opportunity for Canadians to see what is really happening in this regard.

Until 1969 we had the second highest drug prices in the world. Since 1969 we have had the lowest drug prices in the world and, in fact, the pricing regime in this country has been so good that the United States Congress and American authorities have examined the Canadian system to see if it could be implemented in the United States.

This legislation is designed to increase the cost of drugs in this country and see the profits siphoned off to the United States.

Let us consider the level of investment in research before the present legislation came into effect in 1967-68. We see that 3.5 per cent of funds from the drug industry were reinvested in research. We see that 3.9 per cent of the funds were reinvested in research in 1982.

The Minister of Consumer and Corporate Affairs (Mr. Andre) argues that we will have increased research and development in this country. Clearly, research and development is greater under the existing legislation by which there is no rip-off than it was before it was put in place.

It is quite obvious that this legislation is part of the "Irish eyes are smiling" syndrome that was conceived in Quebec City in March, 1985. The President of the United States, looking at his financial backers in the multinational drug companies, told the Prime Minister (Mr. Mulroney) that he had to make a deal and increase the price of drugs for Canadians so that billions of dollars could be siphoned off to the American multinationals. No one in their right mind believes we are going to have massive research and development in the drug industry in this country compared to the United States. The song which was sung in Quebec City in March, 1985 was *When Irish Eyes are Smiling*. If the Tories have their way they will be putting this legislation through by March 1987. At that time most of the multinational drug companies in the United States will be laughing all the way to the bank. The poor, the sick and those families who have to live with the high drug prices will be crying every year that this legislation is in effect.

• (1610)

There is no guarantee in the legislation that there will be further investment in research and development. The Minister knows that. There is nothing in the legislation to indicate it. He portrays himself as having some great agreement, but he clearly does not.

Our Party supports the Eastman Report which suggested that there be an exclusive four-year period for the designer-developer of patents and that there be an adequate royalty after that. There would be a royalty fund which would provide assistance and appreciation for further research and development. However, this legislation just gives a *carte blanche* to the drug companies for a 10-year period. If there is anything which really upsets me about this legislation it is the fact that our biotechnology industry which is just developing will be wiped out. It is going to be wiped out because the Minister in this legislation provides that not only the process be patented but that the product be patented also.

I would like to read a letter from Eric James, who is the President and Chief Executive Officer of Cangene Corporation, which is a genetic engineering company in Mississauga. I had an opportunity to meet with Mr. James and with some of the other officials in his company. It is a small company with $5 million or $6 million of Canadian investment, employing some 30 people. He states in his letter of October 30, which he sent to all Hon. Members:

> As a result of intense pressure from U.S. and foreign based multinational drug companies, changes to the Patent Act that will kill the infant Canadian biotechnology industry are being contemplated. As one of a very few Canadian companies that is on the forefront of this exciting new science, we must warn you that the immediate introduction of these proposed changes will only serve to impede the growth of this industry in our country.

He goes on at length, and on page 2 he states:

> The question you must ask yourself is this: do you want a viable Canadian owned non-government biotechnological industry within three years? If the answer is yes, you must reconsider the currently proposed changes to the Patent Act, and a policy that is in the national interest must be devised and implemented.

These companies will be wiped out by the legislation because not only is the patent to be on the process but on the drug itself, and as well there is going to be a 10-year period of exclusivity for the patent. It is estimated that in the next five years alone, $10 billion worth of protein-based pharmaceutical products will be introduced into the world market-place, $250

million in Canada alone. I have a whole list of protein-based pharmaceutical products produced organically, including herpes vaccine, malaria vaccine, AIDS vaccine, hepatitis B vaccine and insulin. This Canadian company will be destroyed by the Government and this legislation.

If the Government had taken Dr. Eastman's recommendations and provided a four-year exclusive law, this kind of Canadian company would have been able to survive. Not only is this legislation extremely harmful to Canadians in that we are going to have to pay tens of millions of dollars over the next 10 years in higher drug prices, but we are going to see small Canadian companies wiped out. One of the estimates of the number of jobs which will be lost is of the order of 6,000 net. There will be 3,000 jobs created and 9,000 lost, which is 90,000 man-years.

I certainly hope the Government in committee, after hearing the wishes of citizens, especially those of the million of Canadians who are not covered by drug plans, will back down and amend this legislation and not give it all away to the American multinationals, because Canadians should come first and I hope they will with this Government.

Mr. A. H. Harry Brightwell (Perth): Mr. Speaker, I am delighted to enter into this debate today. During my business life, which I share with my hon. colleague, the Hon. Member for Algoma (Mr. Foster), I have had the pleasure of using dozens of drugs in treating animals and I have experienced more recently than my hon. friend the great changes and advantages which have occurred in the drug field. I have great respect for the manufacturing companies which bring in the drugs. I am delighted that we are now taking a step toward protecting the work these companies do.

We have heard good debate today and it is a pleasure to be at this stage of the legislation. It is unfortunate that Hon. Members opposite have used all sorts of tactics to try to delay debate. Out of the 16 hours we have been involved with this legislation we have only debated for about nine hours.

Mr. Waddell: You should have been here before when the Tories were in opposition.

Mr. Brightwell: The Hon. Member for Vancouver—Kingsway (Mr. Waddell) came in here with 60 petitions in his hand, abusing that privilege and talking far too much for the worth of those petitions. The Hon. Member for Beaches (Mr. Young) misconstrued my motives. I brought in a petition from some of my constituents who had been receiving information which was not totally right and so they do not understand the situation. I did my duty and turned it in to the House. Not so Hon. Members opposite. They collect stacks of petitions and bring them in at an opportune time just to delay the business of the House. What a shame that is.

Mr. Benjamin: I have some more.

Mr. Brightwell: We heard the Hon. Member for Windsor—Walkerville (Mr. McCurdy) reading into the record selected headlines. What a fine memory the man has, except that he forgets the other headline. A headline in the *Toronto Sun* on December 3 reads: "Feds Right To Stop Legalized Drug Piracy". In the *Gazette* on December 3, the headline read: "Drug Bill Foes Mislead Seniors, Specialists Say". I have other headlines: "Don't Back Down From Drug Change Law" and "Researchers Say New Patent Drug Laws Will Help Canada Get Better Medicines".

The reason I rise today is that I have great concern for the health of Canadians and I wish to see this Bill pushed ahead so that Canadians can have those drugs. I wonder whom I am helping.

Mr. Waddell: You are helping your American friends.

Mr. Brightwell: In all probability I am helping the people sitting opposite. I am helping everyone in the House. I am helping all Canadians who are going to get sick in the future and will otherwise be deprived of drugs which will not come on to our market because of our present law.

What do our changes do to the law? We say there will be 10 years' protection, but drugs must go through a long stage of proof before release into the Canadian market. They are presented to the Canadian Government and they receive an order of compliance. Thereafter they have to be proven in a period of up to three years. So, virtually from the stage that the drug is protected, it may take three years to reach the market. Then, there is a period of four years in which that drug would have the market to itself. But at the end of the three years of preparation for introduction to market and the four years on the market, if a Canadian company chooses to make the chemical here in Canada, it can copy the material.

• (1620)

I believe there has been a program of misinformation going on across the country. I wish to speak a bit about the type of misinformation which is occurring. My constituents are reading that generic companies will go out of business. We know that this is not true because every generic drug that is on the market right now will persist, and persist at the same price. Members of the Opposition say that the prices will increase. We know that 50 per cent of the drugs produced by generic companies are drugs that have lost their total protection, that they have gone beyond the 17 years. Tetracycline, a drug I have used for some 25 years, is one of these, contained in over 50 per cent of the generic companies' drugs. We know that the generic companies copy only those drugs that are special, those drugs which sell a great deal, those drugs which are perhaps easier to make, I am not sure. Since 1979, out of all the drugs introduced to this market only one drug has been copied.

Who could say that through the laws that we have now we are withholding from the market many copies that would come in the future? What about the number of drugs that are copied? We know that in the Canadian market only 7 per cent of the drugs have copies. We know that that figure comprises 20 per cent of the total sales volume; but the other 93 per cent

are on the market with nothing more than natural competition and nothing more than the ability of the provinces to buy those drugs to maintain their lower prices. So who would say that any of the new drugs that are coming in the future would in fact be copied and would in fact have the generic price competition?

Is it not great to think that now we have a reason for generic companies in Canada to manufacture fine chemicals here? It is not necessary for those companies to go to Hong Kong, Taiwan or Italy to buy the chemicals. They have a reason now to jump in and set up a chemical manufacturing industry in Canada. Think of the research and technical jobs that will result. Think of the regular jobs that will occur from this type of fine chemical production.

Our friends opposite say there will not be more research workers. They say there will be a net loss of jobs. A professor from the Department of Pharmacology at the University of Toronto has said that many of his trainees, many of the people whom he has put through the PhD program, are now working in the United States in major drug companies and the products are coming back to Canada. What a shame that they cannot work here in this environment. The Hon. Member for Papineau (Mr. Ouellet), who spoke earlier this afternoon, said that drug companies tend to locate in countries such as Ireland, and he named another country. He said that drug companies do not want to come to Canada because the market is so small. Instead of debating Bill C-22 I thought the Hon. Member was talking about the trade talks. He was demonstrating the need for Canadian business and manufacturers to have a much bigger market that they can penetrate, a market that will make them efficient so that they can go out and make a long run at a lower price.

There has been talk about the effect on seniors. We know that they are protected, mostly under drug plans. However, they are not totally protected by the drug plans. No one commented on the fact that drug plans protect only drugs selected for them. There are many drugs out there right now that are not covered under drug plans and which do not have any purchasing power. Under our plan, with the price control scheme being put in place, it will apply not only to the new drugs, not only to those 93 per cent that are purchased by the drug plans and are not copied, but to those other drugs that are not on the selected list.

When Members opposite talk about the cost of drugs in the future they do not build in the fact that 40 new generic drugs will come on the market in the next five years. That will reduce the plan. They do not build in the fact that the cost of hospitalization and medical costs of other kinds will be reduced. So the number of dollars we are talking about ten years from now appear to be based simply on false calculations.

I am pleased to give to this Bill my strong personal support from my background in my business. I am very pleased that the Government is moving to protect intellectual property. I am especially pleased that the Government is moving to protect the health of Canadians in the future.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I listened with interest to a number of my colleagues throughout the day. A question which comes to my mind is the following. If the Government is so certain that this legislation will result in all of these jobs and all of this research being done in Canada, then why is it so hesitant to build in some type of guarantee or even to obtain some type of guarantee from the various companies involved? We notice that it is accepting on blind faith that the international drug companies are saying: "Yes, we are prepared to invest heavily in Canada".

I ask any serious-minded person to give this proposition some thought. Let us consider a large multinational drug company, say with its head office in New York, which now plans to open a branch in Canada. If it plans to conduct serious long-term pure scientific research into new drugs would it do it in its small branch plant in Canada or at its parent head office in New York? What if we were to ask ourselves that question seriously, do we honestly think people would believe that major research and development will take place in branch plants? There are many examples across Canada of our branch plant economy. When we consider where the research is being done along with the development right through to production, we see that it is seldom done in branch plants. That is not the purpose of the branch plant. The branch plant is simply in place to provide a distribution and sales outlet for the multinational network.

An Hon. Member: Is that your vision of Canada?

Mr. Riis: The Hon. Member opposite asks me if that is my vision of Canada. No. It is obviously his vision of Canada, since that is the reality of Canada. It is his type of Government, both provincially and federally, which has allowed this to take place. We have more foreign ownership and control than any country in the world.

If anyone thinks that having important financial, research and economic decisions made in foreign countries is good for Canada, then that is where we part company I am afraid. That is not my image of what Canada should be. That is not my image of an independent sovereign nation. The best example we have seen in this regard in the last few days is with regard to the Bank of British Columbia which was bought out by the Hongkong Bank. Again, critical decisions about western Canadian enterprise will not be made in Vancouver, or not even in Toronto where they are usually made, but they will be made in the Far East. Quite frankly, I do not think that this is good for Canada. I do not think it is good for British Columbia, good for Canadians or for British Columbians. But that is getting somewhat off the topic.

There has been a great deal of contradictory evidence presented here in the last little while. Rather than simply reflect the views of the Hon. Member for Kamloops—Shuswap I will simply use other sources. Again, they will not be my

views, they will be the views of others. They are legitimate views held by people who I think are all respected in this Chamber. This morning I got up and simply went through a pile of newspapers that I had and I would like to refer to some of the points that have been made.

First, I refer to an editorial in the Vancouver *Sun* entitled "Patently wrong" which states:

The stubbornness with which the Mulroney government seems determined to bull ahead with its ill-advised prescription drug bill and foist it on to Canadian consumers against almost universal opposition is something to behold.

Even though Consumer and Corporate Affairs Minister Harvie Andre now admits the obvious—that giving the multinationals a 10-year monopoly on the sale of new drugs is bound to increase the cost to consumers—the Government is clinging doggedly to its plan.

The Tories have been mesmerized by a promise from the brand-name drug companies, unsupported by any guarantees, that if they get the extended patent protection they will invest $1.4 billion in the development of new pharmaceuticals in Canada over the next 10 years and create 3,000 jobs.

The government continues to ignore the other side of the equation, which is the loss of countless jobs in the industry that produces generic copies of brand-name drugs—at considerable savings to Canadians in lower prescription bills and medicare costs.

A study last year by Toronto economist Harry Eastman, who enjoys sufficient government confidence to be nominated as head of a prices review board that the Tories plan to establish, concluded that the production of generic copies saved Canadian consumers $211 million in 1983 alone. Multiply that by 10 and the total, in 1983 dollars,—

• (1630)

That total comes to $2.1 billion. That is $2.1 billion that could be in the pockets, wallets and purses of Canadians so that they could spend it in local communities right across Canada.

I think we have to make it very clear that if any research and development jobs come out of this change to the Patent Act, those jobs will be almost exclusively in central Canada. Those jobs will be in Toronto and Montreal. While that is wonderful for Toronto and Montreal, the point is that there will be very little benefit flowing out of this legislation for the regions of Canada.

The article in the Vancouver *Sun* goes on to say:

The opposition parties and organizations concerned about the drug bill must keep applying pressure until the Tories can see the light.

According to an article in *The Toronto Sun*:

Ontario taxpayers will have to fork out an extra $35 million a year for drugs under a proposed federal amendment to the patent act, Health Minister Murray Elston said yesterday.

The article goes on:

"The amendment will have severe implications on drug prices," Elston said.

He said it would add at least $35 million to the $1 billion Ontarians now pay for drugs.

Some $400 million of that figure is paid by the government through its Ontario Drug Benefit program for seniors and people on special assistance.

I might add that even though government programs will pay for much of these increased drug costs, the money still comes from taxpayers of the province or of Canada. Again, the people of Canada are the ones who are providing those additional funds. The article goes on to say:

The remaining $600 million comes from cash-paying customers and private insurance plans—

A health ministry spokesman said the $35-million figure "is a conservative one"—

The Territorial Government of the Yukon passed a resolution which reads as follows:

Whereas it is fundamental to the health and welfare of all Yukon people that safe and affordable therapeutic pharmaceuticals be available, and

Whereas Section 41(4) of the Canada Patent Act (1969) has created a situation where Canadian licensees can produce low-priced generic substitutions of brand-name pharmaceuticals to be marketed in Canada, and

Whereas generic substitutions have saved Canadians approx. $200 million a year, and

Whereas these generic substitutes have resulted in lower Yukon hospital, pharmacare and prescription costs, and

Whereas the proposed changes to the Act will result in higher costs for publicly-funded health and hospital programs and higher prescription costs for individual Yukoners while providing no benefits to Yukoners, and

Whereas the federal Government in the face of constant pressure from the multi-national drug companies and the U.S. Administration has tabled a bill to amend the Patent Act,

Therefore be it resolved that this House urges the federal Government to abandon amendments to the Patent Act which would result in higher costs for all Yukoners.

Interestingly enough, all the Conservative Members of the Legislature voted against that motion. The New Democrats and one Liberal voted in favour of it.

Turning to the Province of Nova Scotia, the Consumer Affairs Minister, Laird Stirling, said:

The federal Government should drop proposed changes to drug patent laws because the costs outweigh the benefits—

"Even with that promise of $30 million in new money for research (in Atlantic Canada), it would be crumbs,"—

"Why is it we're supposed to be the guinea pigs in this program?

If my memory serves me correctly, the Nova Scotia Government is still a Conservative Government.

I turn now to an article in *The Toronto Star*. That article quotes Joyce King of The United Senior Citizens of Ontario as saying:

"I have seniors coming to me and saying they don't want to be part of the 51st state," she said. "They're scared and they think they're going to be sold out."

The Acting Speaker (Mr. Paproski): I regret but the Hon. Member's time has expired. I will give him another minute to close off his debate.

Mr. Riis: Mr. Speaker, that went awfully quickly. Let me summarize.

I have another dozen comments that I just picked out of the news this morning from different individuals, scientists, consumers' associations, newspaper editorials and people like Don McGillivray of Southam News all commenting on the fact that the Government is on a suicidal path to try to introduce legislation that will jam hundreds of millions of dollars of increased drug prices down the throats of Canadians,

and primarily seniors, the ill and the disabled. We feel that this is an immoral piece of legislation that must be opposed at all costs.

Mr. Jim Hawkes (Calgary West): Mr. Speaker, again it is Friday. It is always a pleasure to speak in the House of Commons on a Friday. I think it is a particular pleasure to speak on a piece of legislation which is so clearly related to the commitment this Government made in the last election campaign.

We won the last general election because it finally became clear to Canadians that the NDP-Liberal alliance was producing public policy that was penalizing millions of Canadians with unemployment and little hope for the future. It became clear that we needed a massive change in public policy if we were to be able to employ Canadians and allow them to participate fully in society.

One of the areas in which Canada is not well served is its commitment to research and development. If we want to be real world traders, we must be in the forefront of research, of the development of that research and of the manufacturing of the products that are developed.

It is indeed interesting to remember that in 1969, the Liberal Government brought in changes to the Patent Act that enabled non-inventors to steal the inventions of inventors. Here we are 17 years later with a million and a half or a million and quarter unemployed Canadians because the world community and Canadians generally began to lose faith in this country. Canadians began to lose faith that they had the means, the wherewithal, the talent and the drive to invent and to create.

Canadians have been inventing and creating, but they have been doing so in the United States, in Europe and in Australia. Why have they been doing it there? One of the root causes for that is the badly designed and inappropriate Patent Act.

It is particularly embarrassing for me to stand in a Chamber, which is supposedly full of wise people selected by the voters of Canada, and have to listen to the drivel and the inane childishness of the Opposition in reaction to a fundamental piece of legislation designed to restore Canada to economic health. Members of the Opposition seek re-election on false premises and on the backs of a million and a half unemployed Canadians. Every time we bring in a piece of legislation designed to create jobs and a future for the young people of Canada, we are exposed to childish tactics, opposition and inane arguments. It has happened again. In 1979, the NDP and the Liberals threw a Government out of office for bringing in the fairest Budget to the poor people in a decade. They threw the Government out of the House for being fair to poor people.

• (1640)

An Hon. Member: We didn't throw them out. The people threw them out.

Mr. Hawkes: They threw a Government out of office that was creating jobs at the rate of 33,000 a month. Why did they do this? Because they want public policy that keeps people in bondage. They want to hand out the cheque to the unemployed at their local meeting. We do not seek to hand out unemployment cheques at local meetings. We seek an opportunity to meet eyeball to eyeball with those people who are fully employed, fully participating, and can look you in the eye and shake your hand, not hold out their hand for a hand-out. We need public policy that creates growth in this country. The heart of those types of policies relates to getting rid of obstacles like FIRA, and getting out in the community and trying to seek trade arrangements that enhance growth and jobs.

We have not even seen in this Chamber any proposal for arrangements that the Americans and the Canadians have agreed to. Yet the funding mechanism for the NDP Party is putting ads in local newspapers that state we should be afraid of it. Nobody has seen it, but we should be afraid of it. "Do not look at it as an opportunity system to create jobs and opportunities. Just be afraid because we tell you to."

There was a report in the House on Wednesday which was a thick, 500-page report. One or two hours after it was received, and nobody could have read it, it was being condemned by the Opposition as having no value and no opportunity system within it for the really poor of this country, the people who really need the help to get back on their feet and become productive and employed. Condemn it without reading it. Condemn the trade arrangements without reading them. Condemn patent protection, which lies at the heart of the development of this nation. It is a tragedy when somebody living in this country invents a drug or a new product and in the dark of the night they have to sneak across the border to patent it to avoid having it stolen. The jobs which flow from that invention flow into the American economy, the French economy, and the British economy.

It is absolutely insane and opposition Members have some gall to stand up and say that it is going to cost you more money. Generic competition, and competition of any type, tends to produce lower prices. That happens in Canada. For seven drugs out of one hundred it happens, the price goes down. But for 93 drugs out of 100 there is no generic equivalent.

Mr. Benjamin: The four years haven't run out yet.

Mr. Hawkes: Can anybody in good conscience on that side of the House stand up in the House and tell us on which of those 93 out of 100 drugs we are being ripped off? They do not know, because we do not have a price review mechanism today. They do not trust the drug companies, yet they defend a system which allows 93 out of 100 drugs to be put in the market-place without competition and without price review.

Mr. Benjamin: Hogwash!

Mr. Hawkes: They want those drug companies. They talk about profits. They want them to be able to charge what they like.

This Government wants a price review board not to look at 7 drugs out of 100, but to look at 100 out of 100 to make sure that there is not a single drug on the market on which Canadians are being ripped off. We want drugs that work, save lives, and save pain and anguish. We need this patent protection so we can get first quality medical service and jobs.

The Acting Speaker (Mr. Paproski): It being 4.45 o'clock p.m. pursuant to Order made Thursday, December 4, 1986, it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the second reading stage of the Bill now before the House.

Before I put the question, however, I have a statement to make.

* * *

BUSINESS OF THE HOUSE

DISPOSITION OF PRIVATE MEMBER'S MOTION

The Acting Speaker (Mr. Paproski): I have received written notice from the Hon. Member for Peterborough (Mr. Domm) that he is unable to be present in the House on Monday, December 8, 1986, to move his motion during the hour for Private Members' Business. Accordingly, I am directing the Table to drop that item of business to the bottom of the order of precedence. Since notice will thereby be removed, the hour for Private Members' Business will be suspended, and pursuant to Standing Order 39(2) the House will continue with the business before it prior to that hour until the ordinary hour of daily adjournment.

Patent Act

PATENT ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Andre that Bill C-22, an Act to amend the Patent Act and to provide for certain matters in relation thereto, be now read a second time and referred to a legislative committee; and the amendment of Mrs. Killens (p. 1378).

The Acting Speaker (Mr. Paproski): The question is on the amendment. Is it the pleasure of the House to adopt the amendment?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mr. Paproski): All those in favour of the amendment will please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mr. Paproski): All those opposed will please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mr. Paproski): In my opinion the nays have it.

And more than five Members having risen:

The Acting Speaker (Mr. Paproski): Pursuant to Standing Order 13(5), the recorded division on the amendment stands deferred until six o'clock p.m. Monday, December 8, 1986.

Having deferred the amendment we will take the second vote on the main motion on Monday.

It being five o'clock this House stands adjourned until Monday, next at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 4.48 p.m.

HOUSE OF COMMONS

Monday, December 8, 1986

The House met at 11 a.m.

ROUTINE PROCEEDINGS

[*Translation*]

PETITIONS

GOVERNMENT RESPONSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 106(8), I have the honour to table, in both official languages, the Government's response to the following 29 petitions: 332-14 to 332-41 inclusive and 332-86.

* * *

[*English*]

INTERPARLIAMENTARY DELEGATION

PRESENTATION OF ELEVENTH REPORT OF THE CANADIAN NATO PARLIAMENTARY ASSOCIATION

Hon. Allan B. McKinnon (Victoria): Mr. Speaker, pursuant to Standing Order 101, I have the honour to present, in both official languages, the eleventh report of the Canadian NATO Parliamentary Association respecting the participation of parliamentarians from the House of Commons and the other place in the 32nd session of the North Atlantic Assembly in Istanbul, Turkey, from November 14 to November 18, 1986.

* * *

PETITIONS

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have the honour to present several petitions. Whereas the Government of Canada has imposed a retaliatory tariff on imported books in the English language which has limited the access of Canadians to literature and information, and having little negative effect on the publishing industry in the U.S., yet seriously damaging Canada's consumers, book publishers, book sellers, distributors and culture, and rising book prices having placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries, the undersigned petitioners humbly pray and call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries in respect to free trade negotiations.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I have a petition from a number of people in my riding. They point out that government proposals on changing the Patent Act, as they affect prescription drugs, will increase drug prices for Canadian consumers. These changes are unfair to those who depend upon prescription drugs on an ongoing basis. The proposals will result in higher cost for provincial government drug programs. The changes are another example of the Conservative Government serving the interests of multinational corporations instead of those of Canadian consumers. The petitioners ask Parliament to reject these proposals.

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, I have three petitions, two of which are from my riding. They concern the Government's plan to introduce higher drug costs by bringing in the Bill we are voting on today. The petitioners say that the changes in the Patent Act are another example of the Canadian Government's concessions to the U.S. in an effort to get free trade negotiations; in other words, to cave in to pressure from American drug companies and the American Government. I am pleased to present this petition on behalf of these petitioners in my riding.

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, I rise to present a petition sent to me by a number of residents from Wadena, Saskatchewan. They note the changes proposed in the Patent Act and they wish to oppose them because they will increase drug prices for Canadian consumers. The changes will unfairly hurt those Canadians whose health needs require the purchase of prescription drugs, result in higher cost to the provincial drug plans, and is just another example of Canadian Government concessions to the U.S. at the expense of Canadians in the free trade negotiations. They call on this House to oppose any changes to the laws and reject these proposals.

Mr. Rod Murphy (Churchill): Mr. Speaker, I also have the honour, under Standing Order 106, to present a petition certified correct by the Clerk of Petitions. The petitioners, from New Brunswick, express their concern over the federal Government's intention to change the Patent Act related to prescription drugs. They believe this will increase drug prices for Canadian consumers and severely restrict the ability of average Canadians to buy necessary drugs. They believe this is another example of the Canadian Government's concession to the U.S. at the expense of average Canadians in the free trade negotiations.

Questions on the Order Paper

Mr. Greenaway: Point of order, Mr. Speaker. I have delivered petitions in this House before and I was always under the impression that you had to give the very basic facts, not a lot of detail. These petitions are very detailed. Indeed, they are arguments. I ask you to consider that.

Mr. Speaker: There has been some discussion in the Chamber with respect to the extent to which remarks are made at the time of presenting petitions. I think Hon. Members who have petitions to present will take into account the sensibility of other Members and keep their remarks short.

• (1110)

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is my pleasure, on behalf of residents of a variety of communities in Newfoundland, to present a petition to the House of Commons. These petitioners are asking the Government to reconsider its plans to change the Patent Act which they say will severely restrict the ability of average Canadians to buy necessary prescription drugs and suggest that this will result in higher costs to provincial government drug plans. For a variety of other reasons, which I will not take the time to read, they ask the Government to consider not proceeding further with this piece of legislation.

Mr. Les Benjamin (Regina West): Mr. Speaker, it is my duty and privilege to present three petitions from an organization called Senior Power, members of which reside in the cities of Regina and Saskatoon and such villages as Milestone, Blaine Lake, Esterhazy and Unity in the Province of Saskatchewan. The petitioners humbly pray and petition Parliament to reject proposals to amend the Patent Act which they believe will increase the price of prescription drugs for all Canadians.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 27, 34 and 38.

[*Text*]

NATIONAL FLAG OF CANADA MANUFACTURING STANDARDS ACT

Question No. 27—**Mr. McKinnon:**

Is progress being made to bring into effect the provisions of the National Flag of Canada Manufacturing Standards Act, Chapter 28, Statutes of Canada, 1984 and, if so, when will this occur?

Hon. Monique Vézina (Minister of Supply and Services): Yes. Progress is being made to revise the existing standard CAN/CGSB-98.1-M79 as required under the Act and the following is the progress to date.

The Canadian General Standards Board (CGSB), lacking any regulatory authority, is not in a position to bring into effect all the provisions of the cited Act. At the present time it can only proceed with the development of a new National Standard of Canada to reflect current manufacturing techniques and materials.

Since the passage of the National Flag of Canada Manufacturing Standards Act, the representative CGSB Standards Committee has been reactivated to develop a new edition of the existing national standard on the national flag using the consensus process.

Outdoor life tests were conducted in the National Capital Region during the whole of a winter, but the results were not accepted by the committee. At the committee's request, arrangements were made with a commercial laboratory to supervise a more conclusive test program.

The text program has been delayed, first by physical difficulties at the test site, and second by suppliers' repeated postponements in providing specimen flags for testing. The first difficulty has now been overcome, and the second will be avoided by purchasing specimen flags in the market-place. The actual life tests, of course, cannot satisfactorily be shortened.

It is expected that a final standard for outdoor long-term flags will be available by the end of 1987, and that standards for other uses (e.g. indoor) will be available sooner.

STANDARDS COUNCIL OF CANADA

Question No. 34—**Mr. Caccia:**

1. Is the International Standardization Branch of the Standards Council of Canada being moved from Mississauga to Ottawa and, if so, for what reason?

2. (*a*) How many persons will be asked to relocate to Ottawa (*b*) what will be the estimated cost, in severance pay or other forms, to reimburse those persons who refuse to relocate?

3. What will be the estimated cost of operation in the first year, and how does this compare with the annual costs of operation for the last three fiscal years in Mississauga?

4. What criteria were used to determine if the International Standardization Branch could operate as effectively in Ottawa as in Mississauga, and how will the failure or success of this move be monitored in the future?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): I am advised by the Standards Council of Canada as follows:

1. Yes. Reviews have determined that significant efficiencies can be realized as a result of consolidation of operations.

2. (*a*) Nineteen. (*b*) $50,000.

3. Cost of operations—International Strandards Branch

1987-88	$ 2,764,000	estimated
1986-87	3,222,500	forecast

1985-86	2,896,596	actual
1984-85	2,649,740	actual

4. The criteria used was the effect the move would have on the efficiency and the effectiveness of the operations of the International Standards Branch. The success of the move will be monitored by the continuous observation of the efficiency and effectiveness of the operations of the Branch.

PUBLIC SERVICE SUPERANNUATION ACT

Question No. 38—**Mr. Gauthier:**

1. What has been the employer contribution and other payments, expressed as a percentage of payroll, that the Government has made to cover the financing of the Public Service Superannuation Act (PSSA) benefits and their indexing for each of the past 15 years?

2. Does the Government consider that the 8.0 to 11.0 per cent of payroll employer contribution required to finance PSSA benefits and their indexing that was projected to the year 2025 in the Treasury Board's 1976 paper "Basic Facts about Pensions in the Public Service of Canada" is still a valid projection and, if not (*a*) for what reasons (*b*) what are the projected rates that the Government now considers to be a more accurate reflection of future requirements?

Hon. Robert de Cotret (President of the Treasury Board): 1. Employer pension plan contributions and other payments, as a percentage of payroll, made to finance pension plan benefits and indexing for public servants.

Year	Percent
1970-71	10.6
1971-72	9.2
1972-73	9.4
1973-74	8.7
1974-75	11.4
1975-76	10.7
1976-77	10.3
1977-78	10.4
1978-79	11.1
1979-80	10.0
1980-81	11.0
1981-82	13.2
1982-83	10.9
1983-84	10.8
1984-85	11.0
1985-86	11.4

2. The question relates to long-term forecasts based on the present accounting system for public service pension plans. Given the intention to reform that system to conform with private sector practices, as announced by the President of the Treasury Board, it would not be appropriate to provide such forecasts.

[*Translation*]

Mr. Lewis: Mr. Speaker, I would ask that the remaining questions be allowed to stand.

Mr. Speaker: The questions enumerated by the Parliamentary Secretary have been answered. Shall the remaining questions stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

CANADAIR LIMITED DIVESTITURE ACT

MEASURE TO ENACT

The House resumed, from Thursday, December 4, consideration of the motion of Mrs. McDougall that Bill C-25, an Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith, be read the second time and referred to a legislative committee.

Mr. Riis: Mr. Speaker, it is a pleasure to have an opportunity—

Mr. Speaker: I should have advised Hon. Members that when debate ended on the last day the Hon. Member for Winnipeg—North Centre (Mr. Keeper) had the floor. Perhaps the Hon. Member for Kamloops—Shuswap (Mr. Riis) would defer to him.

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I appreciate your intervention. Sometimes our front-benchers are carried away with enthusiasm, and I think with good reason. My colleague is well motivated to speak on this legislation.

[*Translation*]

I welcome this opportunity to resume my speech on this legislation, and I have some additional comments to make. What really strikes me in this legislation is that the sale of Canadair to Bombardier is a fire sale. Canadair is being given away to Bombardier, and this is a tragedy for Canada and Canadian taxpayers.

Mr. Speaker, a few years ago, when Canadair belonged to General Dynamics, that company was in difficulty. In order to preserve jobs in Montreal, the Canadian Government bought Canadair and started to invest in the company. When Canadair started to have problems, the Government used public funds to invest in the company and did so with good results. The most important example is the Challenger aircraft. This executive aircraft was developed by Canadair, and it is a success. For several years, Canadair lost money, and at the time, the Conservative Opposition attacked Canadair as a waste of public funds, without recognizing the investment aspect. But now, this investment is starting to show results and Canadair is starting to show a profit as a result of this investment: yet, the Conservative Government wants to sell the company. Why now, Mr. Speaker? I would think that when the company starts making a profit, it would be a good time to

keep it in the public sector so that Canadians can benefit from their own investment. Nevertheless, the Conservative Government has decided that it wants to pursue its privatization policy, and it wants an example where that policy is a success. And so it has decided to sell a company that is making a profit, a company that cost Canadians money in the past and that was attacked as a waste of public funding. This is their way of telling the public: When this company was in the public sector, it was a drain on the public purse, but once it is privatized, it will be a profitable concern.

That is how they are trying to sell the concept of privatization. Mr. Speaker, I know this approach is going to cost Canadians a great deal. Although the Canadian Government spent a lot on Canadair, Bombardier paid a very low price, less than the $2.2 billion Canadians have invested in this company.

Bombardier bought Canadair for only $120 million while Canadians had already invested $2.2 billion in the corporation. It is unfair, Mr. Speaker, nothing less than an outright gift from the Conservative Government to Bombardier, a private sector company.

I might point out as well that employment guarantees in this deal are worth little more than the paper which they were printed on. The agreement does include an employment guarantee, but it is not legally binding besides being full of major shortcomings. Here is a quotation to illustrate my point, Mr. Speaker:

• (1120)

[*English*]

"Bombardier is committed to maintaining existing levels of employment at Canadair subject to cyclical shifts and sound business practices". It goes on from there.

[*Translation*]

A Conservative asked me what was wrong with that. What is wrong is that it is not a real guarantee, it is only an acknowledgement that there will be jobs if the economy is buoyant and company operations are quite profitable. This is not a real employment guarantee.

In my opinion, Mr. Speaker, the Conservative Government took an ideological approach in the case of Canadair. Canadair should have remained public property because it was beginning to turn a profit and Canadians should have been able to reap the benefits of their own investments.

I can tell you that the Bombardier deal to acquire Canadair raises other questions. The people of Manitoba would like to know whether the original agreement included the CF-18 contract. Is the Government prepared to table all documents concerning the Bombardier sales agreement just so we can know whether the Government made a commitment with respect to the CF-18 contract when it made the decision to sell Canadair to Bombardier? This is a very relevant question, Mr. Speaker, because we in Winnipeg have the feeling that we have been shortchanged through the CF-18 contract decision-making process. It does appear that the Government may have promised the contract to Bombardier in exchange for the company's commitment to buy Canadair. Mr. Speaker, I would suggest that the best way to get answers to these questions would be to have the Government release all data and documents with respect to this contract. If indeed the Government did strike such a deal with Bombardier concerning Canadair and the F-18 contract, then there was no way the government could have acted fairly with Winnipeg and the other companies which filed tenders for the contract. And I think that if the Government did not make such a commitment, it should have no trouble releasing this information.

I want to stress the employment issue, and I think it is important for the Government to have a better guarantee than the one it received from Bombardier about the jobs concerned, because there is no reason for selling the company at a time when it is making a profit, and especially if we consider that by selling the company, we will be jeopardizing people's jobs.

Canadians have invested a lot of money in this company for the purpose of preserving these jobs. After investing over $2 billion in a company to save these jobs, I think we need a better guarantee than the one the Government received.

Our Minister of Finance (Mr. Wilson) made a promise about Canadair. He promised a super Crown corporation that would maintain Canadair in the public sector and help it develop a Canadian aerospace strategy. The sale of Canadair to Bombardier is a clear indication that the Conservative Government has broken a promise it made during the last federal election campaign.

I make this point because the Government has a reputation for breaking promises. People have lost confidence in this Government. People look at all the promises it has broken and think: When will we be able to believe what this Government tells us? With this sale, the Government is once again breaking promises it made during the last election campaign.

I think this Government will fall. Not just because of its poor decisions and errors of judgment, but also because it is projecting the image of a party that does not keep its promises.

An Hon. Member: That's not true.

Mr. Keeper: The Hon. Member opposite said: That's not true. In that case, I hope the Hon. Member will take part in the debate and clarify the issue for us all. How could the Government promise during the last election campaign that we would have a super Crown corporation that would keep Canadair in the public sector, a promise, if you please—

Mr. Speaker, I want the Hon. Member to take part in this debate to clarify the issue. I want him to explain how the Government could promise it would take action to keep Canadair in the public sector as part of a super Crown corporation, and, when it came to power, break that promise, change its mind and sell Canadair to Bombardier?

I hope the Hon. Member can explain why this is not breaking a promise, because I think that one of the big problems facing this Government is that people have little confidence in its commitments and promises. I imagine the Hon. Member will rise as soon as I finish my speech.

Mr. Speaker, I just want to say that the sale of Canadair to Bombardier is a giveaway and a waste of public funds.

• (1130)

[*English*]

Mr. Blenkarn: Mr. Speaker, I wonder if we could straighten out the record. The Hon. Member will know that Canadair was bought by the Government of Canada at the insistence of the then Minister of Industry, Trade and Commerce, the former Hon. Member for Saint-Maurice, who wanted to expand and build jet aircraft as a result of conversations with the Lear people. He decided he was going to be a builder of planes and needed a plant so he paid $46 million for part of Canadair. The rest of Canadair was, of course, left with General Dynamics which even today continues to operate part of the plant. It has an arrangement whereby Canadair pays the salaries but the people are still part of the General Dynamics empire. The Hon. Member might want to know that it is building nuclear submarine parts.

The Government of Canada blew $2.2 billion on the famous Challenger experiment. Having said that, I wonder if the Hon. Member has looked at the evaluation done by Burns Fry who valued the company at $70 million? And could he tell us why he thought the sale of $120 million for cash, plus another $176 million in notes, shares and so on, which guarantees the continuous operation of Canadair for another 15 years at least, is a bad deal considering the evaluation of Burns Fry.

Mr. Hees: What does your legal counsel say?

Mr. Keeper: Mr. Speaker, I heard the intervention that I was consulting my legal counsel. I hope that means it is understood that when we respond we have considered what we have to say. I want to remind the Hon. Member that while Bombardier will pay the Government $120 million for Canadair, experts have valued the company at $300 million to $400 million. That is quite a contrast.

Mr. Blenkarn: Which experts?

Mr. McDermid: Name the experts?

Mr. Blenkarn: Tell us the names of the experts?

Mr. Speaker: Order, please. The Hon. Member asked a question and the Hon. Member who has the floor is giving a reply. There seems to be some unsolicited questions coming from other Hon. Members. Since this is a time for comments and questions, perhaps other Hon. Members could wait their turn.

Mr. Keeper: Mr. Speaker, I want to briefly point out to the Hon. Member—and I hope he would acknowledge this—just why this is a such a sweet deal for Bombardier and why I have described the sale as a fire sale. Bombardier is paying $120 million for this company. That is less than the $300 million liquidation value of the company and less than the $224 million book value. At the same time Bombardier will receive $50 million in federal grants in January and another $30 million to come. There will be export financing of a non-specified amount. It has now the $1.7 billion defence contract. It has no financial obligation related to the debt of Canadair or its outstanding liabilities and it is going to receive the $20 million profits from 1985 and the $2.8 million profits from the first quarter of 1986. What I am pointing out to the Hon. Member is that it is receiving an awful lot for having paid $120 million and the equivalent of $20 million in royalty payments.

The Hon. Member described the Challenger in very negative terms. He should realize that Canadair will continue to sell the Challenger, that it is a success, and that it expects to be paying the Government royalties with regard to that aircraft.

Mr. McDermid: He did not speak negatively about it.

Mr. Riis: Yes, he did.

Mr. Keeper: It was hard to see his comment as positive.

[*Translation*]

Mr. Lanthier: Mr. Speaker, I appreciate the comments made by the NDP Member that there are very few Quebecers in this House this morning to oppose the sale of Canadair to Bombardier. That, to my mind, is a shameful comment to hear this morning, and I hope they will have the guts to tell Quebecers face to face that they opposed Canadair's sale to Bombarbier. To my amazement, but fortunately, he did not make that speech when our fellow-Quebecers were here in this House, because of course he would probably have been, if not lynched, at least booed down.

Second, this is a typical example of the NDP's peculiar sense of business. Since when do you sell a company when it is in the red? The time to sell a company is when it is hale and hearty. You cannot get good prices for a company when it is going under, when it is ready to bust. Of course, Bombardier was showing good signs. I would say our Minister showed a good sense of business when he sold the business to Bombardier, a Canadian corporation, while it was fit for sale. As you know, the time to buy is not when everyone else is buying. The time to buy is when everybody is selling. And I think that this French-Canadian company from Quebec did a risky thing when it bought that industry with all that was involved.

As I said, I have two comments to make. I would like the New Democratic Party to come to Quebec and tell people whether they oppose Canadair's sale to Bombardier. Second, I would like to know what business principle would require a business to be sold when it is on the verge of bankruptcy rather than when it is hale and hearty.

Mr. Keeper: Mr. Speaker, I want to mention to my hon. colleague that I have said that this sale is a gift to Bombardier. Why sell a public corporation to a private company at a price which is really lower? Why sell a public corporation when it has started to show a profit? Why sell such a corporation without strong jobs security clauses? Because the jobs security clauses in this agreement have no legal power. In this party, we are aware that the industry will be able to ensure employment.

I suggest it is as possible in the public sector as in the private sector. Is it necessary to give such a Christmas present to a private firm for this corporation to continue its operation in Montreal? No, Mr. Speaker. Canadair has already started to show a profit.

The second point raised by the Hon. Member had to do with the price. He said that when a company is not a profitable going concern it is not possible to sell it at a good price. Mr. Speaker, the right time would be now that the company is beginning to make a profit. That is the right time if you want to sell this kind of company and ask for a good price. The company may have lost money in the past, I agree, but then it was designing new projects and Canadian taxpayers invested their own money in the company. To simply give it away to some private sector friends is definitely not a good idea and the Government should have asked for a fair price.

• (1140)

[*English*]

Mr. Blenkarn: Mr. Speaker, I was wondering if members of the New Democratic Party have had an opportunity to read the opinion of value put forward by Messrs. Peat Marwick dated April 16, 1985. I would like to read into the record the opinion which states in part:

—subject to the scope of our review and the major assumptions noted below, the net realizable value of Canadair Limited as at September 30, 1985 would be in the range of $(246,500,000) to $(376,200,000). Bracketed figures indicate a negative value or a net cost to wind down the operations.

The report goes on to state that the average would be somewhere in the range of minus $330 million, and that would be winding it up or liquidating the company.

Let us put the record straight. Let us understand that this company had a value as a going concern of $70 million. It was sold for $120 million cash, plus royalties of up to $176,000, perhaps netted out at $20 million on cash now for future considerations. It was a very good sale. Let us understand that and let us not give the House any more false figures.

Mr. Keeper: Mr. Speaker, I have but one thing to say to my colleague. It is that, yes, we are aware of the background to this deal, and yes, it does have all the appearances of being a fire sale, a Christmas gift to the corporate friends of the Conservative Party in Montreal.

Some Hon. Members: Oh, oh!

Mr. Keeper: I would like to back that up by pointing out that Canadair became profitable a couple of—

[*Translation*]

Mr. Lanthier: Mr. Speaker, the allegations we have just heard are harmful to a business-oriented Montreal company which has always been thriving and whose management have never been identified with Conservative grass roots. So this is absolutely false.

Mr. Keeper: If it was not a gift, Mr. Speaker, I wish the Hon. Member would explain why the Government sold a company like Canadair at a basement-bargain price.

[*English*]

I would like to respond to my friend, and I will do so briefly and to the point. The points are these. First, Canadair has become a profitable company, so why sell it for a low price? Second, Canadair is benefiting from numerous forms of assistance from the federal Government which I have outlined earlier. I ask to Hon. Members, why pay Bombardier to take Canadair off the hands of the public when it is now making a profit?

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, we have just listened to a very interesting speech, and some always interesting interventions following the speech. I think all Members would agree that the Hon. Member for Winnipeg North Centre (Mr. Keeper) who gave his entire speech in French without the use of notes is to be congratulated.

Some Hon. Members: Hear, hear!

Mr. Lanthier: It's your turn now.

Mr. Riis: It is always a pleasure to see Hon. Members who have studied hard demonstrate their proficiency in one of Canada's official languages. Others of us still have some work to do in that respect.

It is a pleasure to have this opportunity to say a few words about the Bill which is before us at second reading, Bill C-25, an Act that will result in the transfer of ownership of Canadair to the private corporation of Bombardier in the fine City of Montreal.

I wish to begin my comments by indicating, first, a fact about which I am not sure Members of the House are aware. There is a great deal of myth and fantasy, fact and fiction, which takes place in the House at times. But since the Progressive Conservatives came to power in September of 1984 there has been a move to change over by selling off a number of Crown corporations to the private sector, a move called privatization. The Minister of State for Privatization (Mrs. McDougall) was appointed. So presumably the assumption in the country is that since the Progressive Conservative Government has come into effect there must be less public ownership in the Canadian economy today than there was, particularly in the federal sector.

Statistically, it is interesting to note that today, in spite of a number of moves by the Government, including this latest one to privatize Canadair, there is now more federal public ownership than ever before in Canadian history as a result of Petro-Canada expanding into the service station industry. On the one hand there is a Government which as a result of its own initiatives has expanded the federal role in the economic sector of the country, particularly through the expansion of Petro-Canada, and on the other hand it is giving the impression or the illusion that it is reducing the amount of public ownership. I just want to put that fact on the table, so to speak, before we continue so that while we might be giving impressions in the House of Commons today the facts will speak for themselves.

I wish to indicate that we New Democrats oppose this legislation for a number of reasons. I will comment on only three of them this morning. The first is that when one looks carefully at what is going on it seems that what we are discussing today is a role toward privatization in the absence of any clear program, plan or strategy for privatization. When we have 233 provincial Crown corporations in existence and 464 federal Crown corporations I do not think there is anyone who would say that we must automatically expand those numbers. In fact, no one would say that an evaluative process over time probably makes a great deal of sense in terms of ensuring that these corporations under public ownership make sense, that they continue to fulfil the roles for which they were intended. Just to make it perfectly clear, we have no opposition to the consideration of the role of various public Crown corporations. To blindly flail ahead and privatize for the sake of privatization, or for the sake of appeasing some radical right wing fanatical back-benchers in the Conservative Party, does not make any sense.

A few years ago Canadians were given an impression. When Ministers of the Crown or when political leaders in the Progressive Conservative ranks make certain comments people assume that they are telling the truth. I recall a statement made on August 27, 1984 by the Hon. Member for Etobicoke Centre (Mr. Wilson), who is the present Minister of Finance. He said the following regarding the Canadian aerospace industry:

> As taxpayers we have a large investment in Canadair and de Havilland. Our objective is to get our money's worth for this investment, in terms of employment, sales and development.
>
> We will set up a separate Crown corporation for Canadair and de Havilland with a mandate for the development of the aerospace industry and not merely financial control. This organization will be responsible for developing in conjunction with the aerospace strategy so that Canadair and de Havilland will become commercially viable and will continue to be so into the next century.
>
> We will increase aerospace expertise in this new corporation so that the management are not merely bureaucratic financial wizards but people with hands-on experience and a thorough knowledge of the aerospace market.

• (1150)

I recall hearing the Minister of Finance (Mr. Wilson) making that statement. It seemed to me at the time that he was making a commitment to Parliament and the people of Canada that the Government planned to continue on with the public ownership of both Canadair and de Havilland. However, such is not the case. Now in 1986, a completely different approach is being taken.

Looking closely at the situation, I believe it was after the former Minister of Regional Industrial Expansion took over the responsibility of the concept of privatization that he, motivated by his extreme political, financial and economic right-wing views, decided to proceed in the manner in which the Government is proceeding today. I do not think it was the original intent of the Government to move in this direction but, as on a number of other occasions, it appears to have changed its mind. The Government simply decided to expand its privatization initiatives simply for the sake of privatization.

Government Members are doing this so they can say to their more radical, extremist supporters, look what we have done, we have now privatized X, Y and Z public corporations. Look at the wonderful job we have done. This is being said, keeping in mind that we have more public ownership in the federal sector today than there has ever been. Again, I see this Bill as being a political, extremist tool.

A second reason that we will oppose Bill C-25 is that as far as we can make out this is not a sound financial decision. If all Members of the House were to identify sectors of the Canadian economy in which there will inevitably be growth, development, progress, job creation and the development of expertise in the future, there is no question that the aerospace industry would be one of them.

Because you are a student of Canadian politics and history, I know you, Mr. Speaker, would recall the Avro Arrow fiasco. This occurred at another time in history when Canada was just on the edge of developing into a world-scale player in the aerospace industry. The Progressive Conservative Government of the day said that it had a better idea. It wanted to scrap the Avro-Arrow plan. In a sense, it wanted to torpedo any effort on the part of Canada to develop in the aerospace industry. Perhaps "torpedo" is the wrong word to use in that sentence. Nevertheless, the reality is that the Government of the day made an interventionist decision that set back the development of Canada's aerospace industry for decades.

Just in the last number of months we were beginning once again to build up this leading technology. Canadians are being recognized around the world as being significant and major players in this very critical field of the future. What is the Government doing now? It is backing out of the commitment it made to the people of Canada through the present Minister of Finance back on August 27, 1984, to continue playing some role in the development of this technology.

For a Government to play some role in the development of the aerospace industry is nothing new. As a matter of fact, every single country around the world that is developing an aerospace industry, with the exception of one, is doing so in co-operation with the Government of that particular country. The one exception is the United States of America. West Germany,

France and Great Britain all have major public-sector involvement in the development of the aerospace industry. However, the United States does not. Of course, the reason for that is obvious. The tremendous power of the military budget and the role of the Pentagon essentially drives the aerospace industry through incredibly vast, financially viable defence contracts. There is no need for the Government to play a participatory role. It simply buys such a significant number of aircraft of all sorts and descriptions as well as parts and technology that the need is not there.

The point I want to make is that the role of a Government as a partner and co-operative player in the development of aerospace technologies is something that is found everywhere. Canada does not have to feel that it is out of step. As a matter of fact, it is now moving out of step by removing itself through the selling off of Canadair.

Back in May of 1985, I read the *Budget Papers* with interest. Under the heading of Rationalization and Privatization of Crown Corporations and Other Federal Investments, a number of points are listed. Point No. 4 at page 26 says the following:

> Crown corporations will not be sold at distress prices merely to transfer them quickly to the private sector.
>
> A large deficit and normal fiscal prudence dictate that the privatization program should proceed at a measured pace with careful consideration of all the issues, not the least of which is the receipt of a fair and reasonable price for each asset.

That was contained in the *Budget Papers* of May 1985 which my friend, the Hon. Member for Mississauga South (Mr. Blenkarn), has now committed to memory.

Let us take a look at Canadair itself and just what it is we are talking about at this stage of the progress of this Bill. The history of Canadair takes us back to 1944 and the development of our aircraft industry. It is useful to note that since then we have constructed in excess of 4,000 aircraft including 600 jets. By all accounts, world over, Canadian participation in the aerospace industry is recognized as positive participation. We have been a world leader in a number of technologies and continue to be one.

In 1976 one of General Dynamics' components ran into some very serious financial difficulty and planned to abandon its plant. The Government of the day thought that rather than abandoning the plant and the technology and, perhaps more importantly, all of the people who worked in that sector of General Dynamics, they would purchase it for the best interests of the development of the Canadian aerospace industry. Indeed, the Government did purchase it to the tune of something like $48 million back in 1976.

Canadair is now recognized as being the number one player in the aerospace industry and its most recent success has been the development of the Challenger executive jet. Personally, I have some concerns about our initiative in that area but, nevertheless, it is a high quality piece of machinery and one of which we should at least feel proud in terms of technological development.

It is important that this occurred at a time when the aerospace industry was experiencing difficulty around the world. Let us face it, there was a good deal of mismanagement going on. I do not suppose it would be easy to prove that, but I think all of us in this room have been briefed by a number of players who have recognized that there was a great deal of mismanagement and some very serious problems with the handling of the affairs of Canadair. This caused a great deal of financial difficulty so the Government and taxpayers of Canada were asked to assist through a variety of measures. A great deal of money, in excess of $2 billion, was spent over a number of years to develop front-end technology, the expensive part of investing in research and development through to production. We are now at the production stage, having spent all of that time, expertise and research. Quite frankly, now seems like an odd time to be selling after making that tremendous public investment.

• (1200)

Today we are talking about the four plants in Montreal, three at Ville St-Laurent and one at Dorval, employing in excess of 4,500 employees. It is very important that Canadair remain a viable industry, not only for the City of Montreal or the Province of Quebec but indeed for the future of Canada and Canadian industry.

Why privatization? Why are we selling this off? Over the years the Government has invested a tremendous amount of money preparing the stage and laying the foundation for what is becoming a world leader in the aerospace industry. Various sources place its book value from $75 million to $400 million in terms of the actual value of the company. These are difficult times to place a value, because we are trying to evaluate how the company will perform in the future.

Bombardier has received an early Christmas gift considering that all it has to pay is $120 million. Bombardier is receiving a lot for that money. On December 2, 1986 my colleague from Winnipeg—Fort Garry (Mr. Axworthy) was referring in the House to a condition incorporated into the letter of intent which involved the maintenance contract for the CF-18 going to Canadair as opposed to Bristol Aerospace in Winnipeg, and he stated:

> —the transfer of the CF-18 systems technology would cause Canada to pay Crown royalties equal to 1 per cent of Canada's share of the program revenue.

He went on to say:

> —that quite clearly in the bargaining and negotiations the Conservative Government had decided to provide the CF-18 work as one condition of the sale in order to get cash flow into Canadair sufficient to satisfy the requirements of Bombardier.

In other words, there was at least the suggestion that there was all sorts of wheeling and dealing prior to the finalization of that decision to provide the CF-18 maintenance contract to Canadair. We see now that this was all done thinking ahead as a way to sweeten the deal, so it could be made more attractive to Bombardier, so that they would purchase it.

An Hon. Member: No proof.

Mr. Riis: As my hon. friend opposite has said, there is no proof. Certainly, all of the allegations certainly point in that direction.

Mr. Lewis: All of the allegations point in that direction; what a statement that is.

Mr. Riis: Again, we have always wondered what it was that caused the Government to change the rules of the game half way through. Now, I guess, we have found out. We find that it was all part of the deal to privatize Canadair and it required the maintenance contract, which I might add was worth nearly $1.5 billion over a number of years. This is a pretty attractive piece of icing on the cake that was delivered to Bombardier.

In closing, I wish to say when we talk about privatization, let us all recall that Liberal governments, Progressive Conservative governments, P.Q. governments, Social Credit governments and New Democratic Party governments have all found it appropriate to create Crown corporations at one time or another. The Conservatives created the Canadian Broadcasting Corporation, the Canadian National Railway, Ontario Hydro, Alberta Telephone, Pacific Western Airlines, Manitoba Telephone, B.C. Hydro and B.C. Rail. I could go on and on, Madam Speaker. Nearly 250 of them could be listed where various provincial governments decided that it was appropriate and in the best interest of their region, or of that industry, or of that public utility.

Mr. Cassidy: I thought they were opposed to public ownership.

Mr. Riis: Most of these were done under the rule of Conservative governments. In closing, let us remember that, while there seems to be a commitment to privatize for the sake of privatization, we have to ask, is this good for Canada? No, it is not. Is it a good deal for Bombardier? Yes, it is. Is it an appropriate step that the Government should be taking? No, it is not.

Also, in conclusion, Madam Speaker, we must recognize that today as a result of Progressive Conservative policies under the Mulroney Government we now have more federal public ownership than ever before in Canadian history.

The Acting Speaker (Mrs. Champagne): Questions or comments. The Hon. Member for Mississauga South (Mr. Blenkarn).

Mr. Blenkarn: Madam Speaker, I was wondering if the House Leader of the New Democratic Party, and their former finance critic who spoke eloquently in the past about the horrors of this particular Canadair corporation when we were spending well over $2 billion financing an expensive and ill-conceived aircraft program, could tell me where he gets his valuation of $400 million. The valuation we have as a going concern to wind up the company was negative $330 million. We would like to know where the valuation of $400 million comes from.

Mr. Riis: I will respond to that in a moment. I wish to respond, however, by asking the Hon. Member for Mississauga South (Mr. Blenkarn) whether he is aware of the facts that I laid on the table earlier, that under his Government there is now more of our economy in Canada under federal public ownership than ever before, and if this does not fly in the face of many of the comments that he has made over the years?

An Hon. Member: Answer the question.

Mr. Riis: It is the time for questions and comments. I am asking a question as well as making a comment. I do not think that there is any rule that says one cannot ask a question of my hon. friend.

To be fair, the Hon. Member for Mississauga South is the Chairman of the Standing Committee on Finance and Economic Affairs. Therefore, he is eligible for questioning. Therefore, under the Standing Orders, he is not a person who is not eligible to receive questions. I will begin with that I also wish to remind the Hon. Member that in my speech I went on at some length about the fact that there was a great deal of mismanagement at the senior levels in Canadair. We are all aware that that was very costly to the taxpayers of Canada. I was a critic at the time, and I continue to be, of what that poor management had cost.

I wish to remind my hon. friend that while at times this Crown corporation has had disastrous management in terms of its decisions, think of Dome Petroleum, think of Maislin, think of Massey-Ferguson, think of hundreds and hundreds of private sector corporations like Northland Bank, Canadian Commercial Bank, and so on, that made decisions that were unbelievably stupid. They made silly, unbusinesslike, unprofessional decisions. When we talk about mismanagement or making imprudent decisions, this is not restricted to the public sector. We can certainly list many more private sector corporations that are equally guilty of having misread the climate of the time, for example, assuming that oil prices would reach certain levels when, in fact, they did not, and made all sorts of misjudgments. If we are going to be spreading some of the blame around in terms of management leadership, let us recognize that it is to be spread around through both private and public sectors.

An Hon. Member: You did not answer the question.

The Acting Speaker (Mrs. Champagne): The Hon. Member for Mississauga South.

Mr. Blenkarn: That is exactly what I was going to do, Madam Speaker, is ask the Hon. Member about the $400 million valuation that the New Democratic Party has in mind. While we are looking at valuations, may I point out that Burns Fry did a current value of the company for us. They came up with a value of possibly $70 million. But we were able to negotiate a transaction where the buyer pays $120 million cash on closing; $173 million in royalties on further sales of Challenger aircraft; $150 million if the company does not stay in business for up to 15 years by virtue of certain shares in Bombardier Aerospace; an additional $3 million in dividends as a result of the proceeds of a lawsuit with Avco Lycoming; and 1 per cent of the royalties under the CF-18 systems engineering contract, which, if the contract is worth $1.5 billion, that amounts to another $15 million.

Now I am wondering where they came up with this $400 million valuation. It seems to me that the Government's deal is far better than any other appraisal, and far better than any other offer. The offers were analysed. How could he possibly indicate a price of $400 million? If the Hon. Member has that price, will he table it with the House? Will he tell us who arrived at that figure? Who gave us the evaluation of $400 million?

• (1210)

Mr. Riis: Madam Speaker, I am pleased to indicate formally to the House the source of that $300 million to $400 million evaluation. It was provided to us by our esteemed critic of the industrial sector, the Hon. Member for Essex—Windsor (Mr. Langdon).

Some Hon. Members: Oh, oh!

Mr. Riis: To be fair—

Mr. Turner (Ottawa—Carleton): What is his source?

Mr. Riis: —when the actual source is identified, we will table it in the House of Commons.

However, I remind the Hon. Member for Mississauga South (Mr. Blenkarn) that he forgot to answer my questions. Because of the involvement and interventions of the Progressive Conservative Party in the market-place, the result has been more public ownership than ever before in Canadian history. I am referring to the takeover of Gulf by Petro-Canada, of some 800 service stations. Consequently, what we are talking about here are really nickels and dimes; we are talking about a little nickel and dime privatization here and a little nickel and dime privatization there. In the meantime they are quietly expanding their activities in the private sector.

Mr. Waddell: $866 million.

Mr. Riis: I hear my hon. friend. Let us keep this in perspective. The Government may be commenting upon its wonderful plans and upon privatizing players which are minor in many respects, relative to the giant, Petro-Canada. However, I wonder whether the Hon. Member would have some comments about the facts which were laid upon the table today.

Mr. Blenkarn: Madam Speaker, I am quite prepared to answer questions in the question period of the Standing Committee on Finance and Economic Affairs if my friend wants to ask me some; I would be delighted to do that. I am pleased he is so interested in seeing Petro-Canada privatized. If this is only a nickel and dime Bill—

Mr. Riis: Madam Speaker, I rise on a point of order.

Mr. Blenkarn: Let me continue; you will have your opportunity.

Mr. Riis: I just want to make it absolutely and perfectly clear, so that my hon. friend does not get carried away with the enthusiasm of his bombast, that at no point did I suggest that the leading oil producer in Canada, Petro-Canada, should be privatized. That was certainly never my intention.

The Acting Speaker (Mrs. Champagne): The Hon. Member knows very well that that is not a point of order but a point of debate. The Hon. Member for Mississauga South (Mr. Blenkarn) has the floor.

Mr. Blenkarn: Madam Speaker, it is interesting that the New Democratic Party thinks this is only a nickel and dime Bill. If that is so, the NDP ought to let it go through.

If it were really the privatization Bill about which the NDP is concerned, that is the privatization of a totally integrated oil company, it would perhaps see more privatization by the Hon. Minister of State for Privatization (Mrs. McDougall).

In view of the fact that it is only a nickel and dime Bill, will the Hon. Member tell the House why he is opposing the sale of a company in an amount which is far more than the appraisals and on terms considered by everyone to be excellent? The sale will be to a solid, Quebec-based manufacturing corporation, so that the corporation can widen its abilities and put Canada squarely on the aerospace map where it should be. Why is he opposed to it? Why is his Party opposed to a solid Quebec company, Bombardier, buying this company, even though it is paying far more than the estimated value as determined by Toronto estimators?

Mr. Riis: Madam Speaker, this provides me with an opportunity to clarify our use of the figures. On April 16, 1985 the firm of Peat Marwick advised the Minister responsible for privatization that the value would be in the range of $330 million.

Mr. Blenkarn: That is negative, my boy, and I have the letter right here.

Mr. Turner (Ottawa—Carleton): That is a negative figure.

Some Hon. Members: Oh, oh!

Mr. Blenkarn: On a point of order—

The Acting Speaker (Mrs. Champagne): Order, please. I cannot even hear the Hon. Member. How can I rule on whether or not he has a point of order?

Mr. Blenkarn: Madam Speaker, when we quote in the House from documents prepared by others it is essential as a matter of order that the documents be quoted accurately. That being a point of order, I indicate to the House that I referred earlier to the letter of Peat Marwick and now my friend is referring to it. It shows the figures in brackets. That being so, and as was pointed out in the letter, it is a negative $330 million.

The Acting Speaker (Mrs. Champagne): I thank the Hon. Member for that information. I think it is time to resume debate.

Mr. Les Benjamin (Regina West): Madam Speaker, I want to speak on the Bill because it raises fundamental issues, partly concerning philosophy and ideology, but also concerning the commitments of political Parties in Canada in the course of trying to be elected to Government.

In his statement of August 27, 1984 the Minister of Finance (Mr. Wilson) stated that as taxpayers we had a large investment in Canadair and de Havilland. He also indicated that the objective was to get our money's worth for this investment in terms of employment, sales, and development. That statement is true, and we agree with its objective.

Canadians have massive investments, through their Government and through the tax system, in a host of enterprises. That has been the case for decades. However, it is very difficult for Governments to run something in which they do not believe or to keep something in their possession which they do not want. That has been true of Liberal and Conservative Governments since the 1860s. They did not become involved in Crown corporations because they believed in them. They did not take over industries or put taxpayers' money into public enterprises because they thought it was the proper thing to do. In almost every instance investments of taxpayers' money since the 1860s were made because the private sector failed or refused to carry out essential public services and fulfil national goals.

The Conservative mythology, a mythology peddled by both the Liberal and Conservative Parties, is that it can be left to the private sector, to free and open market forces, to do this. They believe that Government should get out of the private sector, that it should play a minimal or no role at all. However, experience over the decades has shown that the first to run to the Government of Canada with its hands out is the private sector which failed. We have a 120-year history of bailing out the private sector. A former honoured and respected Member of the House was perfectly right when he spoke in 1972 and 1974 about corporate welfare bums. We paid for the CPR and do not own it. We created CN out of five bankrupt railroads. The taxpayers made an initial investment of over $1 billion in the early 1920s. That was quite a bit of money then. Over the next several decades the bond holders and shareholders got their money back. They were safe. The taxpayers paid and paid and paid.

• (1220)

When CN finally turns things around and starts making money, and while I am only guessing I think I am close when I say that over the last few years CN has paid around $40 million or $50 million in dividends to the shareholder, namely the taxpayer of Canada, that shareholder is just as much entitled to a return on that investment as you or I or any other person who invested in the stock or bond markets. However, for some reason or other, when the taxpayer invests through his Government he is not supposed to get a reasonable return on that investment. He is only supposed to get stuck. If it is a private investor in a bank, for instance, we have to look after them when the bank goes belly up. If it is the aircraft industry that fails, it is the taxpayer who bails the private investor out; some $48 million initially to take over Canadair. I forget what it cost to take over de Havilland. Why did we do this? There were two laudable objectives to preserve jobs and retain research and development already in place. However, I submit that those objectives took second and third place to the objective of bailing out private corporations at the taxpayers' expense.

Every time public funds are put into these kinds of enterprises the taxpayer must retain equity ownership. I make the same argument now as I did when we were dealing with the Western Grain Transportation Act. When the Government of Canada puts up $650 million a year, divided roughly evenly between Canadian Pacific and Canadian National, we maintain, then and now, that what CN gets increases the equity of the people of Canada in CN by that amount. For the amount of money given to CP the people of Canada should receive common voting shares in CP. Do not just hand them the money and let them do what they darn well please with it.

However, even where we have billions invested there is little or no concern about the right of the taxpayers collectively to have the opportunity to get a return on that investment. Instead, those investments are looked upon as Government interfering with the private sector—whether it be was the private sector that failed and came to Ottawa on its hands and knees begging to be bailed out, whether it is the aircraft industry or the financial institutions, or a host of other kinds of operations in which the private sector had been bailed out time after time after time. In this instance the taxpayer gets to keep the $1.2 billion of long-term debt owed by Canadair. I thought normal business practice was that when you took over a company you took over the assets, the goodwill and the accounts receivable, but you also take over the accounts payable. Not in this case. That is strange. If that is not a double standard I have never seen one.

The same thing has applied in other instances. We relieved CN of billions in debt and it was only in the last refinancing that we took increased equity ownership. In the decades prior to that the debt was removed from CN and placed on the books of Canada.

About the same time as the CDIC started the bidding process for Canadair the Government of Canada all of a sudden fattens up Canadair. The company was fattened up with $31 million in immediate financial assistance, plus $20 million for a joint venture with West Germany, plus an unspecified amount of export financing which is still to come. As I read it, we have already put up $51 million, and you can knock that off the $120 million Canadair is supposed to pay the people of Canada.

I want to say something about my one experience with Bombardier. The Minister of Industry, Trade and Commerce in the former Government, Mr. Lumley, made it a practice that when he made a trip he would take one or more Members of Parliament with him, from opposition Parties as well as the government Party. He took me with him on a trip to six countries in 11 days in East Africa. He closed some $80 million or $90 million worth of contracts with different Governments. When we were in Nairobi he asked me if I would have a look at their railway operations. The government people there were very good. They escorted me and two or three others through the fully-modernized railway shops. They had the latest technology and equipment supplied by West Germany and Sweden. There were 15 locomotives there which had been built in Canada. Immediately one feels good about that. However, at that point in time, February of 1982, 12 of those locomotives were on the ground. They had been bought from Bombardier 10 years earlier. The main generator of each locomotive, made by Canadian General Electric, did not work. All the welding around the fuel tank, which is also the walkway around the locomotive, had cracked. For the information of my colleagues who are not acquainted too well with locomotives, the Bogie is the cast iron framework which holds the wheels of a locomotive on. The Bogies were made by Algoma Steel. They cracked. At that point none of those three companies, not a damn one of them, had paid a nickel under warranty or fixed the problems. That country cannibalized three of the 15 locomotives and used the parts to get the other 12 running. It was the most embarrassing experience.

Mr. Turner (Ottawa—Carleton): Whose fault was that? CIDA? Who was responsible for maintenance?

Mr. Benjamin: Bombardier was the manufacturer of the locomotives. To this day I do not know whether that country has been properly recompensed for our default of a normal contractual obligation.

• (1230)

West Germany bought three Challenger jets which I understand have been grounded in West Germany since February because Canadair was unable to supply maintenance manuals properly translated into German. As a result, West Germany has withheld $60 million of payment for those Challenger jets. If that is true, why is it not shown as an account receivable on the books? If it is an account receivable, who will receive the money? If West Germany is finally satisfied with the translation of the highly technical maintenance manuals and pays the $60 million, who will receive the money? I hope the Government will answer that question if and when this Bill goes to committee.

I submit that those funds should go to the people of Canada as some compensation for the $1.2 billion of long-term debt imposed upon them. For your information, Madam Speaker, the people who wrote the maintenance manual for the Challenger jet are writing the maintenance manual for the CF-18. That should be checked out very carefully.

I would like to say a word about the general thrust of the Government's action in this instance, which is all part of its policy of privatization, deregulation and free trade. It will cost us dearly. One need only ask the folks in Sault Ste Marie and London, Ontario, who have lost their Air Canada services, what they think of deregulation. I predict that places such as Yarmouth, Nova Scotia, Sudbury, North Bay and Thunder Bay will not long receive the services of Air Canada or those of the other national airline. I suggest that Windsor, Ontario, is probably not very safe either. I suggest you ask the folks in Edmonton what they think of deregulation now that they no longer have any direct flights from Edmonton to Ottawa. Edmonton is only a little village of about 650,000 people. In addition to having to change aircraft, one may now also change airlines. So much for the privatization-deregulation thrust.

I move, seconded by the Hon. Member for Humboldt—Lake Centre (Mr. Althouse):

That the motion be amended by deleting all the words after the word "that" and substituting the following therefor:

Bill C-25, an Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith, be not now read a second a time but that it be read a second time this day six months hence.

Mr. Waddell: Madam Speaker, I rise on a point of order. Before beginning debate on this motion, what becomes of the period for questions and comments with respect to the speech of the Hon. Member for Regina West (Mr. Benjamin)? I would like to ask him a question.

The Acting Speaker (Mrs. Champagne): I will allow Hon. Members to ask questions or make comments on the speech of the Hon. Member. We will then begin debate on the motion of the Hon. Member for Regina West (Mr. Benjamin).

Mr. Blenkarn: Madam Speaker, would the Member for Regina West (Mr. Benjamin) advise the House whether it is his opinion and that of the New Democratic Party that Bombardier is such an incompetent company that Canadair should not be sold to it? His remarks with respect to his tours of East Africa indicated that. Having made that connotation, could the Member tell us whether the New Democratic Party is opposed to the sale of Canadair to Bombardier because Bombardier is incompetent? Is that the view of the New Democratic Party or only of the Member who castigated Bombardier because of certain locomotives he saw on his travels around the world?

Mr. Benjamin: Madam Speaker, as the Hon. Member will recall, I told the House that I wished to relate my one experience with the products of Bombardier. I did not say it was a bad company or that it was badly managed. I believe it was bad in that particular case but, to be completely fair, it inherited some of its badness from M. L. Worthington Locomotive Works, CGE and Algoma Steel. However, that has nothing to do with the lack of viability of Bombardier. I think it is a viable company and it has manufactured many good products. I remember riding in the first snow vehicles made by Bombardier. They had a cab and were much bigger than the snowmobiles they presently make. I believe that Bombardier was one of the originators of that vehicle.

• (1240)

I am not for one minute saying that Bombardier is not a viable company and cannot be even more viable. Perhaps I was not clear enough in explaining that one reason for retaining some equity ownership when selling off a Crown corporation is to ensure that there is continuous good management and continued protection of the investment for which you are responsible on behalf of the taxpayers of Canada. The Government should retain some equity ownership in Canadair in order to ensure that Bombardier operates efficiently and competently. The Government is supposed to protect the interests of the investors for whom it is responsible, namely, the taxpayers.

Mr. Blenkarn: Madam Speaker, if my hon. friend is correct, that the New Democratic Party would approve the Bill if we retained equity ownership, did he not know that we are in fact retaining equity ownership? Let me quote what it says with respect to shares:

> Series A-$100 million special shares to be issued by a company, to be incorporated under the name of Bombardier Aerospace, reflecting Bombardier's commitment to use the available working capital of Canadair for the future growth and development of Canadair; Canadair must pay full face value for these shares if the capital is used for other purposes

> Series B-$50 million special shares to be issued under the name Bombardier Aerospace to be offset by future incremental benefits to Canada of Canadair's operation under Bombardier ownership; if not earned out the face value will be paid to the Crown after 15 years.

Does the Member not realize that this is particularly the nature of this deal? That being the case, will he stand up and withdraw his motion that clearly is improper and suggest to his colleagues that they vote for the transaction?

Mr. Benjamin: Madam Speaker, of course that does not provide any significant control. How many people will the Government of Canada put on the board of directors? What say will the Government have in the management of the company? I would like to be here in 15 years to see what, if anything, is recovered on those shares. We will leave that for another day. That is one of many features that should be in the Bill. The deal is simply too easy and the amount is too low for what I believe to be its reasonable book value, its technology value or reasonable liquidation value. I believe that $120 million is far too low.

Mr. Turner (Ottawa—Carleton): What should it be?

Mr. Benjamin: I would put it somewhere between $300 million and $400 million if you took into account—

Mr. McDermid: That is a $100 million variance.

Mr. Benjamin: If one takes the net book value, estimated technology value or liquidation value, I believe the value is in that range. I believe that is what should be obtained for the taxpayers of Canada.

Mr. Waddell: Madam Speaker, when I rise again to speak in the debate I will deal with these figures which I believe have been bandied about inadvertently. There is a difference between the liquidation value and the technological book value of a company. I will invite Hon. Members to read the Canadair annual report. I suggest we should be careful in our reference to these figures.

However, I want to ask the Hon. Member about the principle that is involved because he is an old hand in the House and a veteran Member who has long been the transport critic for our Party. He is well respected by all sides of the House and by people throughout the country. The Hon. Member is especially knowledgeable in this area of deregulation. All Canadians are interested in this because the Government seems to have embarked on a path of deregulation. I ask the Hon. Member to compare deregulation with privatization, because this is the first time we have debated the new Conservative thrust of privatization in the House. We have seen deregulation in the United States and privatization in Britain. Are these approaches tied together and, if so, will he explain how? I look forward to his reply because the Hon. Member speaks in down-to-earth language which ordinary Canadians can understand.

Mr. Benjamin: Madam Speaker, I must disagree with my hon. colleague about one of his points. He used the word "old". I prefer to say "older".

I suppose this policy is part of an ideological package that has been put forward ever since the days of the proposition 13 syndrome that came out of California some 15 years ago and spread up to Canada like a swarm of grasshoppers. It is all part of the same package. If you are going to privatize a public corporation that is quite heavily regulated—and I am thinking of airlines in particular—it is necessary to give the private sector all the benefits possible to entice it to take over a public enterprise and put it in the private sector. The deal must be made as attractive as possible.

The airlines made it plain to the Transport Committee that if fares and revenues would be deregulated it would be necessary to deregulate the companies and relieve them of public regulations so that they could operate more freely in the so-called open market.

The Acting Speaker (Mrs. Champagne): Resuming debate.

Mr. Blenkarn: Madam Speaker, I rise on a point of order. I believe you intend to recognize the Hon. Member for Vancouver—Kingsway (Mr. Waddell). He has already spoken in this debate and is not permitted to speak again, despite the motion which has been put. The motion dealt with Bill C-25. We are debating Bill C-22. The motion is void and cannot now be put.

The Acting Speaker (Mrs. Champagne): We are debating Bill C-25. The Hon. Member has spoken on the main motion but we are now on an amendment. The Hon. Member can participate in debate on the amendment. The Hon. Member for Vancouver—Kingsway (Mr. Waddell).

Mr. Ian Waddell (Vancouver—Kingsway): Madam Speaker, I wondered why the Hon. Member was giving us all that trouble. He was on another Bill. I hate to think what the Hon. Member was attempting to dismantle or privatize. I am being unfair to the Hon. Member. He may have been talking about Canagrex and wheat, I do not know. The Hon. Member for Mississauga South (Mr. Blenkarn) has a lot to contribute to this debate and is handy with the figures, although I am still not clear from which end of the Conservative dinosaur he is speaking, the mouth or the tail.

• (1250)

I would like to speak on the motion to hoist the Bill for six months. As critic for our Party, I have had a little pressure from requests that we get this Bill passed before Christmas. I hope we can get this matter addressed by some hon. members of the Conservative Party in the debate because, unless the Government changes its mind on this and other matters, it is not going to get the Bill passed by Christmas.

Hon. members of the New Democratic Party have a lot to say about this Bill. This is the first Bill which deals with privatization, an incredibly important topic that will heat up as a topic next year. It may be the topic for 1987. It is worth debating. I would also say to hon. members of the Liberal Party, come on, Liberals, get with it. Start participating in the House. You cannot just continually do your leadership things outside the House. Come and take part in the great issues facing Canada.

An Hon. Member: That is a commercial.

Mr. Waddell: No, it is not a commercial. If the Liberal Party is going to be a viable Party again it had better start participating in some of the issues and take a position. The Liberals are on both sides of the trade issue, the Cruise missile issue, NATO and all these other issues. They cannot just sit there like mugwumps, their mug on one side of the fence and their wump on the other and not take any position. At least the Conservative and the New Democratic Party take positions. In modern politics, the people want political Parties to take positions. The Liberal Party, to the extent it does not take any unified position, becomes an irrelevant Party. It is temporarily ahead in the Gallup polls but it will quickly disappear to third place. Look at what happened to the Liberal Party in Great Britain.

There is another reason the NDP wants to debate this Bill further, that is, we are concerned that there is not sufficient protection in the Bill for the ordinary working people in Quebec. My colleague, the Hon. Member for Winnipeg North Centre (Mr. Keeper), gave a speech entirely in French without notes. He came to the House unilingual a few years ago. He talked from a national standpoint of trying to protect jobs in Quebec. The jobs statement reads:

Bombardier is committed to maintaining existing levels of employment at Canadair subject—

All working people worry when they read lawyers' clauses which start with the word "subject".

—to cyclical shifts and sound business practices,—

If it has some money problems it can fire the workers. With respect to sound business practices, it can say, we have to be more productive. We need less workers. Then, bang, the workers are out on their ears. It decides it has to contract out and get away from the union. Then, bang, the workers are out.

This is the kind of thing from which Canadian workers are suffering all over the country. A good example was the International Woodworkers of America strike in British Columbia, my home province, which, thank goodness, has just been settled. The reason for the strike, with the loss of $2 billion to the economy of British Columbia, was the fear that the contracting-out clause would in fact reduce union rights, and when union rights are reduced wages are dramatically lowered. Of course, that is what the employers want to do. That is why we are concerned about the phrase "sound business practices".

We have nothing against sound business practices and nothing against Canadair. We think Canadair is a very good Canadian Quebecois company. That is important. But we want to make sure the workers are protected. The workers also want to have sound business practices. They also want to be part of the enterprise. However, all too often the workers are left out of the compact, if you like, between employer and employee who are doing things for the good of each other and for both rather than for the good of one group, which is the trend in these Conservative times.

The statement continues that Bombardier:

—will pursue new programs and opportunities so that the level of employment at Canadair and its suppliers will increase.

We are in favour of that, but we worry about job security. We said in the debate, and I reiterate, that the reason we want the matter looked at in greater detail is that we think Canadair was fattened up prior to the final sale. At the very moment CDIC began the bidding process the Government approved $30.9 million in defence assistance for the production of CL-227 systems and another $20 million for Canadair's participation in a joint venture with West Germany on the CL-289. That is a total of $50 million. Canadair will be eligible for more defence money; $14 million to improve the CL-215 water bomber, $10 million for modifications to the Challenger and $5 million for new equipment, or approximately $30 million in grants which have not yet been announced but which we think will come. This is apart from an unspecified amount of export financing to come.

Canadair was given the $1.7 billion CF-18 jet fighter defence contract which is a guaranteed $50 million per year for 20 years. The Canadian taxpayers will have to assume Canadair's

long-term $1.2 billion debt. They paid $120 million for the company.

The Hon. Member for Mississauga South (Mr. Blenkarn) told us to look at the Peat Marwick figures, and it is minus $330 million, but that is based on the liquidation value of the company, if we are forced to liquidate it, with all of the future costs we have to assume. So the Hon. Member is right and he is wrong. He is right in the sense that those are the Peat Marwick figures, but he is wrong in the sense of the real value of the company. We need only to look at its annual reports. In fact, the technological value of the company alone is worth something in the order of $300 million.

We are throwing these figures back and forth across the House and we should not mislead each other. It is common sense that if one puts as much money as the Canadian Government has into technology, it is worth something. The company does have defence and aircraft technology. It has the Challenger jet technology. If I were the executive of Canadair years ago I would not have developed the Challenger jet. It was expensive and who needed to get into the market for wide-bodied executive jets. However, there was a lot of investment made and we should not just throw it away.

To review then, Bombardier is paying $120 million, less than what we say is the $300 million technological value of the company. It is receiving $50 million in federal grants in January with $30 million to come, unspecified export financing, a $1.7 billion defence contract, no financial obligation related to Canadair's debt or outstanding liabilities, plus profits of $20 million in 1985 and $2.8 million in the first quarter of 1986. That is not bad for what it is paying for the company.

We stick by the argument we made this morning, that this in fact is a distress sale or *un cadeau* as it was called by the Hon. Member for Winnipeg North (Mr. Keeper), or a fire sale as another Hon. Member said.

I will continue my speech after lunch by talking about the philosophical problems with the Government's policy of privatization.

[*Translation*]

The Acting Speaker (Mrs. Champagne): Order, please. It being one o'clock, I do now leave the chair until two o'clock day.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

SOCIAL AFFAIRS

FOOD BANKS—YORK WEST YOUNG LIBERALS' CHRISTMAS FOOD DRIVE

Mr. Sergio Marchi (York West): Mr. Speaker, the arrival of the Christmas season traditionally enhances the warm feeling of giving and sharing within our respective communities across the country. In keeping with this holiday spirit the York West Young Liberals Club has launched its Christmas Food Drive 1986, a worthy project aimed at helping those less fortunate.

The increased number of food banks across our country is a disturbing reality of our times. All too many are forced to line up for their daily meals and rely on the generosity of their fellow Canadians. The gravity of this situation is further aggravated by the shortage of available foods. However, the people behind the food banks and welcome missions in Metropolitan Toronto are a reminder that our city is not an exception to caring for the plight of others.

Toward this end I ask and encourage fellow citizens of York West to contribute to the Christmas Food Drive 1986 and to donate what they can. In helping the needy, non-perishable goods can be given to the York West Young Liberals Club through my constituency office located at 2397 Finch Avenue West, or by calling my Toronto office at 743-3153.

The less fortunate members of our community do need help. I encourage and thank those who are willing to support and come to the assistance of those Canadians less fortunate than they are during this Christmas season.

* * *

SOVEREIGNTY

POLAR VOYAGE OF UNITED STATES SUBMARINES

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, the reluctance of the Government of Canada to give straight answers regarding the May voyage of three United States nuclear submarines to the North Pole is leading to a suspicion on the part of Canadians that their Government was unaware of these manoeuvres and is now trying to save face.

There is no security reason why the following questions cannot be answered. Did the submarines travel through Canadian waters? Did the United States advise Canada in advance of the manoeuvres and did it seek our permission? Is there an agreement with the United States concerning navigation by its warships in our territorial waters? Is Canada capable of detecting the presence of foreign submarines under our ice-covered waters?

The quicker these questions are answered the better we will know if our Government is serious about its commitment regarding Arctic sovereignty.

* * *

THE SABBATH

EMERGENCE OF SUNDAY SHOPPING PRACTICES

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, the current controversy over Sunday shopping raises several questions. For Christians, and for those who value our Christian traditions, the widespread acceptance of Sunday shopping signals the fact that we do indeed live, ironically, in both a thoroughly secular and a religiously plural society. This means that Sunday shopping cannot and should not be opposed on a narrow sabbatarian basis.

But most traditional religious practices are grounded in some profound insight about the nature and needs of human life, and this is certainly true of sabbath keeping. The whole notion of rest and of rhythm, and of the community's right and need to institute socially chosen rest times and, indeed, the very existence of public time, are at stake in this debate.

From a class perspective many shift workers who want to shop on Sunday are being played off against the shift workers in stores who want to rest on Sunday, while the only thing for sure is that owners, with the exception of some small business-people, will be able to stay at home on Sunday and worship their market share. To my mind Sunday shopping is one of the final victories of capitalism, of Mammon, and the idolatry of commodity fetishism.

Our Constitution states that we recognize the supremacy of God. If the Supreme Court rules in favour of Sunday shopping why don't we drop the pretense, and rewrite it to read "supremacy of the market-place"? And if it does so on the basis of the Charter, in the name of freedom of religion, God forgive those of us who voted for the Charter.

* * *

• (1405)

CANADA POST CORPORATION

NEED FOR BETTER RURAL MAIL SERVICE

Mr. Walter Van de Walle (Pembina): Mr. Speaker, rural mail delivery service in Canada cannot be curtailed. While many Canadians enjoy five-day-a-week door-to-door mail service, Canada Post gives rural residents two-day-a-week delivery. That is for the fortunate few. The rest have to pick up their mail. They are also saddled with an additional cost to rent boxes. When I am told that our postal service is fair and equitable, I say "Hogwash".

Last week in an Edmonton newspaper, John Bail, President of the Edmonton Local of the Canadian Union of Postal Employees, was quoted as saying: "By manipulating the Post Office, the Prime Minister (Mr. Mulroney) is cutting hundreds of jobs, probably thousands". Instead of making irresponsible statements, my advice to Mr. Bail would be to give leadership to his membership. Motivate them to be productive, and instil pride in their work. I am firmly convinced that with a high degree of efficiency in the postal service, we can avoid postal service cuts and—

Mr. Speaker: I regret that the Hon. Member's time has expired.

* * *

STATUS OF WOMEN

DR. ROSALIE BERTELL—RECOGNITION OF WORK FOR HUMANITY

Miss Aideen Nicholson (Trinity): Mr. Speaker, I am sure all Members of the House of Commons will be pleased to know that Dr. Rosalie Bertell is being honoured today in the Swedish Houses of Parliament with the Right Livelihood Award which is also known as the alternative Nobel Prize.

A scholar, a scientist, a member of the Order of Grey Nuns, an author, an activist, and currently Director of Research at the International Institute of Concern for Public Health, Sister Rosalie has devoted her energies and considerable abilities to working for humanity and against the escalation and development of nuclear weapons and nuclear power. In 1986, the International Year of Peace, it is especially fitting that the international community has chosen to honour Dr. Rosalie Bertell who has spent decades of her life in a dauntless and uncompromising crusade for truth and peace.

* * *

CROWN CORPORATIONS

SUPPORT FOR SALE OF CANADAIR

Hon. Bob Layton (Lachine): Mr. Speaker, much has been said in recent weeks regarding the privatization of Canadair, Canada's leading airframe manufacturer. For purely political reasons members of the Opposition have been delaying the passage of Bill C-25 which would authorize the transfer of ownership of Canadair from CDIC to Bombardier Ltd., one of Quebec's most successful entrepreneurial societies.

Privatization with new managerial inputs and controls is good for the Government and the buyer. It is good for the Canadian aviation industry, and is particularly good for Montreal. It is good for the workers who are calling for support of the government Bill.

Union leaders, representing as they do the best interests of the workers, are saying the following. Norm Cherry, President of Local 712, has said: "The deal looks promising".

[*Translation*]

Mr. Jean-Luc Bélanger who works for Canadair says: "This indicates that we are going to stay here." I too have confidence in Bombardier. The sale of Toronto's de Havilland has created 700 jobs so far. The best employment security is a prosperous company. Let us put a stop to such nonsense and get down to work!

* * *

[*English*]

HOUSING

CO-OPERATIVE HOUSING—CALL FOR INCREASED FUNDING

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, today more than 100,000 Canadians live in co-operative housing. Co-operatives have been particularly important in integrating low-income families, disabled people, ethnic and racial minorities and others into communities where they feel comfortable and safe.

Co-operative housing has proven to be reasonably priced and of good quality. That is why I am so upset and my Party is so concerned about the fact that the Conservative Government has abandoned the promise it made in the 1984 election campaign and in this session's Throne Speech with respect to co-operative housing.

After a lengthy period of discussions and bargaining between the federal Government and the co-operative housing movement, the expectations that were raised have been shattered. While between 1981 and 1985 an average of 5,500 units of co-operative housing were financed, that figure will be only 3,200 this year.

The co-ops have done their job. They have negotiated innovative new means of financing with the federal Government. The problems have been delays and over-regulation by Canada Mortgage and Housing Corporation, and a lack of political will on the part of the Government. I call on the Government to honour its commitment to co-operative housing. The funding for this unique and important form of housing must be continued at a level that will ensure that Canadians of average incomes can truly have an alternative in housing, and live co-operatively in good communities.

• (1410)

CANADIAN JOBS STRATEGY

OFFICE SKILLS TRAINING—OFFERS OF PERMANENT JOBS

Mr. Alan Redway (York East): Mr. Speaker, this past weekend I attended graduation ceremonies for some 26 young women who have received computer and office skills training at the Overland Learning Centre in my riding as part of the Government's Canadian Jobs Strategy program. This is the first graduating class. Another class with 32 students is now under way.

You will be as delighted as I was, Mr. Speaker, to learn that 80 per cent of the graduates have permanent jobs, or job offers. The success of this program is a refreshing change from the failure of the former Liberal Government's national institutional training program, a program which cost taxpayers almost $1 billion, and trained the unemployed for jobs which already had a surplus of workers. Fortunately, the Progressive Conservative Government which was elected to make changes scrapped the old program and instituted the Canadian Jobs Strategy program, a program which does work.

* * *

MEMBERS OF PARLIAMENT

MAIL INCORRECTLY ADDRESSED TO MR. HOPKINS

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Mr. Speaker, recently I received a very pleasant message from the office of the Hon. Member for Parry Sound—Muskoka (Mr. Darling). It was indeed a revelation because it was addressed to the Hon. L. Hopkins, M.P., Minister of State for Youth. While I wish to thank the Hon. Member for Parry Sound—Muskoka for the confidence that he has displayed in me, I do wish to assure him and my many other friends on the government side of the House that I have not crossed the floor to join them.

I have never been the type of person who was willing to join a sinking ship with a captain who has no compass, no maps, no navigator, and hence no direction. I prefer to be on a ship with a smaller crew sailing through well charted waters, a Liberal ship whose captain is well qualified for the job. Our captain has a new compass called a mandate, which is only one week old, and a crew that is willing to take on any assignment. He is sailing through these turbulent waters under this Tory Government to a safe harbour called Victory '88, if you dare, or Victory '89, as you must

Oral Questions

NATURAL RESOURCES

LOW SULPHUR WESTERN COAL—RECOMMENDED USAGE BY ONTARIO HYDRO

Mrs. Barbara Sparrow (Calgary South): Mr. Speaker, western Canada's coal industry is in difficulty following attempts to sell larger quantities of coal in a depressed and increasingly competitive international market. The recent federal-provincial task force may have indicated a way for our coal producers to broaden their marketing opportunities. Using low sulphur western coal in place of high sulphur American coal would allow Ontario Hydro to meet future limits on acid gas emissions, without resorting to flue scrubbers. The drawback is that Ontario consumers will pay somewhat more for their electricity, a cost differential which could, however, be reduced by initiatives noted in the report.

I urge both levels of Government to investigate the potential for marketing more western Canadian coal in Ontario, as this can provide economic benefits to all Canadians at little or no extra cost to the electricity consumers.

* * *

CANADA SAVINGS BONDS

PAYMENT MADE TO FORMER BOND HOLDER

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I believe that I may have discovered one of the many reasons that the Government of Canada has been unable to deal effectively with Canada's large deficit. It appears that the Government may be sending out volumes of Canada Savings Bonds interest cheques to people who are not eligible, or expecting them.

In October, 1985, Mr. William Fader of Chase, British Columbia, cashed in his Canada Savings Bonds, yet he received a cheque for $450 on November 1, 1986. How many other cheques of this nature have been sent to Canadians more than a year after they cashed in their Canada Savings Bonds? Is the Government sending out cheques for hundreds of dollars to surprise Canadians, such as Mr. Fader, as special Christmas presents, or has the Government blown it and once again demonstrated its fiscal incompetence and its inability to deal with important financial issues facing Canada?

* * *

NORTH ATLANTIC TREATY ORGANIZATION

LOCATION OF AIR TRAINING BASE—CLAIM ADVANCED ON BEHALF OF LABRADOR

Mr. John Oostrom (Willowdale): Mr. Speaker, NATO will be making a decision within the next few weeks as to whom to award a new $500 million air training base. There are only two nations, Canada and Turkey, that are competing for this facility. Canada must continue to lobby hard for the base to be awarded to Labrador, since it will provide this area with badly needed economic stimulation. This base will provide for more than 500 permanent jobs, and it will inject enormous amounts of capital into the local economy.

• (1415)

Since all aircraft will be requiring service, and today's aircraft require highly skilled technical personnel, the potential technological spinoff to Canada and the local community will be of benefit in enticing high technology industry around the proposed base. Goose Bay could also provide NATO with a more secure location.

The Government of Canada, Members of Parliament, and our ambassadors should continue to use every means at their disposal to secure the base, for it will help an area of the nation which needs economic stimulation, and will provide security for our NATO allies.

* * *

GOVERNMENT EXPENDITURES

REFURBISHING MINISTERS' OFFICES

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, once again Ministers of the Tory Government are abusing taxpayers with their excessive spending in refurbishing their offices following the last ministerial shuffle.

Most of us did not know that a cabinet shuffle meant a boondoggle for movers. I wonder whether the Prime Minister (Mr. Mulroney) could justify to the House the expenditure of $33,000 so that the Minister for International Trade (Miss Carney) could satisfy her fetish of having an office away from a junior Minister. Is that what the Prime Minister meant when he said: "Watch Pat Carney go"? Did he mean from Tower B to Tower A?

ORAL QUESTION PERIOD

[*English*]

SOVEREIGNTY

BEAUFORT SEA—OIL AND GAS EXPLORATION LICENCES—REPORTED ACTION BY UNITED STATES

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, my question is for the Secretary of State for External Affairs. Apparently the American Government is proposing to issue licences for the exploration of oil and gas in the Canadian segment of the Beaufort Sea. What is our Government doing to object to the procedure? What steps is Canada taking to protect its sovereignty in those waters?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I thank the Right Hon. Leader of the Opposition for raising that question. Of course any questions relating to Canada's sovereignty are of great importance to every Member of the House. The CBC report was slightly misleading this morning in that it suggested that licences were in the process of being issued. In fact hearings are being held. This has happened before. When it happened before we protested, and we are protesting again. In the interim of course there has been, after some 16 long years of delay and neglect, the assertion by Canada of our sovereignty over our North.

Mr. Turner (Vancouver Quadra): I will not accept the latter part of that answer. My predecessor, Pierre Trudeau, was very insistent on protection of that sovereignty.

Some Hon. Members: Hear, hear!

[*Translation*]

INQUIRY WHETHER GOVERNMENT AUTHORIZED PRESENCE OF TWO NUCLEAR POWERED UNITED STATES SUBMARINES IN ARCTIC WATERS

Right Hon. John N. Turner (Leader of the Opposition): Last week, Mr. Speaker, the Prime Minister and the Secretary of State for External Affairs admitted that nuclear powered United States submarines navigate through the Canadian waters of the Arctic Ocean, but both refused to say whether the Government had authorized their presence there. So again I am asking the Secretary of State for External Affairs: Had the Canadian Government authorized in advance the presence of these American submarines in our Arctic waters? Yes or no?

[*English*]

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, there are two matters to be dealt with here. One is the question of the record of the former Government. It was so insistent on Canada's claims to sovereignty in the Arctic that it refused to let those be judged by the International Court of Justice. That indicates an absolute lack of courage and lack of conviction in our claims, and that has been reversed by this Government.

Some Hon. Members: Hear, hear!

Mr. Clark (Yellowhead): With regard to the allegations respecting submarines in Canadian waters, that question was raised and responded to the other day in the House of Commons. As the Right Hon. Leader of the Opposition knows, it would not be in anyone's interest, except for perhaps some of our adversaries, for us to be identifying with any precision the presence in our waters of United States ships of any kind. I have given guarantees in the House on Friday by which I stand.

CANADIAN POSITION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I suggest to the Secretary of State for External Affairs that he should quit using the national security argument as a way of ducking questions on national sovereignty. We do not want to know whether or not American submarines were in our waters. The issue is whether the Canadian Government is giving permission to those American submarines to be under our waters; that is the issue. What does the Minister know, and what permission has the Canadian Government given for those patrols under Canadian waters by American submarines?

• (1420)

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the Right Hon. Leader of the Opposition is assuming there were patrols by U.S. submarines in the North.

Mr. Turner (Vancouver Quadra): That is what you said.

Mr. Clark (Yellowhead): There have been reports of submarines having come to the surface at the North Pole. He would know there are at least four routes by which they could have reached the North Pole, one Canadian and three American. I do not propose—

Mr. Turner (Vancouver Quadra): Just answer the question.

Mr. Clark (Yellowhead): I do not propose to be drawn into a question which might lead us to indicate the presence of submarines of Canadian allies anywhere in the world where that indication might be to the benefit of countries hostile to Canada. I know full well—

Mr. Turner (Vancouver Quadra): Under our waters.

Mr. Clark (Yellowhead): —the position taken by the Liberal Party at their convention. They decided they would adopt a nuclear weapons-free policy. The Leader shakes his head. That is what his Party did. It would take this country out of NATO. We do not propose to turn our backs on the obligation—

Mr. Speaker: Order, please.

JOINT COMMITTEE RECOMMENDATION ON DEMILITARIZATION OF NORTHERN WATERS

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, my question is directed to the same Minister. He referred to the stand taken at the Liberal convention. I would like to ask him about a stand taken by a joint committee of the Senate and House of Commons with a majority of Conservative Members of Parliament on it. That committee clearly recommended demilitarization of Canada's northern waters. The Government rejected it. Why did the Government do so? The recommendation would provide Canada with the opportunity of securing its sovereignty in those waters so we would not have warships travelling through Canadian waters.

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, demilitarization, like disarmament, in order to be effective requires at least two to play. You cannot

have unilateral demilitarization just as you cannot have unilateral disarmament. I know the Liberal Party, under the guidance of the Hon. Member for Winnipeg—Fort Garry, has moved much closer to a position of advocating that Canada stand away from its obligation to defend freedom. That is not a position which this Party or this Government defends. I think if the Hon. Member would like to have a debate on that in this country he will find most Canadians believe we have an obligation to stand up and defend freedom and not simply talk about it.

Mr. Axworthy: Mr. Speaker, any time the Minister wants to have a debate I will hire the hall and we will see what Canadians believe is the right way of defending freedom.

Some Hon. Members: Oh, oh!

USE OF CANADIAN WATERS

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I would like to direct my supplementary to the Secretary of State who said he is defending Canadian interests. Why will he not answer the question as to whether Canada has an agreement with the U.S. on the use of our waters by its warships? Do we have such an agreement? Does Canada permit or go along with those initiatives? Has this country the capacity to detect when its waters are being used, or do we simply rely on information from other countries? We expect answers from the Government, not the cheap rhetoric of the Minister.

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the Hon. Member does raise important questions. It is too bad he waited until he was in opposition to do so. He and his colleagues did nothing about them when they were the Government of Canada.

The situation with which we are faced is that there are arrangements in place which allow the Government of Canada to know about the presence in our waters of any submarine or other craft of friendly or, indeed, other powers. Those arrangements are being respected. I do not propose to divulge them in detail in the House of Commons.

It is also clear that we do not now have the capacity to assert our sovereignty in the North that we should have. That is because the former Government backed away from the need to build a Polar Class 8 ice-breaker, which this Government is now going to build.

Some Hon. Members: Hear, hear!

• (1425)

TRADE

UNITED STATES DUTY ON CANADIAN SOFTWOOD LUMBER

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, my question is for the Minister for International Trade. The Prime Minister is quoted as saying this weekend: "The American lumber industry does not make decisions." Does the Government not understand the nature of the U.S. countervail system? Does it not realize that the U.S. lumber producers have to withdraw their petition and are using this leverage to increase the 15 per cent offer which we put on the table? They are the people in the no-lose situation as a result.

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I do not know what selected quote the Hon. Member is using, so I cannot comment on that quote from the Prime Minister. However, we clearly understand how the U.S. trade laws on countervail affect us because the U.S. preliminary decision on lumber came down on October 16. The Hon. Member should know that there are only three solutions when faced with a countervail. The first is to pay it, the second is to seek to suspend it, and the third is to try to negotiate a solution. We are trying to negotiate a solution.

Mr. Langdon: Mr. Speaker, the Minister has in fact tried all three at different times.

[*Translation*]

INQUIRY WHETHER GOVERNMENT HAS MANDATE TO INCREASE OFFER

Mr. Steven W. Langdon (Essex—Windsor): A supplementary, Mr. Speaker. Considering the American position, does the Government have a mandate from Messrs. Bourassa and Vander Zalm to offer more than 15 per cent?

[*English*]

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the Government has been consistent and persistent in seeking every possible resolution to the American countervail action which we face against one of our biggest industries. We have sought every possible solution which would avoid a final determination that would affect our sovereignty and the right of the provinces to manage their own resources. We have been consistent and persistent in that.

The Hon. Member has repeatedly alleged that the Government is changing its position. I refer the Hon. Member again and again to the statement made in Vancouver as follows:

> The Canadian Government has proposed an agreement that would lead to a complete withdrawal of the countervail action by U.S. lumber producers. In return, Canadian governments would agree to take measures to offset the effect of a 15 per cent countervailing duty.
>
> Details of the Canadian measures will be disclosed following further consultations—

That is my answer, Mr. Speaker. I cannot and will not deviate from it.

CANADIAN OFFER

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I must admit that there has been persistence, but there has not been consistency. Anything but!

Senator Bentsen, who supports the U.S. lumber producers, is coming tomorrow. Therefore, will the Government clearly confirm out front and up front that 15 per cent is the final offer, or is it going to leave Canada in a no-win position while American lumber producers are in a no-lose position?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the only people who are putting Canada in a no-win position are members of the NDP who are consistently pressing for measures which would undermine our sovereignty and our ability to price and manage our natural resources under our own terms rather than those imposed by another country. I have already given my answer to this persistent question from the NDP and I do not intend to change my answer.

GOVERNMENT'S LEGAL ADVICE

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, my question is directed to the Minister for International Trade. The Canadian Lumbermen's Association has said that the 15 per cent U.S. countervail on softwood lumber is excessive and beyond the economic capacity of the industry to pay. Why has the Government proclaimed its own 15 per cent solution when legal advisers to the Canadian industry were confident, one month before the U.S. Government decision was to come down, that we could have won that decision if the Government had not sabotaged our position by caving in?

• (1430)

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the Hon. Member raises an interesting point. The same legal advisers who were so confident of winning this decision were also confident of winning the preliminary decision which they lost. The same legal advisers who are so confident now sat in my office and asked the Government to negotiate on their behalf.

POSITION OF COUNCIL OF FOREST INDUSTRIES

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, I turn to the Deputy Prime Minister—

Some Hon. Members: Oh, oh!

Mr. Penner: —because I want an answer. The Government says that it has a good working relationship with the private sector. Is the Deputy Prime Minister aware that Adam Zimmerman, President of the Council of Forest Industries, has said that the Government's willingness to negotiate this tariff is a wimpish position? Mike Apsey of the council has said that the Government's offer and its negotiation should be killed. Will the Government go back to its original position and stand with the industry to fight this matter right through the courts, because we can win? That is the position the Government ought to be taking.

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, Mr. Zimmerman speaks for his corporate interest. The Government speaks for the interest of all Canadians and a very important industry which employs Canadians from coast to coast, and which we are trying to protect.

Let me remind the Member once more that it was Adam Zimmerman and his Washington lawyers who sat in my office and asked us to negotiate. It was Adam Zimmerman and his Washington lawyers who sat in my office and accepted the 10 per cent proposal which we put forward. It was Adam Zimmerman and his industry which are currently faced with a 15 per cent countervailing duty at the border. We did not create this problem. We are trying to put forward a solution to deal with it.

* * *

INVESTMENT CANADA

FOREIGN CONTROL OF CANADIAN UTILITY COMPANY

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. Does he believe that it is appropriate for a foreign company to own and control a Canadian utility involving both hydro-electric power and water rights, which would then effectively give foreigners control over a crucial western Canadian resource?

[*Translation*]

Hon. Marcel Masse (Minister of Energy, Mines and Resources): Mr. Speaker, if a company wants to invest in Canada, there is a law on the books, Investment Canada is there. The criteria are well-known and I believe that in due time these institutions will respond directly to the question of the Hon. Member.

[*English*]

WEST KOOTENAY POWER AND LIGHT COMPANY

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, there is certainly nothing hypothetical about the question. The Minister will likely be aware that the West Kootenay Power and Light Co. is presently being purchased by the Kansas City based Utili Corp. United for $80 million and must now appear before Investment Canada. Does he believe it would be appropriate for him to say that the Government of Canada finds it totally inappropriate to approve a foreign company purchasing a water and electrical utility in Canada, which will be 100 per cent foreign controlled for the first time in Canadian history?

[*Translation*]

Hon. Marcel Masse (Minister of Energy, Mines and Resources): Mr. Speaker, as long as the application is before

Investment Canada officials, it is up to them to provide the answer sought by the Hon. Member, not to the Minister of Energy, Mines and Resources.

* * *

[*English*]

EXTERNAL AFFAIRS

IRAN—ARREST OF CANADIAN ENGINEER

Mr. Chris Speyer (Cambridge): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. The Minister will know that last Wednesday a Canadian engineer by the name of Philip Engs was arrested by the Iranian Revolutionary Court. Nothing has been heard of him since. Will he advise the House whether or not the Government knows what the charges are against Mr. Engs and what steps it is taking to protect his interest?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, let me thank the Hon. Member for bringing that question to my attention and that of my officials over the weekend. We are seeking answers to precisely the questions that the Hon. Member raised. We do not have them yet. We are using every means available to us, both through the Danish Embassy which works on our behalf in Iran, and through other avenues. As soon as we have that information we will make it available to the Hon. Member.

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ENVIRONMENTAL AFFAIRS

ACID RAIN—STATEMENTS ATTRIBUTED TO UNITED STATES SECRETARY OF ENERGY

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, my question is directed to the Deputy Prime Minister. It concerns statements made by the United States Secretary of Energy, Mr. Herrington, with respect to the American commitment to the program that resulted from the envoy process on acid rain. Has the Government investigated Mr. Herrington's reference to a meeting of Canadian officials that led him to believe Canada would accept a smaller program? Has the Government made it absolutely clear to the United States that no scaled down version of the already inadequate program that came out of the envoy process will be acceptable?

[*Translation*]

Hon. Marcel Masse (Minister of Energy, Mines and Resources): Mr. Speaker, the Minister of Environment, who was at this meeting, replied publicly to this question by saying that the Government of Canada expected that the United States would keep to their commitments.

Second, the next day, Mr. Herrington himself told the American press that the quote which had been attributed to him did not correspond to what he had said at the press conference.

[*English*]

FUNDING OF CLEAN COAL TECHNOLOGY

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, I understand that the Minister of Energy, Mines and Resources met with Mr. Herrington. Did he get commitments from the U.S. administration, through Mr. Herrington, that new money would be spent on clean coal technology, not money that was already spent and authorized by Congress prior to the envoy report? Has a commitment of new money been made, and when will we see it?

[*Translation*]

Hon. Marcel Masse (Minister of Energy, Mines and Resources): Mr. Speaker, I have met with the Secretary of Energy. I have told him about the views of the Canadian Government in these matters, and I can assure the Hon. Member that, as far as the Canadian Minister is concerned, money is always money. There is no such thing as new money and old money.

[*English*]

Money is money, and the American Government is committed to ensure that it will stick to its own report.

* * *

UNEMPLOYMENT INSURANCE

EARLY RETIREES—CALCULATION OF PENSION AS INCOME

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. We have re-examined the Minister's Friday statement with respect to the unemployment insurance cuts for pre-retirement pensioners. We find that it does absolutely nothing for those Canadians who were obliged or were pushed to take pre-retirement pensions but have not been able to find jobs. Since approximately 75,000 Canadians have paid into the unemployment insurance fund for many years and are still looking for work, why should they wait for a second job and a second lay-off to collect their legitimate unemployment insurance benefits? Even Forget recommended that that policy be withdrawn.

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I trust that I did not understand the Hon. Member for Notre-Dame-de-Grâce asking for implementation of the Forget Report. That is a first point.

Second—

An Hon. Member: Ha! Ha!

Mr. Bouchard: Ha! Ha! Mr. Speaker, we announced last Friday an allocation of $230 million for people who re-establish their eligibility for unemployment insurance with a second job.

We also clarified certain points regarding those who were apparently misinformed about the consequences of applying the rules retroactively to January 1, 1986.

I think that we have acted honestly to correct actual situations, and as for the principles, the Hon. Member for Montreal—Sainte-Marie said that we have rejected the principles involved. We certainly did not; what we have done was to consider certain variables in the practical application of these principles.

Now I think that the situation has gone back to normal and that the Government will continue to examine specific cases—

Some Hon. Members: Order, order!

[*English*]

MINISTER'S POSITION

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, as Canadians examine this policy they will find that the Minister has not solved the problem for thousands and thousands of Canadians who are bilked out of their unemployment insurance payments. How can the Minister justify income testing unemployment insurance with pensions when he does not do it with profits, rents, interest, and dividends? If it is not done for those things, why do it for pensions? How does he explain that?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the Hon. Member for Notre-Dame-de-Grâce is getting into the details of how the Unemployment Insurance regulations are applied.

What the Government has said, what the Minister of Finance said in 1984 and what I am still saying today is that we consider that anyone who applies for Unemployment Insurance must do so because he is temporarily without employment and not to gain a second source of income. This is the principle which applies now and it will continue to apply.

• (1440)

[*English*]

TREATMENT OF EARLY RETIREES

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my question is also directed to the Minister of Employment and Immigration. In light of the fact that last Friday the Prime Minister said: "There shall be no second-class citizens in this country as long as this Government remains in office, postal services or otherwise", and in light of the Minister's announcement last Friday with respect to his half-backtracking on pension as earned income for unemployment insurance purposes, making a clear distinction between pensioners who live in Toronto who can get a second job, and pensioners who live in eastern Canada who cannot, will the Minister tell the House why he is creating this second-class citizenry?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, Friday's announcement did not create second-class citizens, because those people who retired in Toronto and those who retired in St. John's will both have access to a second job, thereby taking up a second career, and will then become eligible to unemployment insurance.

The same principle applies across the land. There is no question in our view of this applying differently depending on where one lives in Canada.

[*English*]

REQUEST THAT BENEFITS BE PAID TO ALL RETIREES

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, the Minister knows full well it is much easier to get that second job if one lives in southern Ontario than if one live in the other regions of Canada. Therefore, the person in Toronto will be able to requalify, according to the Minister's statement. Will the Minister now give a commitment? Don't go half way, go all the way and give all the retirees their U.I. benefits to which they are entitled.

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the commitment I am willing to make is the same one that I and the Government have always made: it is to make sure that people in Canada who are temporarily unemployed and are on the labour market have access to unemployment insurance. That commitment the Government is ready to make at any time, anywhere.

* * *

[*English*]

NATURAL RESOURCES

LOW SULPHUR WESTERN COAL—PROMOTION OF USE IN ONTARIO

Mr. Blaine A. Thacker (Lethbridge—Foothills): Mr. Speaker, my question is directed to the Deputy Prime Minister. In Ottawa today we have a delegation of United Mine workers and elected officials from British Columbia, Alberta, and Saskatchewan promoting the increased use of low sulpher western coal in Ontario. What is the federal Government doing to promote low sulpher western coal in Ontario as a solution to the acid rain problem in central and eastern Canada, as well as promoting Canadian jobs and economic development?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, as the Hon. Member knows, the report on the use of western coal in Ontario was made public on August 20, I believe. Clearly the Government supports the initiatives contained within that report. To that end, officials have been meeting with representatives and discussions have taken place with representatives of Ontario Hydro. I will be meeting with the mine workers, and I hope to meet later on this month with Premier Peterson.

We think this is an excellent initiative. It is good for the environment, for the economy, for western Canada, good for Ontario, and good for Canada.

* * *

AGRICULTURE

HIGH QUALITY WHEAT—REQUEST FOR FINAL PAYMENT TO PRODUCERS

Mr. Maurice Foster (Algoma): Mr. Speaker, in the absence of the Minister responsible for the Canadian Wheat Board, my question is directed to the Deputy Prime Minister. He knows that Canadian wheat producers are facing the lowest prices since the 1930s. Is the Deputy Prime Minister prepared to make a commitment today to take the necessary steps to ensure that producers of No. 1 and No. 2 Red Spring wheat will receive the full final payment to which they are entitled for the 1985-86 crop year, as has been recommended to the Government by the Saskatchewan Wheat Pool, the Western Canadian Wheat Growers Association, and other responsible farm groups in western Canada?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Government acknowledges the fact that grain producers are going through a difficult period, that their income is down, and is taking concrete steps to redress this situation. The fact is that while prices are down, support from the federal Government has increased by some 62 per cent over the last two years of the Liberal administration. I think that is a very good record.

As the Prime Minister has indicated, the details of the billion dollar farm aid package to the grain and oil seeds producers of Canada will be announced later on this week. The Minister of Agriculture and the Minister responsible for the Canadian Wheat Board are currently meeting with representatives of the total agricultural industry. I can assure the Hon Member that this Government will not leave the farmers in a difficult situation without our full support. In fact, I think the record will clearly show that no Government in the history of Canada has given more support to agriculture and the grain and oil seeds producers than this Government.

REQUEST FOR MINISTERIAL COMMITMENT

Mr. Maurice Foster (Algoma): Mr. Speaker, we are still facing the lowest grain prices since the Bennett Government of the 1930s. The Deputy Prime Minister knows that not making that full final payment on No. 1 and No. 2 Red Spring wheat will cost the western wheat growers some $200 million. In 1970 there was a special payment made for Durum. Why is the Minister reluctant to give a full commitment to make that final payment to western grain producers for the past crop year?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, in addition to the $1 billion package, the details of which will be announced later on this week, I think I can also indicate to the Hon. Member that there will be a deficit within the Canadian Wheat Pool account which will have to be met by the federal Treasury. That is an additional amount of money which will go directly to support the farmers.

Let me say that we are not only supporting the farmers in terms of improving their income, we are out selling and marketing. That is quite different from the Hon. Member's Leader who said to the farmers: "Go and sell your own wheat".

* * *

FISHERIES

BLUEFIN TUNA—LICENSING OF JAPANESE VESSELS

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, my question is directed to the Minister of Fisheries and Oceans. In response to Premier Buchanan and some prominent Nova Scotia Tories, the Minister issued a licence which would grant two Japanese fishing vessels the right to catch 401 bluefin tuna off the coast of Nova Scotia, in return for which the Japanese would pay to Bayshore Tuna Limited, a company run by prominent Nova Scotia Tories, the sum of over $400,000. Can the Minister explain why he ignored the advice of his own Department, his own Atlantic regional council, and his own tuna advisory committee in authorizing this blatant giveaway?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): In fact, Mr. Speaker, the answer is quite simple.

Some Hon. Members: They are Tories.

Mr. Siddon: These tuna are international in nature.

Some Hon. Members: Oh, oh!

Mr. Siddon: The Canadian share of these tuna has only been fished to the extent of 10 per cent of the quota. A group of fishermen and a company were near bankruptcy because the tuna did not come inshore so that company is being allowed to fish those tuna and to learn how the Japanese catch tuna on the high seas—

Some Hon. Members: Oh, oh!

Mr. Siddon: —with a view to creating a new industry for Canadian fishermen and to keeping the dollars in Canadian hands and in the pockets of Canadian fishermen. That is why this initiative was approved.

Mr. MacLellan: Mr. Speaker, I knew tuna went to schools but I did not know they carried visas.

Some Hon. Members: Oh, oh!

Mr. MacLellan: There is no question of learning from the Japanese. We do not have an offshore bluefin tuna fleet. It would cost $1.5 million to fund one of those vessels. The Minister has broken every principle of fisheries management.

Mr. Speaker: Order, please. The Hon. Member is making a point with some vigour, but I would ask that he direct his question to the Minister.

CANADIAN RESOURCES—GOVERNMENT POLICY

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, I want the Minister to justify how he can give away the resources of the people of Canada just to bail out this Tory-owned company?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, the fact is that we do not have an offshore tuna industry in Canada because the previous Government never went to the trouble to encourage it and to provide those opportunities to Canadian fishermen by exploring alternative fisheries, which we are doing in this case. I take pride in doing that.

* * *

• (1450)

PHARMACEUTICAL INDUSTRY

PATENT AMENDING LEGISLATION—UNITED STATES POSITION

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, my question is addressed to the Minister of Consumer and Corporate Affairs who says that it is mischievous to suggest that there is any relationship between the new patent Bill and the free trade negotiations. Can the Minister deny that it has been the consistent position of the Americans, expressed by both the Senate Committee on Finance and the President of the United States, that a comprehensive free trade agreement will not be approved unless Canadian intellectual and patent laws conform to those of the United States? In fact, is Bill C-22 not a product of negotiations to that end?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, with all the double negatives in the Hon. Member's question I do not know if I can give a single-word answer. The fact is that this matter has nothing to do with the free trade talks. What this has to do with is more medical research in Canada so that we have Canadian scientists looking for cures for cancer, Alzheimer's, cystic fibrosis and other diseases. I hope that we have done it in a way that will look after the interests of the Canadian consumer. Incidentally, it puts us in phase with the rest of the western industrialized world which respects patent rights.

CANADA-UNITED STATES TRADE NEGOTIATIONS

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, I do not think it is too much to demand that a question that is asked be answered, and not be given this falderal that there is some kind of guarantee that Canada will be the originator of a whole host of drugs for which there is no agreement in which these corporations will engage.

My question to the Minister is, again, quite simple. Would the Minister deny that, repeatedly, various American representatives up to and including the President of the United States have said that there will be no engagement in discussions over a comprehensive free trade treaty unless, among other things, the questions of lumber, oil, foreign investment, and patent law are addressed?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, in answer to the preamble to the question, I have already announced $770 million worth of new research and development.

Mr. McCurdy: How about the question?

Mr. Andre: The answer is no—I believe it is no. I am not sure with all the double negatives that the Hon. Member has put in his question. The fact is that this has nothing to do with the trade talks. What this has to do with is the interests of Canada.

The Hon. Member has a vivid imagination—

Mr. Waddell: That's nonsense!

Mr. Speaker: Order, please. The Hon. Member for Annapolis Valley—Hants.

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UNEMPLOYMENT INSURANCE

FORGET COMMISSION REPORT—SITUATION OF EARLY RETIREES

Mr. Pat Nowlan (Annapolis Valley—Hants): Mr. Speaker, my question is reality and supplementary to the questions asked by the Hon. Member for Notre-Dame-de-Grâce—Lachine East and the Hon. Member for Nickel Belt. It is addressed to the Minister of Employment and Immigration to whom I gave general notice of the question. I will not repeat the earlier questions.

Does the Hon. Minister not appreciate that the reason the Government is taking time to assess the Forget Commission

Report is because there are so many opinions, and conflicting ones, whereas the one unanimous recommendation in the Forget Commission Report was with respect to the rescinding of the pension income regulation? It took the Government three years to come up with a realistic policy. With all the good intentions he expressed on Friday, he has created second-class veterans by giving moderate help to those who can obtain a second job and by not giving any help to those who need it most, those who cannot get a job.

Some Hon. Members: Hear, hear!

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the Government, through the Minister of Employment and Immigration, has incessantly answered over the last two weeks—or since the report was tabled—that implementation of a Forget Report recommendation in any form would have to be studied by the Government. In this specific matter of early retirees and pensions, we have considered independently . . . Mr. Forget made his recommendation. It was my intention that we provide a response very rapidly in a way that would take the whole issue into consideration.

The principle put forward by the Government in November 1984, that workers should apply for unemployment insurance benefits when they are unemployed has not changed. We did not create second-class citizens. We have simply been applying that principle, making adjustments wherever groups of people, including those who took up a second career, could be entitled to unemployment insurance benefits.

* * *

[*English*]

FISHERIES

OFFSHORE TUNA FISHERY POLICY

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, in the absence of the Prime Minister my question is for the Deputy Prime Minister. It concerns Tunagate, Take 2. Is it just a coincidence that the lawyer for Bayshore Tuna Ltd., Mr. John Grant, just happens to be the former President of the Nova Scotia Tories? Is this just not another case of patronage exploding in the face of the Government? If it is a new policy which the Minister was announcing a while ago in this House regarding offshore fishing, why is it that it is a Tory again who is the beneficiary of a new policy rather than the general public of Canada?

Mr. Ricard: Why not?

Mr. Boudria: Some Tories here ask why not.

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I think Canadian fishermen are pleased that we have a Government which is pursuing new options to create an income and employment opportunity for them by harvesting fish that have been previously left in the water.

Mr. Riis: Name one.

Mr. Siddon: I would accept the same request from the Premier or the Government of any province to undertake to develop a new offshore fishery rather than let those fish swim out of Canadian waters uncaught. That is money in the pockets of fishermen.

Mr. Boudria: Mr. Speaker, it sounds as if we were given a blue option in this case. I have a feeling of *déja vu* with respect to this issue.

[*Translation*]

GOVERNMENT POSITION

Mr. Don Boudria (Glengarry—Prescott—Russell): Will the Deputy Prime Minister tell the House why the Government once again has listened to a provincial Premier and a Conservative lobbyist, against the advice of its own officials? Lastly, will the Government tell us whether it is a national Conservative trait to put both feet in it whenever possible?

[*English*]

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I wish to remind the Hon. Member that these are indeed bluefin tuna.

Mr. McDermid: Even the fish are Conservatives.

Mr. Siddon: That's right; and there are more of them, too.

The fact of the matter is that under the rules of the International Commission for the Conservation of Atlantic Tuna, Canada is given a quota. This year, by the end of the year, we will have fished only one-tenth of that quota because we do not have the offshore capacity to catch these fish. I make no apologies for having Canadian fishermen and our officials onboard Japanese vessels to find out how they are catching fish we cannot catch.

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SUPPLY AND SERVICES

GOVERNMENT'S PURCHASE OF MEAT FROM GAINERS INC.

Mr. Rod Murphy (Churchill): Mr. Speaker, my question is for the Minister of Supply and Services. Would the Minister not agree that by purchasing a large order of meat from Gainers Inc., Peter Pocklington's firm in Alberta, the federal Government is in fact taking the side of Gainers in a strike about which even the Premier of Alberta has said that Gainers is being unfair to its workers?

Hon. Stewart McInnes (Minister of Public Works): Mr. Speaker, the Minister of Supply and Services is not in the

House today. However, I think my hon. friend is asking me to reply, so I will do that. I do not know the particular answer. I do know that the Government has had a long experience—

Mr. Turner (Vancouver Quadra): If you don't know the answer, then sit down.

Mr. McInnes: I can only assume—

Some Hon. Members: Oh, oh!

Mr. Speaker: The Hon. Member for Regina West.

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AIRPORTS

FIRE-FIGHTING SERVICES

Mr. Les Benjamin (Regina West): Mr. Speaker, I have questions for the Minister of Transport. Last night, *W5* reported fire-fighting services at airports as being dangerously inadequate. A year ago in June I asked the former Minister about the purchase of 75 new fire trucks. He told me that the funding had been reprofiled. We have 150 fewer fire-fighters at work today than we had then. What action is the Minister of Transport taking to put those fire-fighters back to work? Where are the 75 new trucks?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, the trucks referred to are on order and under construction.

Mr. Benjamin: For the last three years?

Mr. Crosbie: Not for the last three years. There are 34, as I recall, under construction under one contract, and 34 under construction under another contract. They are rapid intervention vehicles. Six other all-terrain vehicles are under construction as well. That makes up the total.

• (1500)

There has been no change in the number of personnel employed in the crash-fire rescue service. I think there are something like 650 people employed in that service at 60 sites across the country. The service is costing the people of Canada around $40 million a year. There was a change made this summer with respect to overtime rules, and that aggravated or irritated some of the personnel concerned who were not getting as much overtime as they had been getting previously.

I would like to assure the hon. gentleman that I have looked into this carefully with personnel in the Department. I am satisfied that our service is adequate, and I would say even more than adequate when compared to the U.S., Australian or other crash-fire services.

AIR TRANSPORT

SERVICES PROVIDED FOR AIRCRAFT FLYING OVER ARCTIC

Mr. Les Benjamin (Regina West): Mr. Speaker, I would also like to ask the Minister what action the Ministry of Transport is taking to replace services being cancelled by the Department of National Defence for commercial aircraft transiting the Arctic. These services include course, speed, altitude and ground speed checks, and aviation weather information *en route*. What alternative organization will provide those services for commercial aircraft in northern Canada and across the Arctic?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I will have to take that question as notice because this is the first time it has been brought to my attention. I can assure the hon. gentleman—

Mr. Benjamin: DND didn't tell you?

Mr. Crosbie: They have not told me personally. I would imagine, though, that if that has happened, our Department would be fully informed and there would be other services in its place. Just to reassure the hon. gentleman, I will have that looked into and get back to him.

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FINANCIAL INSTITUTIONS

SECURITIES INDUSTRY OWNERSHIP—INQUIRY CONCERNING INTRODUCTION OF GOVERNMENT POLICY

Miss Aideen Nicholson (Trinity): Mr. Speaker, my question is for the Minister of State for Finance and concerns last week's announcement by the Ontario Government of its plans to open up ownership of the provincially regulated securities industry to other financial institutions. The Government, after two years of study, still has no policy on ownership and no new legislation on financial institutions.

Does the Minister not think that Canadians deserve better? Will he at least tell us the calendar year in which the Government will assume some leadership?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, the Hon. Member knows that that province made its intentions and aspirations known with regard to one element of financial institutions, that being the securities industry. We are now preparing a comprehensive approach to financial institutions. We will be bringing in that policy very, very shortly.

Income Tax Act

POINT OF ORDER

CLARIFICATION OF QUESTION PERIOD ANSWER

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, so that the record can be clear, I referred in an answer in the House to a multitude of ways, four ways, by which there could be access to the North Pole. One of those is American, one is Canadian, and two are by way of international waters.

* * *

BUSINESS OF THE HOUSE

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, with respect to Bill C-23, there have been discussions with representatives of both opposition Parties and I think there would be a disposition to have the reference of this Bill made to the Standing committee rather than the legislative committee.

Mr. Speaker: Is that agreed?

Some Hon. Members: Agreed.

Mr. Speaker: So ordered.

GOVERNMENT ORDERS

[*Translation*]

INCOME TAX ACT

MEASURE TO AMEND

Hon. Michael Wilson (Minister of Finance) moved that Bill C-23, an Act to amend the Income Tax Act and a related Act, be read the second time and referred to the Standing Committee on Finance and Economic Affairs.

Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I welcome this opportunity to take part in the debate on Bill C-23 which concerns amendments to the Income Tax Act. Mr. Speaker, as you know, this Bill follows consultations that started before the Budget was brought down in February 1986 and continued subsequently, until tabling of the Notice of Ways and Means on October 31 of this year. Wide-ranging consultations were held with Canadian taxpayers, experts in the field and representatives from all sectors in this country. The proposed legislation which, as I said before, follows the February Budget, is in line with the philosophy outlined by the Minister of Finance (Mr. Wilson) in his agenda for economic renewal.

Mr. Speaker, I shall, if I may, recall the four major challenges identified by the Minister of Finance at that time. First, we must control our budgetary deficit. Second, we must stimulate business by adopting policies that foster higher investment, greater innovations, increase international competitiveness and a positive climate for the birth and growth of new enterprise. Third, Madam Speaker, we must provide for greater efficiency in Government operations so that they become less of an obstacle to achievement in the private sector. Fourth, we must bring about these changes in a way that is fair, open, and consistent with the basic sense of compassion, tolerance and justice that is characteristic of Canadian society.

Madam Speaker, I think Bill C-23 reflects these four challenges in a body of legislation that is of primary importance to all Canadians. This is a major Bill, although its concepts are not new. The House will recall that on May 23, 1985, the Minister of Finance tabled in the House a paper entitled: "The Corporate Income Tax System, A Direction for Change." After consultations were held, these changes were included in the February 1986 Budget. The result was that the corporate tax system was improved by abolishing the tax incentives enjoyed by certain companies and, at the same time, reducing the overall corporate tax rate. I believe that although we reduced the number of tax shelters, this was more than compensated for by the fact that we managed to reduce the corporate tax rate for all companies and corporations in Canada.

Indeed, Bill C-23 contains some important changes. Investment tax credits from 10 to 7 per cent will be gradually phased out by the end of 1988. The 3 per cent deduction with respect to inventory has been eliminated as of February 26, 1986. Corporate income tax rates will decline appreciably over the next three years. The small business tax rate will decrease from 15 to 13 per cent. The small manufacturing company tax rate will go down to 8 per cent. The tax rate of major corporations will be reduced from 36 to 33 per cent. Finally the major manufacturing company tax rate will be cut down to 26 per cent. All these changes reflect our desire to make the income tax legislation simpler as well as fairer to all Canadian taxpayers.

Another aspect of the same Budget which can be noted in Bill C-23 is that we want to give a better treatment to Canadian taxpayers. As you may recall, Madam Speaker, we introduced the minimum individual tax rate effective January 1 this year, a measure which was praised even by the Leader of the New Democratic Party. Unfortunately, as usual the Liberals had nothing but criticism for this initiative. But it is an important step towards a fairer tax system for all Canadians.

Through Bill C-23 we will implement the new at-risk rules in the case of limited partnerships, as well as the rules governing the use of tax credit by trust companies so that Canadian investors will no longer be able to take undue advantage of the tax system and make much bigger profits than their investments would warrant in the first place.

Once again, the aim of this measure is to ensure fairness or tax justice.

• (1510)

I am sure all your constituents were glad to learn that the maximum RRSP deduction for 1986-87 would be going up from $5,500 to $7,500. You know as well that the annual ceiling will rise to $9,500 in 1988, and then by $2,000 each year up to $15,000. This faithfully reflects the approach of the Conservative Government which was elected in September 1984: Canadian men and women must have an opportunity to invest in their own retirement savings plans and look forward to financially worry-free retirement years, partly at the Government's expense, but also as a result of their own contributions.

Madam Speaker, again those are the major provisions of Bill C-23 and precisely because of them this measure must be adopted immediately. If Bill C-23 were to be put off for two or three months because of the Opposition, provisions due to be implemented in 1986 could not benefit Canadian taxpayers. I would find it difficult to understand why the Opposition would be critical of the fact that starting with 1986, Canadian men and women would be able to deduct higher contributions to their retirement savings plans.

And concerning senior citizens again, Bill C-23 does something more. It introduces a number of significant changes to Registered Retirement Income Funds, the RRIFs, which as you know were instituted but were not in tune with the needs of Canadian men and women.

We have also introduced significant changes in order that those funds may actually become a more useful instrument for withdrawing funds accumulated in an RRSP. The major changes, madam Speaker, are first, that the ceiling on annual payments from a RRIF will be eliminated. This will give an opportunity to people aged 65 and over who can benefit from their RRSPs and RRIFs to have higher annual amounts than as originally limited. The RRIF ceiling per person will be eliminated. This means that even after their retirement income has been registered, there could be more than one person participating.

Madam Speaker, those rules are designed to make the system more flexible and allow Canadian men and women greater discretion in their benefits.

Contributions to an RRIF could start at any time after it has been registered instead of only after the start of the following calendar year.

This would mean that where someone has not planned his or her retirement way ahead of time and wakes up a few years down the road saying: "I would like to draw funds from my RRSP and transfer them to my RRIF, and I need them for that year", he or she could do so with the new amendments. We are therefore trying to make the system more flexible, trying to make it fairer to everybody.

There is something else in Bill C-23, something new, something innovative, something for which Canadians elected a Conservative Government, namely a legislation that is new, innovative, good and fair. As you have guessed, it is the federal sales tax income credit under which every family with an income of $15,000 or less will be entitled to $50 per adult and $25 per child. And this, Madam Speaker, is a refundable income tax credit, which means a family could file its income tax return, and automatically, whether a federal income tax is due or not, it would receive a refundable income tax credit. If they have no taxes to pay, they will get a cheque. For instance, a family of two adults and two children will get a cheque for $150 to take into account the fact that the federal tax rate has gone up and that we do not want to penalize low-income families.

This is new in our tax laws, Madam Speaker. There has never been in Canada a tax credit for the federal sales tax. This is what Canadians want. They want something fair which fires the imagination, something new which meets the needs of Canadians.

I think that this is an excellent initiative, which is another reason why this Bill should be adopted by the House as soon as possible.

Speaking about the tax credit reminds me of Bill C-11 which provided for a reimbursable child tax credit of $300 to be paid in November. I am convinced that, in your constituency, all the families who received a $300 cheque for each child at the end of November were happy. They know that Christmas is coming. In my riding of Trois-Rivières, I have had many telephone calls from people thanking us for this good move. Madam Speaker, even though the Opposition criticized that Bill, we were able to adopt it and it has made low-income Canadians happy. Because of this initiative, this year, low-income families will have a bit more money to purchase winter clothing and for the coming holidays. Because of this, they will not be as likely to go to the tax discounters who keep 15, 20 or 25 per cent of the child tax credit to which these people are entitled and which they would otherwise have received in April. In the past, because they needed money sooner, they brought their tax returns and so on to the discounters in February.

We have solved this problem and made some people happy. This is what Canadians will remember.

Another proposal included in Bill C-23, Madam Speaker, concerns the $250 increase in the deduction for the handicapped. As Hon. Members will recall, representations were made by the vision and hearing impaired, and so on, and the Government listened to these representations. We listened to their associations when they asked for a small increase in the deduction for the handicapped. The deduction will increase by $250 for 1986 and will reach $2,860. This is another measure which meets the concerns and the needs of Canadian men and women.

There is another point which is somewhat more complex, Madam Speaker, but which I think should be mentioned. My friend, the Hon. Member for Abitibi (Mr. St. Julien), has a great many problems in this regard in his riding; I am

referring to the new flow-through share provision concerning the mining industry which makes it possible for investors to buy flow-shares without being concerned about their responsibilities toward third parties in case of events occurring during the exploration or development stage. This is another major step showing a widening of exemptions in the case of the tax deduction which must be made in the mining industry, so that the people in the Abitibi riding and elsewhere may get what they need to encourage the economic development in their area.

There is also a widening of exemption in the case of tax deduction for non-residents, in order to make it possible for Canadian corporations to go to foreign financial markets and reduce their borrowing cost on international markets.

Finally, Madam Speaker, that is part of what we have been preaching for the past two years and is slowly becoming reality. Yesterday, in Montreal, the Prime Minister (Mr. Mulroney) indicated in an excellent speech that Montreal was doing just fine. Montreal has been progressing rapidly over the past two years. This is thanks to the provincial Government, the municipal Government, but certainly not thanks to the opposition, Madam Speaker. Last week, he said the same thing in Toronto, and that is true, Madam Speaker; buildings have been going up like mushrooms both in Montreal and Toronto over the past two years. When people go to the Maritimes, they hear exactly the same thing. They hear out West that the economy is recovering and that the federal Government has made tremendous efforts to this day to achieve this. Things are progressing on all levels. Why? Because both on the domestic and international levels, Canada is taking the place it deserves. We have done away with the famous legislation which you know and we have replaced it with Investment Canada. This has done a lot of good. It has been important for Canada. A number of Hon. Members opposite, I see, are laughing, but they have to admit that it has been useful and that is what is needed in Canada.

As far as small- and medium-size businesses are concerned, Madam Speaker—I know how deeply you feel about that issue in your own riding just as I do in mine—we have abolished as of January 1, 1987, the 12.5 per cent tax on dividends paid by corporations. This means for shareholders the possibility to invest more, to receive dividends and do something else with them. This means that we are helping our small businesses progress and recover, giving them more incentive and helping them create more jobs both in Quebec and the rest of Canada. I think it is important to emphasize the contribution of small businesses in Canada. As you know, Madam Speaker, they are responsible for 70 per cent of all jobs created in this country. That is why in Bill C-23, introduced by the Minister of Finance (Mr. Wilson), we have taken this into account and shown our support for small businesses.

Madam Speaker, there are many other things which I could mention concerning Bill C-23, but what we should remember is that there are many important things which are provided for and implemented in 1986. I have named several. There also others. And Bill C-23 should be passed by this House as soon as possible so that it may be implemented in 1986 for the benefit of all Canadians before the holiday season. There are no bad provisions in Bill C-23, it is unfortunate but there are none.

An Hon. Member: You should read it before saying that.

Mr. Vincent: I read it. Read it over yourself. I will be pleased to answer your questions. These are fine measures. These measures will mean progress for the Canadian economy; they will deal with the different groups in our society whether they are large or small corporations, high income people who are now liable to a minimum tax, the handicapped, the superannuated. There are good things for every Canadian corporation and individual. In such a context, Madam Speaker, I ask the Members opposite to support and pass Bill C-23 as soon as possible.

Mr. Raymond Garneau (Laval-des-Rapides): Madam Speaker, while I welcome this opportunity to speak to Bill C-23, which contains hundreds of pages and will result in a major increase in the tax burden on Canadians, I am most unpleasantly surprised by the fact that the Government team did not see fit to explain, and assume political responsibility for, this government policy. This task was delegated to a parliamentary assistant who is no longer— who is not a Minister, although he might have been after the last cabinet shuffle, and he has been entrusted with the task to come before the House and explain this very significant piece of legislation. I am saying all this, Madam Speaker, because it seems to me that the Hon. Member for Trois-Rivières (Mr. Vincent), who made the introductory speech, certainly did not give the proposed legislation complete and careful scrutiny, if we are to judge by what he has said today.

Madam Speaker, upon hearing the Hon. Member, especially towards the end of his speech, one had the impression that the purpose of this Bill was to hand out money to all and sundry, while the exact opposite is true. This legislation will take money away from everyone except, and I will get back to this later, for some clauses which we may be prepared to support. On the whole, however, this Bill taxes everyone, and what is worse, it taxes people on low incomes more than the rich.

First of all, I would like to put this into the proper context and ask public opinion as well to be the judge of the Government's tax changes. Madam Speaker, to put this into perspective, we must go back to what members of the present Government were telling us, before the 1984 election campaign and later on, regarding two or three issues that are extremely important in terms of political choice.

An Hon. Member: Where are the Ministers?

Mr. Gauthier: There isn't a single Minister in the House. Shame!

Mr. Rossi: What else is new?

• (1520)

[*English*]

Mr. Garneau: I could refer to what the Prime Minister (Mr. Mulroney) and the Minister of Finance (Mr. Wilson) were saying during the last election campaign and immediately following the September 1984 election. For example, as reported in the November 29, 1984 edition of *The Toronto Sun*, the Prime Minister said that he did not favour higher personal income taxes to reduce the swelling federal deficit because Canadians were already overtaxed. That is what the Prime Minister said on November 29, 1984 after the election.

What did he say before the election? He said that Canadians were already overtaxed and that they were paying a pretty hefty bundle for their government services. He said that Canadians felt they were paying enough and that that view was not without support in Government, in private industry and in labour circles.

I will refer to what the Minister of Finance said in August 1984 before the election. As a member of the Opposition he said: "We have no intention of raising income taxes to Canadians. What we have to do is get down Government". After the election, on March 1, 1985 the Minister of Finance said: "I do not want to increase taxes. I think we have a good deal of scope on the expenditure side to deal with the deficit problem. A tax increase, certainly a general tax increase, puts a dampening effect on the economy, and I don't want to see us do that". That is what he said in March, 1985, many months after the Government had been sworn in.

What do we have today? We have Bill C-23 which will place a burden upon the shoulders of many Canadians. Almost all Canadians will be required to pay, particularly those in the middle and low-income classes. Without taking into account the automatic deindexation, this year they will have to pay $1.7 billion in additional taxes. That is what the Parliamentary Secretary to the Minister of Finance (Mr. Vincent) should have told Canadians. It is the truth. Bill C-23 will add billions in taxes on to the shoulders of Canadian taxpayers.

Let us look at the net result of the last two Tory Budgets. The cumulative effect of those two Budgets has been $6.5 billion in additional taxes for individuals and corporations in Canada. How do you square that with the statement made by the Prime Minister (Mr. Mulroney) not only before but after the election when he said Canadians are already overtaxed? They were overtaxed then and now they will have to pay $6.5 billion in additional taxes. We have been told time and again that those taxes were being raised to fight the deficit. You will certainly recall that in the early part of his mandate the most important thing for the Government was to fight the deficit.

[*Translation*]

Madam Speaker, the Leader of the Conservative Party, the Prime Minister (Mr. Mulroney), was constantly repeating that this Government's objective was to fight the deficit. In an interview with one of the papers, and this goes back to before the election, in March 1984, he said that—

[*English*]

I would like to quote it in English because it was said in English in March, 1984. The Prime Minister was asked this question:

> On your list of priorities where would you put an attack on the deficit?

The answer from the Prime Minister was:

> Right on top of the heap.

[*Translation*]

Madam Speaker, that was where the Prime Minister ranked the deficit: right on top of the heap. When we look at the current situation, however, it is clear that the present Prime Minister and the Minister of Finance (Mr. Wilson) did not tell Canadians the truth, which is as far as I can go without using unparliamentary language, and this applies to the tax increases they were not going to introduce as well as to the deficit. It is clear this Government did not deliver the goods, especially since during the last year the Liberal Government was in power, it was criticized right and left. Mistakes were certainly made, since Canadians decided to change Governments in 1984, I am ready to admit that. But when one considers that on March 31, 1984, our national debt was $160.8 billion as per the figures published by the Minister of Finance himself, and that according to the forecasts of the present Minister of Finance which were updated in September, it will have gone to $265 billion, well, for a Government that wanted to tackle the deficit as a first priority—surely, I am ready to concede, Madam Speaker, that for the period from March 21, 1984 to September 4, 1984, this Government cannot be held responsible. Let us adjust that and say that when they were elected on September 4, our national debt was $176.8 billion, and that by March 31, 1987, if the forecasts made by the Minister of Finance are any indication, it will have risen to $265 billion, with a $88 billion increase over two and a half years. No Minister of Finance of any Government of any political stripe has ever achieved the unheard-of performance of adding $88 billion to the national debt over a period of two years and some months, in spite of the fact that taxes were increased to an unprecedented high.

• (1530)

They have increased taxes by $6.5 billion over the span of two budgets, imagine that. This Government was committed to it as a priority, as stated not by us but by this Tory Government, this Prime Minister, this Minister of Finance who led the fanfare, with the Tory chorus endlessly repeating the same tune.

Despite their having increased taxes by $6.5 billion over the span of two Budgets and one financial statement, without mentioning the tax increases that are delivered through press releases. I am only looking at those that are in the Bill and that were announced in the Budget, at nothing else, and they amount to $6.5 billion, and after two and a half years of that kind of Government, you can see that we will be back to the *status quo*. In other words, we will have just about the same budget deficit as we had for the last full year of Liberal Government.

I submit that this Government has failed, not only with regard to revenues but also with regard to expenditures. It has not only failed with regard to the deficit, it has also failed with regard to the national debt increase.

Yes, that was the Government, the political party that stated during and after the elections that increasing taxes was counterproductive, since those tax increases would slow down the economy.

I recall having said here in this House in the first speeches I made in reply to the Minister's statement of November 1984 and to the Minister's Budget of May 1985, especially in reply to the latter, that such a tax increase would have a definite impact on the economy. One has only to look through the financial pages of last week's newspapers to see that our Canadian economy has grown at a rate of only 1.2 per cent, and observers mention the massive tax increases as one of the reasons.

Madam Speaker, what are those massive increases? When I say $6.5 billions, the figure is so huge that one almost has to break it down to appreciate and really understand what it represents.

The economic statement of November 1984 was the first opportunity for the Minister of Finance to renege on the commitment he had made before the elections to the Canadian people not to increase taxes. However, two months and a half later, they were going ahead, and running full steam ahead.

For the individual taxpayer, the cumulative effect of the November 1984 statement and the May 1985 Budget was adding up to $4.5 billions in additional taxes. I can come back to that later on and give you the complete list of those taxes.

Let me see the impact of the February budget measures which we are now discussing, as they apply to the individual and corporate taxpayers. For individuals, the impact of the February Budget is compounded by a very slight detail announced a little earlier, that is in November 1984 and May 1985, about deindexing the tax rates.

As you know, Madam Speaker, the tax table de-indexation for fiscal year 1986-87 when Canadians will file their tax returns means close to $600 million in new taxes, yet no legislation was passed and no ministerial statement was required.

But if we take into consideration the impact of the 1986 Budget, we are talking about $925 million plus another $600 million, and it all adds up to $1.5 billion in new taxes to be paid by individual Canadians, men and women alike.

Madam Speaker, this is something the Hon. Member for Trois-Rivières did not even mention in his remarks. I can understand why Ministers—particularly the Minister of Finance— go into hiding and would rather have parliamentary secretaries take over the responsibility of doing the explaining before the TV cameras.

The Minister of Finance has a new management system through press releases. He gets his Minister of State to answer controversial questions about financial institutions, and when the time comes to present his own Budget, to elaborate on his own Budget speech, we find ourselves listening to his Parliamentary Secretary who somehow tries to hide the real impact of the Budget on all Canadian taxpayers. Therefore if we take into consideration the combined effect of the Budget, Bill C-23 and de-indexation a natural process nobody mentions, we are talking about one billion and a half. Madam Speaker, the cumulative effect of the budgets in 1986, without the addition of the fiscal impact in 1985 or even in 1984; I am only talking about the 1986 fiscal year and the taxes people will end up paying at the beginning of 1987, when it is time to file their income tax return. For individual Canadians, we are talking about $5 billion, or $4.52 billion to be exact plus $600 million, for a total of $5 billion, that is $5.42 billion, plus de-indexation.

In other words, $5 billion. Do you know how much corporations will pay in additional taxes? $580 million. In other words, ninety-two per cent of the new taxes will fall on middle-class Canadians because the Government created the $500,000 capital gains tax exemption to benefit the rich. This was a tax gift. In addition pension plans exemptions were increased, which means that people earning $75,000 or $100,000 were not treated in the same way as those earning $30,000, because their marginal rate of taxation is much higher and they derive a greater benefit for each thousand dollars they invest in a Registered Retirement Savings Plan. Madam Speaker, individual Canadians will pay $5 billion in new taxes whereas corporations will only pay $580 million.

That same Finance Minister, when he panicked in July because of the tax reform undertaken by the Americans, came and told us: "We will follow their example, we will reduce personal income tax and increase corporate taxes." Big deal! After squeezing money out of taxpayers over and over, especially low- and middle-income earners, the Government is now telling us it will alleviate slightly the burden for those taxpayers and that an additional 3 per cent tax will apply over and above last year's 5 and 10 per cent surtaxes. It means that for the period between July 1, 1986 and December 31, 1986, an additional surtax of 3 per cent will apply on top of the 5 and 10 per cent surtaxes.

So much so, Madam Speaker, that corporations have to be explained—and truly that is the only positive aspect they get from this whole exercise—how to figure out surtaxes, whether the new one should be calculated before the first and second, or after. Nothing is said to individual Canadians. I do not know, Madam Speaker, how the 3 per cent additional surtax that is being introduced will mesh with the other two of 5 and 10 per cent.

To my mind, it is outrageous, especially after the commitments that were made. Those commitments were not made by Liberals, because during our election campaign we said we would make no promises for fear of not being able to live up to them, given that not only Canada but the whole Western world was just working its way out of an economic crisis. Meanwhile the Conservatives were going around the country with their cheque-books. By the way, I met with these farmers and they told me that it was a "rubber" cheque, the kind that bounces. In that case, it was a small matter, a matter of a few million dollars. Still, it was a promise which was not kept.

As for taxation—

As for Quebec, the president of the Quebec Conservative caucus would be well advised to check opinion polls to find out what Quebecers think of his Government's initiatives. If my Party were third in the polls, Madam Speaker, I would not speak about the Government's popularity. However, the Hon. Member, the caucus president, should keep his cool. He is generally a good fellow and he knows that I have a lot of respect for him for all sorts of reasons, but in this case he is embarking upon extremely slippery ground.

• (1540)

[*English*]

More important than the fact that the Government will impose a surtax on Canadian workers, the middle class and the poor is that the Government promised all Canadian electors to do differently. I cannot understand why the Prime Minister (Mr. Mulroney) said on November 29, 1984, that he did not favour higher personal income taxes to reduce the deficit. This is exactly what the Government has done. The Minister of Finance (Mr. Wilson) said it was almost impossible to increase taxes because they were already too high. After having said that, the Government has imposed an additional $6.5 billion of new taxes, of which 92 per cent will come from individuals.

I am very disturbed by the fact that this Bill was introduced by a Parliamentary Secretary rather than the Minister. When the Government decides to put additional taxes on the shoulders of citizens, the least that can be done is for the Minister who made the decision to come into the House and explain this move to members of the Opposition, his own backbenchers and the entire Canadian public. He should explain why he has decided to increase taxes after having said on November 29, 1984, that it was not the intent of the Government to put additional taxes on the shoulders of Canadians.

[*Translation*]

Madam Speaker, when one looks at the implications of Bill C-23 and the decisions taken by this Government which go against formal commitments made by the Prime minister and the Minister of Finance, it comes as no surprise that Canadian men and women no longer believe their Prime minister. They do not believe what the Minister of Finance is saying, but even less what the Prime Minister is saying. That is all there is to it. They have a very good memory and because they have been deceived, they will not believe even apparently well intented statements. They had decided to support a political party which had promised never to increase taxes but, after two budgets, they realized that an average family of a husband, wife and two children earning $30,000—nothing to write home about—will have to pay $630 in additional income tax. Let us take the case of another family—a man, a woman and two children—earning $15,000 a year. They certainly cannot be considered as millionaires. They will have to pay almost $300 more in income tax. Fifteen thousand dollars income with two children.

Madam Speaker, people often say that there are single-parent families, and it is true. A single-parent family, two children, an income of $20,000. We know just how difficult it is to balance a budget: they will have to pay almost $425 per year more in new taxes. Can you imagine $420 more in income tax, when the Government had clearly promised them not to increase taxes while reducing the deficit?

What are the other significant features of this Bill and who benefits from them? The rich do benefit, to the tune of a $500,000 capital gains exemption.

Mr. Vincent: Even on television you were told that you were wrong—

Mr. Garneau: Well, the Hon. Member for Trois-Rivières has just returned. If he wanted to assume the responsibility of a Minister, he should have been sworn in. If he was not appointed, it is not my fault. Anyway, he should let— Madam Speaker, I think that this is too important to overlook. A $500,000 capital gains tax exemption may mean up to $250,000 in benefits, or even more depending on the marginal rate. I have personally met a great many people in the Laval-des-Rapides riding and elsewhere, but I have rarely met anybody earning $25,000 or $30,000 per year who could claim a $50,000 capital gains tax exemption to reduce his or her income tax. But a number of Members in this House, for instance, have a larger income, own companies, or have additional revenues—and that is understandable, they have not stolen it—and can take advantage of that $500,000 capital gains tax exemption and lower their income tax.

Higher income people again can make the most of Registered Retirement Savings Plans. It is a fact that someone in the 60 per cent income tax bracket who invests $1,000 in a Registered Retirement Savings Plan gets a $600 tax break. But someone who earns $15,000 and pays maybe 10 or 12 per cent income tax, pays little or no income tax, even if he were paying 15 per cent, would only be getting $150. This Government therefore has once again attempted to help the rich and the wealthy and reach into the lower income people or the middle classes for its revenues.

The income tax was raised by 3 per cent (1 per cent in 1984, 1 per cent in 1985 and another percentage point in 1986) and the Hon. Member for Trois-Rivières, the Parliamentary Secretary for the Minister of Finance, is now talking about all those initiatives by the Government. Can you imagine that! They have introduced a sales tax exemption which may bring

in maybe $150 at the most. Can you imagine that the federal sales tax was increased by 3 per cent over three successive Budgets, 1 per cent every year, and we have not had the 1987 Estimates, Madam Speaker, we are still waiting for it. I can see what the Hon. Minister of Finance is up to, you can tell beforehand exactly what he is going to do. He is going to rationalize the federal sales tax. Is that not a fantastic deal, Madam Speaker? We all know that this rationalization is just a smooth way of saying that the federal sales tax on manufactured goods is going to go down, but it is going to be extended to all goods and services.

Mr. Vincent: You are using scare tactics again.

Mr. Garneau: Madam Speaker, I sometimes wonder if we should be more afraid of the Government when it tells us frankly what it is thinking or when it does not, because we were clearly told that there would be no tax increase, and taxes have increased by $6 million in two years. This time, we are told that there will be a business transfer tax or *taxe de transaction* as we call it in French. We are told that this will replace the federal sales tax. The Minister of Finance has said this three times already outside the House. Yet, the Parliamentary Secretary says that we are trying to scare people. We are simple repeating what he has told us, but he says that we are using scare tactics.

Mr. Rossi: That is why he was not appointed to Cabinet.

Mr. Garneau: We have good reason to be worried because, after increasing the federal sales tax by 3 per cent to bring it up to 12 per cent, the Government now says that the tax will be extended to all goods and services, but that the rate will be somewhat lower. I understand that some 80 per cent of the federal sales tax is paid by about 10 per cent of all businesses, or at least this is what we were told in previous studies, and the tax will now be extended to everyone. If the comments of the Minister of Finance are accurate, this means that we shall have to pay this tax indirectly, if not directly, when we have a haircut or get a sales agreement notarized. Even Senators may have to pay the tax when they get their hair cut.

Mr. Gauthier: Listen to that, Roch!

Mr. Garneau: The Hon. Member for Joliette (Mr. La Salle) should be very interested. He may have to pay the tax when he goes for a haircut.

Mr. La Salle: There is just one way to avoid it—

Mr. Garneau: There is just one way and that is not to be appointed Senator. But he will still pay. Everyone will pay. What is discouraging is to see that, after making so many promises, the Government is underhandedly imposing new taxes.

I said earlier that Bill C-23 provided for a 3 per cent permanent surtax to be added to the 5 and 10 per cent surtax which were announced previously. We are getting a minimum tax, but there also, the Government has let us down. The Government is boasting about its new minimum tax.

Madam Speaker, to be sure that this minimum tax will have as little effect as possible, the Government has added two provisions of which it had never talked before. When this tax was first announced, it was supposed to apply to the bad rich people who were using tax exemptions to avoid paying any taxes. We were told that this would generate something over $300 million. However, between the time when this was announced and the time when this Bill was introduced, there have been two major changes. The first concerns dividends. When you have $100 in dividends, you add 150, and you then have a credit. This provision has been changed to bring it down to 33 1/3. The second change concerns the seven-year averaging provision. This means that, if you are caught having to pay the minimum tax for one tax year, you have seven years to recover the cost. Imagine, seven years!

First of all, it is going to be a nightmare to follow for seven years your income tax returns, because you will have to file a regular income tax return and another complicated form with lots of operations to determine whether or not you will be required to pay the minimum tax. You will have to keep records for seven years. Only the most stupid taxpayers will have to pay the minimum tax. During a meeting of one of the committees of this House I read a quote from a chartered accountant in a large Canadian company who was saying that the only good news about this minimum tax is that, given the number of loopholes added to it, nobody will have to pay it. However, the Government is going to boast about the minimum tax.

• (1550)

When you look at what are called the *Budget Papers*, on page 51, you can see that the changes to the tax treatment of dividends mean that in 1986 there will be a decrease in tax revenues amounting to $150 million. It took me a long time to realize why, in 1986, taxpayers would be paying $150 million less in taxes, and then $250 million in 1987, $300 million in 1988 and $365 million in 1990. Do you know what it means? It means that the changes to the tax treatment of dividends, as far as the minimum tax is concerned, will reduce the Government revenues forecasted by the Minister of Finance (Mr. Wilson) by $300 million. So, what is left in this minimum tax? This is just a lot of window dressing that is supposed to fool people into believing that now everyone will have to pay taxes, while that is not necessarily the case.

Madam Speaker, there is some good news in this Bill, however. The advantages granted by Orders in Council to people living and working in the North have been given more permanent status. I may recall that, previously, the Liberal Government had been granting these tax rebates by tabling the Orders in Council necessary to implement such decisions.

Today, these advantages are included in the legislation, and that is good news. There are a few technical changes that may be necessary when we look at the Bill clause by clause, but this is probably the best news so far. It is good news because a measure that previously existed on a discretionary basis will now be made permanent.

Madam Speaker, as far as the sales tax refund is concerned, I think everyone will agree this is a drop in the ocean, and that it would have been far better not to increase federal sales tax by 3 per cent. Now, the Government is taking $300 or $400 away with one hand and giving back $50, $75 or $100 with the other. One thing is certain, and that is that taxpayers and their families will find themselves in a more complex and difficult situation as a result of these amendments and tax increases.

That is a beginning, but I fail to understand why they have provided that only families earning $15,000 will be entitled to that sales tax refund. Madam Speaker, we lowered the sales tax from 11 per cent to 9 per cent, so I do not see why this would have been needed when it was felt that this was the right course, that is lowering the federal sales tax. But this Government increased it by 3 per cent. Now, after taking $300 or $400 from one pocket, they will be putting $50 back into the other pocket. But still, that is better than nothing.

But it is unbelievable, at a time when the poverty level is recognized by all the major agencies involved as being somewhere around $20,000 for families with three or four children, that only families at the $15,000 level should benefit.

This small item is another clear example of the fact that this Government is more concerned with helping the affluent than the middle-income people.

Madam Speaker, they are now taxing marriage. It used to be that people could at least marry during the month that suited them best, and they were entitled to the married status exemptions for the full year. Can you imagine that now they will have to prorate that, accounting for the number of days they have been married and the number of days they were not married in order to decide whether the taxpayer filing his income tax return, either the husband or the wife, whoever benefits from the deduction . . . now they will have to prorate on a daily basis.

I see that my time has expired and I shall simply repeat in closing that this Government has failed more than once to keep its electoral promises not to increase taxes and that, in fact, taxes have increased dramatically. The Government has not delivered the goods as far as controlling the public debt is concerned. In addition, Madam Speaker, this Government has not respected the integrity of the Canadian family and, in one Budget after the other, it has decided to give tax benefits to the wealthy and to take money away from the poorest members of our society.

I said at the beginning of my speech that I found it unacceptable that this Government could proceed with Bill C-23 without the Minister of Finance, or at the very least, the Minister of State for Finance being here, and this is why I move that the debate be adjourned to give the Minister of Finance time to join us.

The Acting Speaker (Mrs. Champagne): Order, please. The Hon. Member for Trois-Rivières on a point of order.

Mr. Vincent: Madam Speaker, as I recall, we are not supposed to refer to the absence of another Member from the House.

Mr. Rossi: You have no business giving orders.

Mr. Vincent: No, I rose on a point of order.

Mr. Rossi: You have no right to do that. Go and learn the Standing Orders.

Mr. Vincent: No, I rose on a point of order.

Mr. Rossi: This is not Trois-Rivières.

Mr. Vincent: This is not Montreal.

The Acting Speaker (Mrs. Champagne): Order, please. The Hon. Member for Trois-Rivières and Parliamentary Secretary to the Minister of Finance (Mr. Vincent) rose on a point of order while the Hon. Member for Laval-des-Rapides (Mr. Garneau) was moving a motion.

Quite simply this motion underscores the fact that a Member or Minister is not in the House, and to that extent it is out of order.

The Chair cannot present the motion to the House because no prior notice was given.

• (1600)

The Hon. Member for Ottawa—Vanier (Mr. Gauthier).

Mr. Gauthier: Madam Speaker, although I would not want to appeal or comment on your ruling, I would remind the Chair that Standing Order 71 does provide for putting a motion to adjourn the debate when a question is under debate. This is what the Hon. Member did, he moved that the debate be adjourned. If you were to read Standing Order 71, Madam Speaker, I think you would agree with me that this motion is quite in order.

The Acting Speaker (Mrs. Champagne): The Chair would be prepared to accept the motion if it were quite simply to adjourn the debate, but since it is to enable the Minister to come to the House it is out of order.

[*English*]

Mr. Cassidy: I rise on a point of order, Madam Speaker. Standing Order 28 states—

The Acting Speaker (Mrs. Champagne): Does the Hon. Member have a point of order on the same situation we have now discussed?

Mr. Cassidy: I am seeking some guidance from you, Madam Speaker.

The Acting Speaker (Mrs. Champagne): The ruling has been made that this motion is not receivable. We are resuming debate.

Mr. Cassidy: Perhaps on a point of order I may simply cite—

The Acting Speaker (Mrs. Champagne): I will give the floor for a moment to the Hon. Member for Ottawa Centre (Mr. Cassidy), but the ruling has been made.

Mr. Cassidy: Standing Order 28 states:

A motion to adjourn, unless otherwise prohibited in these Standing Orders, shall always be in order,—

That is my understanding of parliamentary procedure. There is a qualification that one cannot do this repeatedly, but there is no prohibition in the Standing Orders on certain forms of adjournments and I cannot see how the ruling arrived at by the Chair—

[*Translation*]

The Acting Speaker (Mrs. Champagne): Order. The Hon. Member does not seem to realize that the purpose of the adjournment motion is only to enable a Minister to come to the House. In that case the motion is out of order, I have so ruled and that is the end of it.

[*English*]

Resuming debate. The Hon. Member for Regina East (Mr. de Jong).

Mr. Simon de Jong (Regina East): Mr. Speaker, I am plesased to rise this afternoon in debate on Bill C-23. As all Hon. Members are aware this comes as a result of the Budget which was introduced in the spring of this year. We finally see the legislation stemming out of the budget presentation and debate.

In beginning my comments, I wish to point out the flaws in our process. Here we have a Budget which was introduced and debated in the early part of this year, some nine or 10 months ago. However, we are only now finally dealing with the actual Act and the legislation. Many of these tax measures are already in effect, yet Parliament has not properly debated or passed the enabling legislation. It is a process which leaves a lot to be desired, particularly in terms of the work which the finance committee has to do in this case.

• (1610)

If parliamentary reform is to be valid and real, if committees are to have some responsibilities and some flexibility so that incongruities in legislation can be cleared up, then we cannot have the present situation continued in which a budget speech is delivered in February or the beginning of March and tax measures come into effect immediately . That means that all the committee and Parliament can do from there on is rubber-stamp the process because the tax measures are already in effect. To change the legislation means to change the rules again.

The process we are involved in is really a farce. The decisions have already been made. It really does not matter what the House will say and what individual Members will say and what work the finance committee or the legislative committee will do; the legislation is already written in stone and the Government will not allow any major amendments to it.

What we are debating here is a tax measure that, simply put, will sock it to the poor and middle-income earners and benefit the rich. The two Budgets presented by the Government have increased the tax burdens of ordinary Canadians by some $1,300. They have increased the tax burden by some $1.7 billion this year on a total basis for the poor and middle-income earners. Of course, there is some window-dressing. There is legislation which will allow for what is called a minimum tax. As we all know, particularly members of the finance committee who will snicker when they hear it being said, the minimum tax legislation is like a sieve. It will not collect one cent of new taxes, if taxpayers are at all smart. There are so many loopholes in the legislation that a knowledgeable and sophisticated taxpayer who might have to pay the minimum tax will very quickly find new ways of getting around paying it. So it is window-dressing.

The Government claims that it is plugging some of the business loopholes, loopholes which have allowed some 79,000 corporations in this country with book profits of over $12 billion not to pay one cent of tax on that $12 billion. The Government has taken some pride in plugging some of the loopholes. For example, it takes great pride in having plugged the scientific research tax credit loophole, a crazy scheme devised by the Liberal Government in its last dying months in office. It was a scheme that cost Canadian taxpayers some $3 billion in lost revenues. When the Conservatives took office everyone knew what a scam it was. Everyone knew what a tremendous drain it was on the public Treasury and that the new Government had to act. So in October of 1984 the Minister of Finance (Mr. Wilson) announced that he was placing a moratorium on the scientific research tax credit scheme. However, he incorporated a grandfathering clause. In other words, if you and I, Madam Speaker, had reached some arrangement which we scribbled on the back of an envelope, we would still be eligible under this scheme. Apparently, a great many people had agreements scribbled on the backs of envelopes. Some $3 billion of public revenue was lost and some $1.2 billion of that was lost since the Minister announced his moratorium in October of 1984. Finally, even the Government and the Minister of Finance recognized that the grandfathering clause still left the door wide open, and in 1985 he killed the whole thing, thus putting an end to the nonsense.

I wish to point out that had the Government acted decisively in October of 1984, it would have saved the Treasury some $1.2 billion. To lay the scam of SRTC entirely on the doorstep of the Liberal Party and the former Liberal Government is not quite accurate. The present Government must also accept that, of the $3 billion in lost revenues, it was responsible for $1.2

billion of that. One can well imagine what $1.2 billion could really have done to research establishments in this country. Had we had some genuine research coming out of that $3 billion, the country would have been much further ahead. Instead, we heard the universities, the National Research Council and all the scientific bodies in this country, including the granting agencies, crying out for money. They had to cut back programs and cut back on research and development.

I am certain that some legitimate research took place as a result of this scheme. After all, if one is going to throw $3 billion to the wind, some of it is bound to stick and some legitimate research is bound to come out of it. But I think every Member of the House will agree that a very small percentage of that $3 billion actually went into legitimate new research.

The history of the scientific research tax credit is an important example for all Members of the House. It is an example of the Government attempting to direct economic and social programs and policies through the tax system. In this particular case it illustrated a desire to put money into the hands of small research establishments which could not benefit from tax credits and tax losses because they were already operating on a business loss. There was a very worth-while purpose behind the SRTC. One thing we have to learn from it is that it became an invitation for one of the most major tax scams in the history of this country. And the story is not entirely finished yet. I think research will show that some of the most prestigious accounting and law firms were involved in offering advice to clients who saw the loss of some $3 billion of public revenue.

My Party will continue to press for tax reform. We will continue to press to ensure the plugging up of these tax loopholes and those opportunities which allow large corporations and wealthy individuals not to pay any tax at all.

• (1620)

While the Government and the Minister of Finance talk about tax reform, about removing the number of loopholes and deductions and about broadening the base and therefore being able to reduce the tax rate, the real action on the part of this Government in the form of its two Budgets has in fact done the very opposite. While the Government has plugged up a few loopholes, it has opened up that many more. Certainly the capital gains tax exemption is an example of this. One can receive $500,000 in one's lifetime and not pay one cent of tax on it.

Mr. Cassidy: Good times for the rich.

Mr. de Jong: It is certainly not something that will benefit the average Canadian taxpayer.

Mr. Blenkarn: Why don't you talk about the Bill?

Mr. de Jong: It will only benefit those who have capital gains of $500,000 in a lifetime. How many individuals have that? Very few of them do.

Mr. McDermid: Ask the farmers.

Mr. de Jong: I heard the Hon. Member mention the farmers. With the price of farmland going down and with billions of dollars in lost capital in the prairie regions, the capital gains tax exemption will not be of much benefit to them either.

In this legislation there is the proposal to make certain that rich folks simply do not continue not paying any tax at all. It introduces the minimum income tax. I have here a document entitled "The Tax Letter". It is put out by one of the more prestigious accounting firms in Toronto.

Mr. Riis: What does it say?

Mr. de Jong: "The Tax Letter" of January 23, 1986, has as its general heading: "Yes, you can beat the minimum tax".

Mr. Riis: You can?

Mr. de Jong: Indeed you can, Madam Speaker. In fact, six different ways of escaping paying any amount of minimum tax are listed. I see that our dear Chairman of the Finance Committee has a grin that goes from ear to ear. I am sure he himself has figured out many of these six different steps. Perhaps he has even discovered seven or eight different ways to avoid paying a minimum income tax.

Mr. Cassidy: His grin is even wider now.

Mr. de Jong: The chairman of the committee knows, as does every member of the finance committee that the Government will not collect significant revenues from the minimum income tax. They recognize that only the unsophisticated taxpayer will be caught paying a minimum income tax and that the sophisticated taxpayer will not pay one cent of a minimum income tax.

I could go on to outline some of the ways in which individuals can avoid paying the minimum income tax. However, I will not do so on this occasion. I am certain that the finance committee will deal with many of them in a more specific way.

A small progressive step in the legislation before us is the child tax credit. This amount will be sent out to those who are eligible—

Mr. Blenkarn: We've already passed that Bill.

Mr. de Jong: Now that the Government has implemented this policy, the strange aspect of it is that there has been a total foul-up in the implementation of it. A great many low-income families and single-parent families eligible for the child tax credit move around. The Government is sending out the cheques to the addresses used to file income tax returns the year before. Lo and behold, tax credit cheques are floating around the country into mailboxes and homes from which families have already moved. I am afraid this is another indication of the Government not properly thinking through the administration of its own programs. It is another indication of the mismanagement of the Government. It simply could not operate a lemon stand.

This Bill also contains changes to the northern allowance. Again, while there are some positive aspects to these changes, we have some difficulties with them. Steelworkers who work in mines in northern and remote regions will, in the end, receive fewer tax deductions under these proposed changes than they had received before.

As well, the Government is attempting to encourage research and development by allowing for scientific tax credits. These tax credits are mentioned in this Bill. However, the point that we in this Party have raised on several occasions is that the Government discriminates between engineering, natural and medical sciences and the humanities and social sciences.

The Government has told the granting agencies to go out and raise more money in the private sector since they will be receiving fewer government grants. The Government will give tax credits for donations to these funding agencies. However, donations made to the medical, engineering and natural sciences granting agencies will receive a different tax treatment from those donations made to the humanities and social sciences granting councils. We say that this is not fair. It is not fair to the humanities and the social sciences. As well, it indicates the misguided sense of priorities of the Government.

The Government hopes that inventions and discoveries in the natural sciences will get us out of the problems we face.

Mr. Blenkarn: It'll create jobs.

Mr. de Jong: As the Hon. Member says, it will create jobs. However, the Government believes that research in the humanities and social sciences is not as important.

Mr. Blenkarn: Won't create jobs.

Mr. de Jong: I assume that the Hon. Member firmly believes that that will not create jobs. I beg to differ with him. Canada's situation in this century of very rapid social, economic and technological changes is one which requires research in social sciences and humanities. We need research in those areas if we are to survive as a country in a holistic sense. Unfortunately, the Government does not see it that way. Therefore, it is quite prepared to discriminate against the humanities and social sciences.

Another aspect of this legislation that will help the rich is the change in payments to retirement funds contained in this legislation and in other amendments the Minister had introduced earlier this year. It will be done at a cost of some $300 million to the taxpayers, two-thirds of which will come from the federal Treasury, and the rest from the provinces. The benefits will go almost entirely to the 10 per cent of the population with the highest income. That works in the following way. The Government will now allow total contributions to increase to some $15,000 a year. First of all, very few people can afford to put away $15,000 a year, other than the well-to-do.

• (1630)

Mr. Cassidy: Tories.

Mr. de Jong: Let us say that the average person can afford to put away only $7,000 a year. That $7,000 becomes tax deductible.

Mr. McDermid: I know a lot of rich socialists also.

Mr. de Jong: If you are earning $50,000, $60,000, $80,000 or $100,000, then that $7,000 tax exemption becomes more meaningful to you than if you are only earning $20,000 a year. So what we have are tax measures that will again benefit those who are well-to-do, while the average Canadian will be paying the bill. The average Canadian will be helping to subsidize pensions that could be up to $60,000 a year, which are half paid for by the taxpayers.

Now we come to the question of the surtax. This legislation puts in place a surtax. There was no question about why the surtax was introduced. It was stated over and over again that it was to help fight the deficit. The Tories love talking about the deficit. The strange thing is that the deficit seems to increase when Tories and Tory Governments are in power. In the United States the deficit has increased under the conservative President, Ronald Reagan. In Great Britain the deficit has increased under the Conservative Government of Margaret Thatcher. In this country the deficit has increased under a Conservative Government. In my home Province of Saskatchewan, before the Tories were in power there in 1982, there were surpluses year in, year out. The Tories came into power, and now it is close to a $3 billion deficit that they racked up in the Province of Saskatchewan.

The Tories create the deficit. How do Tories create deficits? First of all, they have the rhetoric against the deficit. They stand up as a Party to fight against the deficit. They tell us all that we are living beyond our means, we have to cut back. So they cut back in social programs. Oh, indeed they do. They love cutting back on social programs. That is where we will fight the deficit. When the Tories claim that we are living beyond our means and you look at the figures of the OECD countries, you find that we are one of the lowest in our expenditure on social programs compared to the other industrialized countries of the world. We are below Italy, Ireland, France, Germany, Holland, Denmark, and Sweden. We spend just a little bit more of our Gross Domestic Product on social programs than the United States. We spend less on hospitals, family allowances, income support programs, health care, pensions, and unemployment insurance benefits. As part of our Gross Domestic Product we spend less than almost every other industrialized country in the world. Yet the Tories

tell us that we are living beyond our means. First of all, I cannot believe that we are living beyond our means when you compare us to other western industrialized countries. How can a country as rich in natural resources, as young in its population, and with such a small population be living beyond its means and spending so little on social programs? Perhaps the reason there is a deficit, and perhaps the reason there is a greater deficit under a Conservative Government, can be seen when you look at tax expenditures and see the amount of dollars and cents the Government collects or does not collect. Then you realize that the reason there is a deficit is that the woman who is a teller at the Royal Bank of Canada paid more in actual dollars and cents in taxes than the Royal Bank of Canada paid. Even though the Royal Bank of Canada had over $300 million in profits, it did not pay one cent in tax. In fact, the Government gave it a tax credit of some $6 million in 1982.

So you realize why we have the deficit when you see that there are over 79,000 corporations with a total profit of some $12 billion that did not pay one cent in tax. No wonder there is a deficit, because the Government has not been collecting the revenues from those who can and should be paying their fair share.

So when we talk about fighting the deficit, we realize that this Government, as did the former Liberal Government, is going to fight the deficit on the backs of the working people and the middle-income people. They are the ones who have seen taxes increase under a Conservative Government. They are not the ones who will benefit from half a million dollars capital gains tax exemption. They are not the ones who will benefit from an enriched program in the retirement savings plan. It will not be your average working person and salaried income person who will benefit, or the retired, or the young person who is out looking for a job. They will be paying more income taxes, and they will be paying more sales taxes as a result of the Tory Government and its policies, whereas the well-to-do will continue to reap even more and more benefits.

So there is this injustice in our tax system. The Government talks about tax reform. It is proposing that we will change this and finally set to right the injustices that most Canadians are beginning to realize are there and no longer accept. That means the Government will have to reverse in its next Budget everything it has set down in its Budget in the two previous years. It will have to be willing to reverse itself on capital gains. It will have to be able and willing to reverse itself on the other tax measures and giveaways that it introduced in the two previous Budgets. We will see, indeed, how serious it is when it talks about tax reform.

The Bill before us is complex, and in many ways it is unfortunate. I join with the spokesperson for the Liberal Party in saying that it is unfortunate that neither the Minister of Finance nor the Minister of State for Finance (Mr. Hockin) deemed fit to lead in the debate on this Bill, even though last week we received the draft copy of the remarks of the Minister of State for Finance that he was going to give today in introducing the second reading stage on Bill C-23. Instead, the Parliamentary Secretary opened the debate on this Bill. I can understand why this might be the case. The reason is that because the legislation we are asked to approve is such a contradiction to everything that the Minister has been saying since this summer about tax reform, that it must be an embarrassment to the Government.

• (1640)

Because of these and other reasons, I move, seconded by the Hon. Member for Kamloops—Shuswap (Mr. Riis):

That the debate be now adjourned.

The Acting Speaker (Mrs. Champagne): The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mrs. Champagne): All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mrs. Champagne): All those opposed will please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mrs. Champagne): In my opinion the nays have it.

And more than five Members having risen:

The Acting Speaker (Mrs. Champagne): Call in the Members.

The House divided on the motion (Mr. de Jong), which was negatived on the following division:

• (1650)

(*Division No. 34*)

YEAS

Members

Allmand	Guilbault (Saint-Jacques)	Ouellet
Althouse	Hopkins	Parry
Benjamin	Keeper	Penner
Blaikie	Langdon	Riis
Boudria	MacLellan	Robichaud
Cassidy	Marchi	Rossi
de Jong	McCurdy	Waddell—28
Frith	Mitchell	
Garneau	Murphy	
Gauthier	Nicholson (Trinity)	
Gray (Windsor West)		

Income Tax Act

NAYS

Members

Andre	Gray (Bonaventure—Îles-de-la-Madeleine)	McKenzie
Beatty	Greenaway	McKinnon
Belsher	Grisé	Minaker
Blackburn (Jonquière)	Gustafson	Murta
Blenkarn	Hamelin	Nicholson (Niagara Falls)
Bourgault	Hamilton	Nickerson
Bradley	Hardey	Nowlan
Brightwell	Hawkes	Oostrom
Brisco	Holtmann	Pennock
Browes	Howie	Plourde
Cadieux	Hudon	Porter
Cardiff	James	Price
Champagne (Champlain)	Jelinek	Redway
Chartrand	Johnson (Bonavista—Trinity—Conception)	Reid
Clark (Brandon—Souris)	Kelleher	Ricard
Clinch	Kilgour	St. Germain
Collins	Kindy	Scott (Hamilton—Wentworth)
Côté (Lac-Saint-Jean)	King	Scowen
Crofton	Ladouceur	Sparrow
Crosbie (St. John's West)	Landry	Speyer
Crouse	Lanthier	Stewart
Daubney	La Salle	Taylor
Domm	Layton	Thacker
Dorin	Lewis	Towers
Edwards	Mailly	Tupper
Ellis	Malone	Turner (Ottawa—Carleton)
Epp (Provencher)	Mantha	Van De Walle
Forrestall	Marin	Vincent
Fretz	Martin	Warner
Gagnon	Mayer	Wise—96
Gottselig	Mazankowski	
Graham	McCain	
	McCuish	
	McDermid	

● (1710)

[*Translation*]

The Acting Speaker (Mrs. Champagne): I declare the motion lost.

Motion (Mr. Young) negatived.

The Acting Speaker (Mrs. Champagne): Resuming debate.

[*English*]

Mr. Norman Warner (Stormont—Dundas): Madam Speaker, it is a pleasure to participate in this debate on a very important piece of legislation. It is part of a program that the Government began over two years ago. During the election campaign we talked about economic renewal and a stronger economy for Canada and for all Canadians.

● (1720)

The Acting Speaker (Mrs. Champagne): Order. I would think Hon. Members would allow the Chair to hear the remarks of the colleague who has the floor.

Mr. Warner: Thank you, Madam Speaker. This is a very important debate and I am very glad you have brought that point to the attention of some Hon. Members who were not listening. The economic renewal of Canada is something our Government has been working on since we first came into office over two years ago. This Bill is one more step towards providing that economic renewal.

On November 8, 1984, our Minister of Finance (Mr. Wilson) gave a statement which was called "A New Direction for Canada, an Agenda for Economic Renewal". In that statement he outlined many of the proposals we had discussed throughout our election campaign. He gave us a direction which we continue to follow. The Government must get the deficit under control. We must promote policies which will encourage a higher level of investment in business in order to create new jobs. We must have increased international competitiveness and make Government more efficient in its own operations and less obstructive to the work of the private sector. We must bring about changes in a way that is fair and open, and the changes which are proposed in this Bill are changes which have come about after a process which involved consultation with business leaders, labour and individuals. This is truly reflective of what our Government wants to set out as part of its agenda for economic growth.

Bill C-23 contains amendments to the Income Tax Act which were announced in the Budget of February 26, 1986. The Bill also incorporates some important technical changes which were added to the Ways and Means Motion before it was tabled on October 31. Our Government is committed to the consultation process which is indicated by this Bill. Some Hon. Members opposite were concerned about the delay in implementation of many of the measures which were first suggested in our Budget. Consultation is a worth-while process and it does take time.

Today we are debating the principles of Bill C-23 at second reading. This Bill reinforces our Government's priorities as outlined in previous economic statements. We are looking forward to restoring fiscal balance by rigorous and effective control of government expenditures, greater efficiency and effectiveness in Government, improved management procedures and elimination of programs which have outlived their usefulness. Improvement to our tax system is a priority. Tax reform is on the minds of all Canadians because our present tax system is far too complicated. It has now reached a stage where even our best and most renowned experts have trouble understanding the Income Tax Act. It is so voluminous and difficult that the average person whose affairs are the least bit complex must resort to a tax expert and, in many cases, a lot of expense. That is not what we want.

Bill C-23 provides for reforms and improvements which will be welcomed by many people. It follows our objective to simplify our tax system and to be more fair to all people. It fosters economic activity. It supports social justice. It ensures a stable source of revenue to support viable government programs.

All of these objectives are admirable and I am sure every Hon. Member in the House would agree they are very important and desirable. Hon. Members will also know that the implementation of these objectives is difficult. In introducing these objectives through this legislation, we must also keep in mind that we want to streamline the tax system and, while doing so, we want to continue to be fair and equitable, and so it is very important that we eliminate any distortions created by previous legislators and their legislation.

Bill C-23 removes some tax initiatives of which only certain businesses could take advantage. These types of initiatives only complicate the decision-making of small businesses. Small business should be making decisions based on sound business and economic principles in the same way as do other larger corporations.

Bill C-23 broadens the base of tax by the elimination of the 3 per cent inventory allowance and through the phasing out of the general investment tax credits of 7 per cent and 10 per cent and the 7 per cent transportation and construction credit. These changes will be accompanied by a phase-in reduction of the tax rates. The basic federal rate will be reduced from 36 per cent to 33 per cent. The manufacturing rate will be reduced from 30 per cent to 26 per cent. The rate for small manufacturers will fall from 10 per cent to 8 per cent and the rate for other small businesses will be reduced by 2 per cent from 15 per cent to 13 per cent. Our commitment for greater equity in our tax system is reflected in our record and in the improvements we have made to economic growth.

Mr. Cassidy: Like the capital gains exemption.

Mr. Warner: Like our capital gains exemption.

Mr. Cassidy: That doesn't increase equity at all and the Hon. Member knows it.

Mr. Warner: The minimum tax will reduce tax avoidance. Bill C-23 terminates the use of partnerships and corporate takeovers to increase tax deductions through so-called partnership step-up or bump-up rules. The so called carve-out transactions whereby profitable oil and gas companies temporarily transfer property to companies with losses in order to reduce taxes will no longer be permissible. Trusts will be prevented from marketing securities in such a way that income and capital returns to investors are distributed tax-free.

I do not believe any person in the House can argue that this is not a progressive piece of legislation, one which is fair and will serve the needs of Canadians and assist in the economic renewal which has already taken place on a grand scale. Most of us will also agree that it will continue very successfully over the next few years. How can anyone argue otherwise when the unemployment rate has dropped from 11.7 per cent in September of 1984 to 9.4 per cent in October of 1986? This is a progressive Government and it is carrying on with a very successful renewal program. Total unemployment has fallen by 255,000 since September of 1984. Since September of 1984 the number of unemployed youth has fallen by 119,000. The number of unemployed women has fallen by 98,000 since that time. Jobs are being created at a monthly rate of over 24,000 compared with a little over 7,000 by the old Government. We have created over 600,000 jobs in 25 months compared to 400,000 in 55 months.

• (1730)

The record of the Government on economic renewal is absolutely outstanding. No one in the House can say that we are not on the right track or that we are not taking the right direction with respect to economic renewal. Interest rates have fallen by almost 4 per cent. Interest rates on mortgages have fallen by over 3 per cent. This translates into making house purchases much easier for the average Canadian. The cost of a $50,000 mortgage has been reduced by over $100 a month in the last two years. This means that more people have entered into the housing market. The housing boom in Ontario and other parts of the country is tremendous. How can anyone argue against that? The people of Stormont—Dundas and Glengarry certainly know what has happened with economic renewal in their area. It has meant more jobs for all Canadians, all men, women and youth. Economic renewal will continue with positive legislation such as this.

The interest rate on five-year farm credit mortgage loans has fallen by over three percentage points to the lowest rate since 1979. Although this does not solve all farmers' problems, it is of great assistance in reducing by 3 per cent one's debt burden. The reduction in interest rate has been facilitated by responsible Government. It has been facilitated by a Minister of Finance who has set a course for our Government which we are following and supporting. The results are obvious. They are appreciated by all Canadians, whether they are represented by members of the Opposition or by government Members. Economic renewal is alive and well in Canada.

Perhaps one of our only criticisms can be that it is not as widespread as we would like it to be, but we are working on that as well. I only wish that the economic prosperity of Mississauga or greater Toronto were shared by people in Alberta and in the east. Our Government is committed to looking at these regional disparities. This legislation has approached some of those problems. It will facilitate the funding of more investment in some of the areas that have not grown or do not have the wealth and prosperity that we would like them to have.

Interest rates can only be maintained at a low level, or a comparatively low level, if our Government is perceived by the international community to be a sound Government with sound direction. Interest rates are not inherited; they are something that one deserves and one earns. It is through international respect that the capital flow will continue to come to Canada. This year we are looking at increased foreign investment, something about which our Government campaigned and something which is now happening. Investors are coming here from Germany and from Hong Kong. In terms of Hong Kong, the numbers are higher than any previous year. These are very wealthy investors coming to Canada which is a haven for investment. Canada is safe and has a responsible and democratic Government. Not only is it safe in terms of investment, but investments will grow. They will create jobs for Canadians as they grow and give a return to investors.

Our economic agenda has attracted more visitors to Canada, not only people who are looking at investing in Canada but people who are coming as visitors. The number of foreign travellers in the first nine months of 1986 was up by 19 per cent compared with the same period the previous year. This is something in which Ontario has participated and, in particular, the riding of Stormont—Dundas. It is something in which all of Canada has participated. Ours is an attractive country, not only for investors but for visitors and tourists who love to visit us.

There are many other positive economic indicators. Consumer spending has risen, which is good news for small business, retailers and for all the people on Main Street, Canada. Retail sales have increased by 10 per cent in the last year from September, 1985 to September, 1986, and by 23 per cent since the election in 1984.

Price stability is certainly something about which we can be proud. After a period of high inflation coupled with staggering interest costs, the inflation rate in the last two years has been in the 4 per cent range. Price stability is something which has grown out of the direction and the soundness of the Government.

The Progressive Conservative Government inherited a deficit of $38.3 billion. Last year the deficit fell to $34.4 billion. This year it will probably be in the $32 billion range. This will be the first time in 16 years that the deficit has declined for two consecutive years. I think we can probably project that it will continue this downward trend. Excluding debt service costs, spending declined by $1 billion last year. This was the first significant decline in program expenditures since the Second World War. Bill C-23 facilitates further reductions and more responsible Government.

A couple of Members who spoke before me referred to the capital gains tax exemption. Although that is not part of this Bill, it is certainly part of the responsible tax reform that our Government is endeavouring to present. It is not only a fair and equitable tax but it is a simplification for a great many people doing business in Canada. I hope that further Bills of this nature will be introduced. I hope that we will be able to introduce in this session further legislation which will simplify the tax system. I believe that we are one of the first Governments to take such a bold initiative to attempt to simplify our tax system. I know that in this respect we will have the co-operation of all Members of the House as we develop these ideas in committee and also in the consultation process which is so much a part of our Government. All Canadians will continue to have an input into our Government and into the legislation which we are presenting. This Bill is a great example of the consultation process. I know that future Bills involving tax reform will have the opinions and ideas of all Canadians. It is a difficult procedure to have equity and fairness and at the same time simplification.

Pursuant to the provisions of Standing Order 9(4)(*a*) I move:

That the House continue to sit beyond the ordinary hour of daily adjournment for the purpose of the continued consideration of Bill C-23, an Act to amend the Income Tax Act and a related Act.

• (1740)

The Acting Speaker (Mrs. Champagne): The House has heard the terms of the motion moved by the Hon. Member for Stormont—Dundas (Mr. Warner). Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mrs. Champagne): According to the provisions of Standing Order 9(4)(*b*), if 25 Members rise in their places to object, the motion is defeated. Shall the motion carry?

And fewer than 25 Members having risen:

The Acting Speaker (Mrs. Champagne): There not being 25 Members rising in objection to the motion, according to the provisions of Standing Order 9(4)(*b*), the motion is deemed to be carried.

Motion (Mr. Warner) agreed to.

The Acting Speaker (Mrs. Champagne): Questions or comments?

Mr. Boudria: Madam Speaker, I would first like to make a comment and then ask a question of my colleague, the Hon. Member for Stormont—Dundas (Mr. Warner). First, of course, I wish to express shock and dismay at the attitude of the Government. Obviously, being the non-partisan person that you are, Madam Speaker, you will understand that I am simply outraged by the tactics used by the Conservative Government in trying to ram through this legislation.

Having made that remark, I would like to ask my colleague a question. The Hon. Member for Stomont—Dundas, of course, represents a constituency which neighbours on mine. In fact, he represents the riding right next to the one I have the honour and privilege of representing in this House. He will know that both our areas have not benefited from much of the new growth that we have seen in the Province of Ontario, particularly in the last couple of years.

If I can get the attention of other Hon. Members, and I am not convinced yet that they are all listening, I would ask the Hon. Member a question. The Hon. Member will know that in three successive Budgets, beginning with the expenditure and program review of November, 1984 as well as the two budgetary documents, the Minister of Finance (Mr. Wilson)—

The Acting Speaker (Mrs. Champagne): Order. Order, please. The Chair would very much like to hear the questions and comments. It is very difficult to do so when comments going across the floor are louder than the voice of the people who are speaking into the microphone.

Mr. Boudria: I never thought I would be accused of not speaking loud enough, Madam Speaker. However, I will try to speak louder than some of the other Hon. Members in the House in order to make sure that the Hon. Member for Stormont—Dundas hears me.

The Hon. Member will know that the regional incentive programs of the Department of Regional Industrial Expansion have been cut, particularly the programs that benefited Cornwall which is in his riding and Hawkesbury which is in mine. He will know particularly that the Canadian Industrial Renewal Board had benefited our areas. As a matter of fact, the Hon. Member for Stormont—Dundas lately announced a grant relating back to the good old Liberal days when that program existed.

How does the Hon. Member feel about the fact that in his budgetary measures, the Minister of Finance (Mr. Wilson) has cancelled those regional programs which were good for Glengarry—Prescott—Russell and Stormont—Dundas? Could he at the same time tell us what he thinks of the new tier structure under the Department of Regional Industrial Expansion which seriously affected our areas, making it not as attractive to invest there as it was before?

Mr. Warner: Madam Speaker, the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) mentioned in his preamble that he represents a neighbouring constituency and he mentioned that our areas had not benefited as much from the econmic renewal as had other areas. I would have to point out to him that the riding of Stormont—Dundas along with Charlottenburg, which is part of my riding, and Glengarry—Prescott—Russell, have benefited substantially from the economic renewal.

A considerable number of new jobs have been created in the last couple of years. It is not only new industry that has come into our area but there has also been the expansion of many small businesses. Our unemployment rate has dropped significantly. The official unemployment rate is probably some 3 per cent lower than it was before. However, I do realize that the Hon. Member's riding has not benefited as much as my riding has, and there may be some specific problems or complications which have caused that.

I will tell the Hon. Member that my riding will continue to grow at an above average rate. Next year will be an even better year than this year or last year. This will not be because of government hand-outs or programs but because we have a sound basic economy which is growing and will continue to grow. There are over 1,500 small business people in the area who are progressive, positive-thinking people. They are expanding their businesses and will contribute to the creation of more jobs again next year.

The Hon. Member mentioned the CIRB Program which was an excellent program. He made reference to the good old days. The good old days carried on into the last couple of years. The CIRB Program was continued by this Government and money continued to be allocated until the program was wound down and died a natural death. Some people did not qualify for these grants. There were some industries that looked, sat around and waited and waited for perhaps a year or a year and a half until the bureaucratic process would approve or disapprove their applications. Some stayed, some went on. Some did not do anything. Some got fed up because someone else got money and they did not.

I hope that the Government discontinues many of these programs. This is not the way business decisions should be made. There are certain areas that do need assistance and these areas are quite obvious. However, to be fair, I believe that our areas will prosper and grow without the CIRB program.

There are other programs now in place and there is more money for training in our areas than there had been before. Sometimes it makes more sense to train the unemployed and put them into jobs required and demanded by industry than to throw money into a community on a holus-bolus basis. True, that was not always the case, but capital expansion and expenditures do not necessarily have the greatest impact on unemployment in an area. It is better to look at the jobless rate and then say: "Stormont, Dundas and Charlottenburg have really great people who are unemployed and want some job opportunities". So what we do is to look at an industry where there is a shortage of labour, and we train people, so that suddenly they are not unemployed, they are employed. It makes a big difference. I am quite proud of what has happened in our area recently.

• (1750)

The Acting Speaker (Mrs. Champagne): The time for questions and comments has expired. On debate, the Hon. Member for Trinity (Miss Nicholson).

Miss Aideen Nicholson (Trinity): Madam Speaker, Bill C-23 which is before us contains proposed amendments to the Income Tax Act, both personal and corporate income taxes, that were announced in the February 26, 1986 Budget, together with some other measures previously announced like the introduction of a minimum tax.

The Bill was first introduced in the House in June, 1986 as a Notice of Ways and Means motion, and reintroduced in October, 1986. However, the Government has detached two measures from the June motion: the prepayment of the child tax credit, Bill C-11 which has already been adopted by the House; and the increased limits for Registered Retirement Savings Plan contributions, which is still a Notice of Ways and Means motion.

So we are addressing in this Bill some of the issues on which we have already spoken since February 26, 1986. In the case of the personal income tax, we have here the Bill to give authorization to the introduction of a 3 per cent surtax on all individuals, which in fact became effective on July 1 last. We have the introduction of a minimum tax on certain taxpayers, the

introduction of a refundable sales tax credit for low-income families, a special deduction for travel and housing for northern employees, an increase of $250 in the disability deduction to $2,860, a revision of the married exemption for the year of marriage, and modification to the tax treatment of dividends. In the case of a corporate income tax, over the next three years we have the elimination of the investment tax credit of 7 per cent and 10 per cent. However, the investment tax credit for the Maritimes will stay at 30 per cent, and the investment tax credit for Cape Breton will be increased to 60 per cent.

This Bill also gives effect to the elimination of the 3 per cent inventory allowance. This measure will take effect for the fiscal year 1986. There is a substantial reduction over the next three years of corporate income tax rates, with the general business rate being reduced from 36 per cent to 33 per cent, the rate for the manufacturing sector reduced from 30 per cent to 26 per cent, the rate for small businesses reduced from 15 per cent to 13 per cent, and the rate for small manufacturing businesses reduced from 10 per cent to 8 per cent. We also see some tightening up of the eligibility criteria for tax shelters in this Bill, in the case of limited partnerships, flow-through shares.

That is a summary of this Bill. Many of the issues are issues that we have spoken to before, therefore, my comments tonight will be brief.

When we go back to the Prime Minister's speeches, and the speeches of those who are now members of his Government prior to the 1984 election, we find a very great difference between what was in the election platform, and what we have actually seen since as policy. Both before and after the 1984 election campaign, the Prime Minister (Mr. Mulroney) and the Minister of Finance (Mr. Wilson) made many statements to the effect that they did not intend to fight the deficit by raising personal taxes. *The Toronto Sun* on November 29, 1984, wrote:

> Prime Minister Brian Mulroney says he does not favour higher personal income taxes to reduce the swelling federal deficit because Canadians are already overtaxed.

The Toronto Star on June 1, 1985, quoted the Prime Minister as saying:

> Canadians are already overtaxed—Canadians are already paying a pretty hefty bundle for their government services. They feel they are paying enough and that view is not without its support in government and private industry and labour circles.

The Toronto Sun on November 29, 1984, stated:

> Finance Minister Michael Wilson said . . . he also does not want to raise personal income taxes.

CITY-TV, Toronto, August 28, 1984, quoted Finance Minister Michael Wilson as saying:

> We have no intention of raising income taxes to Canadians. What we have to do is get down government.

CTV *Question Period*, March 1, 1985, the Finance Minister stated:

> I don't want to increase taxes—I think we have a good deal of scope on the expenditure side to deal with the deficit problem. A tax increase, certainly a general tax increase, puts a dampening effect on the economy and I don't want to see us do that.

Well, on this side of the House we have repeatedly pointed out that the massive increases in sales tax that we have seen since this Government came into power will certainly have a dampening effect on the economy. But since coming into power the Government seems to have changed its slogan from "jobs, jobs, jobs", to "tax, tax, tax". The Government has imposed tax increases, or new taxes in every Budget. There are taxes on top of taxes whose cumulative effect would bite a little deeper each year.

In the fiscal year 1986-87 alone, the Government's tax increases, including those in the Bill before us today, will bring into the Treasury an extra $5 billion. The effect on the individual family is significant. For example, a family with two children with a single salary of $30,000 a year will be paying $630 more this year because of the tax increases and the new taxes imposed by the Government. A single parent caring for two children and earning $20,000 a year will have to find ways to cope with increased taxes of $420 this year. An elderly couple on an income of $27,000, most likely a fixed income, will be paying about $500 more this year. None of these families is eligible for the sales tax rebate. According to the Government's standard for qualification, their incomes are too high. So there is nothing to offset this tax grab. Those who can least afford it will be hurt most by these tax increases. This is because people at the middle and lower ranges of the income scale have to spend what money they have on necessities. They cannot affort to put thousands of dollars a year into tax sheltered RRSPs, or to make investments and make tax exempt capital gains. So the impact of these tax increases is not spread evenly or fairly among taxpayers of low, middle, and high income.

Apart from the harshness of this, and the difficulty especially for low and middle-income families, there is the effect of that, effect that, as we predicted, the economy is showing some signs of slowing down. Perhaps I may continue after the vote.

* * *

• (1800)

[*Translation*]

PATENT ACT

MEASURE TO AMEND

The House resumed from Friday, December 5, 1986, consideration of the motion of Mr. Andre that Bill C-22, an Act to amend the Patent Act and to provide for certain matters in relation thereto, be now read a second time and referred to a legislative committee; and of the amendment of Mrs. Killens (p. 1378).

The Acting Speaker (Mrs. Champagne): It being six o'clock, pursuant to Standing Order 13(5), the House will now proceed to the deferred division on the amendment to the motion for second reading of Bill C-22, an Act to amend the Patent Act and to provide for certain matters in relation thereto. Call in the Members.

The vote is on the amendment of Mrs. Killens.

That the motion be amended by deleting all the words after the word "That" and substituting the following therefor:

"Bill C-22, An Act to amend the Patent Act and to provide for certain matters in relation thereto, be not now read a second time but that it be read a second time this day six months hence".

The House divided on the motion (Mrs. Killens), which was negatived on the following division:

(Division No. 35)

YEAS

Members

Allmand	Gray (Windsor West)	Nicholson (Trinity)
Althouse	Guilbault (Saint-Jacques)	Ouellet
Axworthy	Hopkins	Parry
Benjamin	Keeper	Penner
Blaikie	Killens	Prud'homme
Boudria	Langdon	Riis
Cassidy	MacLellan	Robichaud
de Jong	Marchi	Rodriguez
Epp (Thunder Bay—Nipigon)	McCurdy	Rossi
Foster	Mitchell	Waddell—32
Gauthier	Murphy	

NAYS

Members

Andre	Graham	McKinnon
Belsher	Gray (Bonaventure—Îles-de-la-Madeleine)	McMillan
Blackburn (Jonquière)	Greenaway	Merrithew
Blenkarn	Grisé	Minaker
Bourgault	Gustafson	Nicholson (Niagara Falls)
Bradley	Halliday	Nickerson
Brightwell	Hamelin	Nowlan
Brisco	Hardey	Oberle
Browes	Hawkes	Oostrom
Cadieux	Hockin	Pennock
Cardiff	Holtmann	Plourde
Carney	Howie	Porter
Champagne (Champlain)	Hudon	Price
Chartrand	James	Redway
Clark (Yellowhead)	Jelinek	Reid
Clark (Brandon—Souris)	Johnson (Bonavista—Trinity—Conception)	Ricard
Collins	Kelleher	St. Germain
Cossitt	Kilgour	Scott (Hamilton—Wentworth)
Côté (Lac-Saint-Jean)	King	Scowen
Crofton	Ladouceur	Siddon
Crosbie (St. John's West)	Landry	Sparrow
Crouse	Lanthier	Stackhouse
Daubney	La Salle	Stewart
de Cotret	Layton	Taylor
Dick	Lewis	Thacker
Domm	MacKay	Towers
Dorin	Mailly	Tupper
Ellis	Malone	Turner (Ottawa—Carleton)
Epp (Provencher)	Mantha	Valcourt
Forrestall	Marin	Van De Walle
Fretz	Martin	Vézina
Gagnon	Mayer	Vincent
Gass	Mazankowski	Warner
Gottselig	McCain	Wise—105
	McCuish	
	McDermid	
	McInnes	

The Acting Speaker (Mrs. Champagne): I declare the motion lost.

• (1820)

[*English*]

The next question is on the main motion. Mr. Andre moved that Bill C-22, an Act to amend the Patent Act and to provide for certain matters in relation thereto, be now read the second time and referred to a legislative committee. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mrs. Champagne): All those in favour please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mrs. Champagne): All those opposed please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mrs. Champagne): In my opinion the yeas have it.

And more than five Members having risen:

The Acting Speaker (Mrs. Champagne): Shall I dispense with the ringing of the bells?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mrs. Champagne): Call in the Members.

The House divided on the motion (Mr. Andre), which was, to on the following division:

(Division No. 36)

YEAS

Members

Andre	Dorin	Kilgour
Belsher	Ellis	King
Blackburn (Jonquière)	Epp (Provencher)	Ladouceur
Blenkarn	Fennell	Landry
Bourgault	Forrestall	Lanthier
Bradley	Fretz	La Salle
Brightwell	Gagnon	Layton
Brisco	Gass	Lewis
Browes	Gottselig	MacKay
Cadieux	Graham	Mailly
Cardiff	Gray (Bonaventure—Îles-de-la-Madeleine)	Malone
Carney	Greenaway	Mantha
Champagne (Champlain)	Grisé	Marin
Chartrand	Gustafson	Martin
Clark (Yellowhead)	Halliday	Mayer
Clark (Brandon—Souris)	Hamelin	Mazankowski
Collins	Hardey	McCain
Cossitt	Hawkes	McCuish
Côté (Lac-Saint-Jean)	Hockin	McDermid
Crofton	Holtmann	McInnes
Crosbie (St. John's West)	Howie	McKinnon
Crouse	Hudon	McMillan
Daubney	James	Merrithew
de Cotret	Jelinek	Minaker
Dick	Jepson	Nicholson (Niagara Falls)
Domm	Johnson (Bonavista—Trinity—Conception)	Nickerson
	Kelleher	Nowlan
		Oberle
		Oostrom
		Pennock
		Plourde

Porter	Sparrow	Van De Walle
Price	Stackhouse	Vézina
Redway	Stewart	Vincent
Reid	Taylor	Warner
Ricard	Thacker	Wise—107
St. Germain	Towers	
Scott (Hamilton—Wentworth)	Tupper	
Scowen	Turner (Ottawa—Carleton)	
Siddon	Valcourt	

NAYS

Members

Allmand	Gray (Windsor West)	Nicholson (Trinity)
Althouse	Guilbault (Saint-Jacques)	Ouellet
Axworthy	Hopkins	Parry
Benjamin	Keeper	Penner
Blaikie	Killens	Prud'homme
Boudria	Langdon	Riis
Cassidy	MacLellan	Robichaud
de Jong	Marchi	Rodriguez
Epp (Thunder Bay—Nipigon)	McCurdy	Rossi
Foster	Mitchell	Waddell—32
Gauthier	Murphy	

• (1830)

The Acting Speaker (Mrs. Champagne): I declare the motion carried.

Bill read the second time and referred to a legislative committee.

The Acting Speaker (Mrs. Champagne): Pursuant to order made this day, we will resume debate on Bill C-23.

* * *

INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Wilson (Etobicoke Centre) that Bill C-23, an Act to amend the Income Tax Act and a related Act, be read the second time and, by unanimous consent, referred to the Standing Committee on Finance and Economic Affairs.

Mr. Don Blenkarn (Mississauga South): Madam Speaker, this is the most important tax reform Bill to come before the House of Commons this year and I am indeed surprised that the Opposition would not recognize that, particularly members of the Opposition who are on the Standing Committee on Finance and Economic Affairs. They have had an opportunity to review this Bill as it appeared in the Ways and Means motions of June, 1986 and October, 1986.

The Bill deals with some very serious issues that substantially change our tax laws in order to make those tax laws more equitable and to collect revenue from those who should pay taxes.

I would have thought that the New Democratic Party, having made an alleged study of taxes across the country, would have hailed this Bill as something they would have introduced if they were in power.

I want to take this time to talk about the issues involved. First, the former Government introduced a program of investment tax credits which were a form of double-dipping. Not only was there a generous system of capital cost allowances, there was a form of investment tax credit throughout the country, starting at 7 per cent.

This Bill phases out those investment tax credits. They ought to be phased out because their effect was to allow those who bought machinery and equipment to have not only generous capital cost allowances, but to have credits against their taxes for their investment. In order to provide the kind of fairness there should be in a tax system, it is only proper that those credits be phased out.

This Bill goes further because it deals with the horrendous rip-offs that seem to have taken place in our society with the misuse of limited partnerships. People could take tax reductions because they invested their money in a limited partnership that had leverage advantages. The effect of a limited partnership was that they could take a reduction and reduce their taxes payable, but not be at risk. According to this Bill, those who are in a partnership transaction or any business transaction and want a tax reduction or to take a capital cost allowance, can only do so if they are in fact at risk.

This is a very important Bill because it ensures that those people who should pay taxes do so. I am surprised that the Member for Laval-des-Rapides (Mr. Garneau), the finance critic for the Official Opposition, says that this is a Bill that raises taxes. I agree that it raises taxes, but it raises taxes for those who were getting away without paying taxes. That is what we intend to stop, but it apparently is something the Liberal Party would like to continue.

One of the most important issues raised by our side was the fact that people who were collecting money as a result of T bills were not paying tax on the profits from those transactions. According to this legislation, one must supply a social insurance number in order to cash one's T bill. When this legislation goes to the Finance Committee I will recommend that it be broadened to include all forms of government financing. There is no reason why people should escape taxation because they happen to lend money to the Government of Canada or the provinces or happen to take their income in the form of coupons. It is important that we view this legislation as the tax reform Bill that it is.

Bill C-23 is designed to ensure that those people pay their fair share in taxes. That is the nature of the tax reform we will be introducing in the next Budget. It is tax reform designed to make sure that we can reduce the rate of taxation and lower the individual's requirement to pay. This Bill is fair as it attempts to make sure that those who pay sales tax receive a sales tax rebate.

I suggest that this Bill should be passed immediately, and, on that basis, I move:

That the question be now put.

The Acting Speaker (Mrs. Champagne): Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: On division.

Motion agreed to.

Income Tax Act

The Acting Speaker (Mrs. Champagne): Mr. Wilson (Etobicoke Centre), seconded by Mr. Mazankowski, moved that Bill C-23, an Act to amend the Income Tax Act and a related Act, be now read the second time and, by unanimous consent, referred to the Standing Committee on Finance and Economic Affairs.

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: On division.

Motion agreed to, Bill read the second time and referred to the Standing Committee on Finance and Economic Affairs.

The Acting Speaker (Mrs. Champagne): It being after six o'clock, this House stands adjourned until tomorrow at eleven o'clock, pursuant to Standing Order 3(1).

The House adjourned at 6:40 p.m.

HOUSE OF COMMONS

Tuesday, December 9, 1986

The House met at 11 a.m.

[*English*]

PRIVILEGE

Mr. Speaker: I advise Hon. Members that I have several rulings to bring before the House today. The first that I intend to deal with are questions of privilege raised a few days ago by the Hon. Member for Kamloops—Shuswap (Mr. Riis), one on November 6 and the other on November 21.

RELEASE OF INFORMATION BY MINISTER PRIOR TO INTRODUCTION IN HOUSE—RULING BY MR. SPEAKER

Mr. Speaker: Members will recall that following Question Period of November 6, 1986, the Hon. Member for Kamloops—Shuswap (Mr. Riis) rose on a question of privilege regarding remarks made outside the House by the Minister of Consumer and Corporate Affairs (Mr. Andre) in relation to a Bill not yet then introduced. While the Hon. Member for Kamloops—Shuswap had not provided the Chair with the required notice pursuant to Standing Order 20(2), I undertook, nevertheless, to study the matter carefully, review our precedents and return to the House with a ruling.

I have now had an opportunity to review our precedents in such cases and have found no previous Speakers' rulings which would support the case made by the Hon. Member for Kamloops—Shuswap. The role of the Chair when dealing with a matter of privilege or contempt of the House is only to establish that a prima facie case exists. The Hon. Member for Kamloops—Shuswap will know that Beauchesne's Fourth Edition at page 57 states that: "The Speaker's jurisdiction does not extend to words outside the House".

Since no precedents could be found on this point, I referred to the general definition of acts or conduct which consist of breaches of privilege as described at page 143 of Erskine May's 20th Edition:

> It would be vain to attempt an enumeration of every act which might be construed into a contempt, the power to punish for contempt being in its nature discretionary.
>
> Certain principles may, however, be collected from the Journals which will serve as general declarations of the law of Parliament. It may be stated generally that any act or omission which obstructs or impedes either House of Parliament in the performance of its functions, or which obstructs or impedes any Member or officer of such House in the discharge of his duty, or which has a tendency, directly or indirectly, to produce such results may be treated as a contempt even though there is no precedent of the offence.

In light of this reference in May, the Chair is unable to conclude that the conduct of the Hon. Minister of Consumer and Corporate Affairs, as reported by the Hon. Member, has in any way impeded or obstructed any Members of the House in the discharge of their duty.

Furthermore, the House heard the Hon. Minister's explanation as it is reported at page 1147 of *Hansard* of November 6 as follows:

> —that except for members of the Opposition who were briefed this morning, no one else has been given a copy of the Bill and there was no intention that anyone else get a copy.

I must, therefore, rule that, although the Hon. Member for Kamloops—Shuswap may have a complaint or a grievance about statements made outside the House by a Minister of the Crown, a prima facie case of breach of parliamentary privilege has not been established.

ALLEGED PRIOR KNOWLEDGE OF LEGISLATIVE CONTENT—RULING BY MR. SPEAKER

Mr. Speaker: I shall now deal with the matter raised by the Hon. Member for Kamloops—Shuswap (Mr. Riis) on November 21. I would first like to express my appreciation of the great care with which the Hon. Member presented his complaint and the conscientious research which he undertook in the preparation of his case. This was very helpful to the Chair.

I think it would be useful to reiterate the tests which the Chair must apply to a complaint before declaring that a prima facie case of privilege has been established. There are a number of questions which may be applicable depending on the nature of the complaint. Has the freedom of speech of an Hon. Member been menaced or called into question? Has an Hon. Member been obstructed in any way in the fulfilment of his or her parliamentary duty? Has any attempt been made through bribery or other corrupt means to influence an Hon. Member in an improper way? Has an Hon. Member been subjected to harassment, threats, abuse, physical violence or any other form of molestation in relation to his or her parliamentary conduct? Has the House as a whole been brought into disrepute through the action complained of? Finally, what evidence exists which might suggest the possibility of an affirmative answer to any of these questions? Obviously the Chair can only find that a prima facie case has been established if there is evidence to base it on.

• (1110)

The basis of the complaint of the Hon. Member for Kamloops-Shuswap is an allegation that an American citizen, by some means which do not appear to have been established, obtained prior knowledge of the contents of Bill C-22 before its introduction in the House. In the course of his presentation he

referred to two United Kingdom precedents and a complaint raised in 1983 by the Hon. Member for Yukon (Mr. Nielsen) relating to an incident which took place here in Canada. The cases referred to all concerned budget leaks. The U.K. cases were based on established facts. In one case, the Chancellor of the Exchequer acknowledged that he had committed an indiscretion and resigned. In the other, an investigation established that an impropriety had occurred and a Minister resigned in consequence. Incidentally, neither of these cases was dealt with by way of a question of privilege. In the Canadian case, Madam Speaker Sauve found that there was no basis for a question of privilege. Budget secrecy was a matter of convention and not a matter for the determination of the Chair.

To return to the case before us, the Chair must first determine what the facts are and, second, whether those facts constitute evidence of a prima facie case of privilege. The Hon. Member's case is based on certain comments made by a former President of the United States Parmaceutical Manufacturers Association in the course of a television interview. The Hon. Member made it clear that he was not implying that the Minister of Consumer and Corporate Affairs (Mr. Andre) had revealed the contents of the Bill to the gentleman in question; and the Minister himself stated emphatically that while various consultations had taken place he had at no time been in contact with anyone in the United States. It therefore seems to the Chair that incontrovertible facts are lacking.

I must also make reference to the contribution of the Hon. Member for Windsor West (Mr. Gray) who suggested that under our new Standing Order 1, the Chair is no longer bound by established precedents relating to matters of privilege and that, to quote his own words, it is open to the Chair: "to extend the definition of privilege to new areas". It is important, though, that we do not confuse privilege with procedure. In matters of procedure, the new Standing Order 1 possibly enlarges the scope of the House in determining procedure in unprovided cases. The limits of privilege, though, are laid down by statute. It is not open to the Chair to extend the definition of privilege. This could only be done by legislation and would involve an amendment to the Constitution. I must therefore rule that no facts have been presented on which a prima facie case of privilege could be based.

I think it is appropriate for the Chair to remind all Hon. Members that these kinds of incidents do cause grave concern among Hon. Members and I believe it is a good reason why extra special care should be taken, especially by Ministers, to ensure that matters that ought properly to be brought to the House do not in any way get out in the public domain and cause concern to Hon. Members and often to Ministers as well.

I want to thank all Hon. Members who participated in the debate on both motions of the Hon. Member for Kamloops-Shuswap and I hope the comments that I made will be helpful to all Hon. Members. I thank them.

[*Translation*]

DEBATES "BLUES"—RULING BY MR. SPEAKER

Mr. Speaker: I said yesterday that I also had prepared a ruling in response to the motion of the Hon. Member for Saint-Denis (Mr. Prud'homme).

[*English*]

On November 6, during a discussion on a point of order relating to petitions, the Hon. Member for Saint-Denis (Mr. Prud'homme) drew to the attention of the Chair that the Parliamentary Secretary to the Deputy Prime Minister and President of the Privy Council (Mr. Lewis) was apparently quoting from the "blues". The Hon. Member for Saint-Denis reminded the House of the long established practice that the "blues" are not to be quoted in debate and that the only official report, the House of Commons Debates or *Hansard*, can be quoted.

[*Translation*]

The Parliamentary Secretary pointed out that thanks to television and modern technology, we can now play back a speech or comment, have it transcribed and use it in debate later on the same day.

The Chair is pleased to inform the Hon. Member for Saint-Denis that our customary parctice was observed by *Hansard*; the blues of the Hon. Member for Windsor—Walkerville (Mr. McCurdy) or the Hon. Member for Winnipeg North Centre (Mr. Keeper) were not provided by *Hansard* to the Parliamentary Secretary or to any other Member. In fact, as we can read at page 1149 of *Hansard* of November 6, during the discussion in the House, the Parliamentary Secretary did not say that he was quoting from the blues.

[*English*]

In reviewing this matter, the most recent statement by the Speaker on the use of the "blues" in debate that can be found dates back to December 2, 1976, and that is just before the advent of television in the House of Commons. Speaker Jerome reaffirmed the practice that "blues" should not be quoted in debate. The logic for not using the "blues" in debate is obvious. The "blues" are the reporters' notes and often are edited to become the official report. It would not be reasonable to admit into debate galley proofs that tomorrow may indeed be different in their final form. As your Speaker, I feel bound by this practice and will continue to remind Hon. Members to refrain from quoting from anything but the official report of the House.

This ruling, however, leaves the House in a difficult position: it is possible for Members to obtain electronically what was said the same day and to use quotes from the electronic medium in debate without identifying them as part of the official report. The dilemma for the House is the following: is the Chair enforcing a practice that has become technologically outdated? By enforcing an outdated practice is the Chair encouraging Members to do indirectly what they are not supposed to do directly? Furthermore, the average Canadian

citizen with a video recorder, receiving the House of Commons television signal, can obtain for himself or herself an instant play-back of what was said and by whom. While *Hansard* remains the official record of what was said, the 24-hour delay in its publication no longer satisfies the demand for information by a growingly impatient and technologically literate population.

Consequently, the Chair firmly believes that while maintaining the rule against the use of the "blues", it is however time for the Standing Committee on Procedures and Elections to review the question of the "blues", their distribution and the relationship between the official *Hansard* and what has come to be known as the electronic *Hansard*. My predecessors have often requested such a review and, while tempted to do so, I have decided that I ought not to dictate to the House on this question for it is a very important one and I look forward with anticipation to some early direction from the Standing Committee and the House on this matter.

[*Translation*]

I want to thank Hon. Members for their comments, and especially the Hon. Member for Saint-Denis (Mr. Prud'homme), because this is a very important question. I also hope that the Chair's invitation to have this very important question considered in committee will meet with the approval of the Members of this House.

ROUTINE PROCEEDINGS

[*Translation*]

INTERPARLIAMENTARY DELEGATION

PRESENTATION OF REPORT

Mr. Jean-Guy Guilbault (Drummond): Mr. Speaker, pursuant to Standing Order 101, I have the honour to table in the House, in both official languages, the report on the Seminar on U.S. Legislative Elections held in Washington, D.C. and Charleston, South Carolina from November 4 to 8, 1986.

* * *

• (1120)

[*English*]

RAILWAY ACT

PRESENTATION OF REPORT OF LEGISLATIVE COMMITTEE

Mr. J. R. Ellis (Prince Edward—Hastings): Mr. Speaker, as chairman of the Legislative Committee on Bill C-4, an Act to amend the Railway Act, I have the honour to present its report to the House with an amendment.

[*Editor's Note: See today's Votes and Proceedings*]

Petitions

PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Rod Murphy (Churchill): Mr. Speaker, under Standing Order No. 106, I have the honour to present a petition which has been certified correct as to form and content by the Clerk of Petitions. In the petition the people of Snow Lake, Flin Flon, The Pas, Thompson, and Leaf Rapids, all communities within my riding, express their opposition to the federal Government's decision to change the Patent Act which they believe will increase prescription drug costs to many Canadian consumers and restrict the ability of average Canadians to buy prescription drugs.

In their petition the undersigned humbly call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have the honour to present a petition on behalf of a large number of constituents from the riding of Ottawa—Vanier, which says that the changes the federal Government wishes to make in the Patent Act as it applies to pharmaceutical products will increase the price of drugs for Canadian consumers. These changes will also prevent many people from buying the drugs they need and will have a particular impact on people whose condition requires the continuing use of drugs. These changes will lead to higher costs for provincial health insurance plans and are another example of the Canadian Government's concessions to the United States as part of the free trade talks, to the detriment of the consumer.

[*English*]

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have also several petitions dealing with the fact that the Government has imposed the tariff on imported books in the English language which has limited the access of Canadians to literature and information. The tariff has little negative affect on the publishing industry of the United States yet it penalizes Canada's consumers, book publishers, book sellers, distributors and culture. Rising book prices have placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries. The undersigned humbly pray and call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries with respect to free trade negotations.

OPPOSITION TO PROPOSED CLOSURE OF CADET CAMP SASKADET

Mr. Jack Scowen (Mackenzie): Mr. Speaker, it is my honour to present a petition duly certified by the Clerk of Petitions. It is signed by about 750 of my constituents who want to communicate their dissatisfaction and disappointment regarding the impeding closure of Saskatchewan's only cadet

camp, Saskadet, situated at Round Lake, Saskatchewan. These constituents rely on this camp for their cadet training. They humbly call upon Parliament to request the Minister of National Defence (Mr. Beatty) to consider the possibility of keeping this camp operable.

[*Translation*]

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I have here a petition from a number of Canadians in which they express their concern about the changes proposed by the Government with respect to the Patent Act. These people indicate they are worried that the price of drugs will increase as a result of the proposed changes. They are therefore calling on Parliament to reject these proposals.

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, it is my duty and privilege today, pursuant to Standing Order 106, to table a petition signed by residents of Luceville, Saint-Anaclet, Saint-Gabriel, Mont-Joli, Rimouski and a number of other communities in the riding of Matane in Quebec, who support the efforts of the Opposition to prevent the passage of amendments proposed by the Government that will lead to an increase in the price of drugs.

[*English*]

GASOLINE PRICES—LIMITED COMPETITION

Mr. John Parry (Kenora—Rainy River): I have another petition signed by residents of Red Lake and surrounding communities in my riding. The petitioners call upon the House of Commons to discourage limitations on competition in the oil and gas industry and ensure that Petro-Canada passes on lower oil prices to its consumers.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, my third petition this morning is signed by residents of Truro, Shubenacadie, Great Village and several other communities in Nova Scotia. The petition calls upon the federal Government to reject changes to the Patent Act which will lead inevitably to higher drug prices for Canadians.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, my fourth petition is signed by residents of Calgary, Lethbridge, Edmonton and other communities in the Province of Alberta. The petitioners call upon Parliament to ensure that all low level training at the Goose Bay Canadian Forces Base cease and that negotiations with NATO for the establishment of a larger base cease. They are very concerned, of course, about the hunting and way of life of native people in that particular area.

USE OF SUPERMAILBOXES

Mr. John Parry (Kenora—Rainy River): Finally, Mr. Speaker, I have a petition signed mainly by residents of Toronto. I am glad to be presenting this petition on a day when we are debating the situation with the Post Office because the petition calls upon Parliament to prevent the spread of the so-called super mailboxes as a substitute for door-to-door delivery.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is my pleasure to present a petition on behalf of a number of eastern Canadians from Atlantic Canada who protest the Government's intention to proceed with the amendments to the Patent Act which will result in increased prescription drug prices to Canadians.

* * *

POINT OF ORDER

USE OF PRIVATE MEMBERS' HOUR

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I rise on a point of order to draw to your attention that on December 5, at the close of the day, the Acting Speaker said the following at page 1853 of *Hansard*:

> I have received written notice from the Hon. Member for Peterborough (Mr. Domm) that he is unable to be present in the House on Monday, December 8, 1986, to move his motion during the hour for Private Members' Business. Accordingly, I am directing the Table to drop that item of business to the bottom of the order of precedence.
>
> Since notice will thereby be removed, the hour for Private Members' Business will be suspended, and pursuant to Standing Order 39(2) the House will continue with the business before it prior to that hour until the ordinary hour of daily adjournment.

I raise this matter because I noticed, in recalling the vote yesterday, that the Hon. Member for Peterborough (Mr. Domm) was in fact in the House at the designated time for Private Members' Business. I also recall that immediately following, the Government moved to extend the hours of the sitting. Immediately, once that had taken place at second reading, the Hon. Member for Mississauga South (Mr. Blenkarn) was the only person to rise to speak from the Government benches. He moved that the question be now put which brought the extended hours to an end.

It seems to me there may be a case to be made whereby the Government might have misused its powers and the time of Private Members' Hour to manipulate the business of the House to allow just that to take place, to allow the Government to extend the hours to complete second reading of the Bill which had simply been introduced for the first time at second reading that day.

It seems to me a potentially very serious question has been raised.

Mr. Speaker: Order. I take it from what the Hon. Member for Kamloops—Shuswap (Mr. Riis) said that he is raising an important matter but he is not making any sort of charge

against the Hon. Member for Peterborough (Mr. Domm). I only want that clarified because the Hon. Member for Peterborough is not here at the moment. I would not want the Hon. Member who is speaking now to continue without the Hon. Member being able to hear what might be said. I take it there is no charge against the Hon. Member for Peterborough.

• (1130)

Mr. Riis: Mr. Speaker, I appreciate your intervention on that very important point. Indeed, I was simply raising an observation as to the way business had been conducted in the House. We were informed at the latest moment yesterday that the Hon. Member for Peterborough was unable to be here to introduce and debate his Private Members' Bill. I noticed during the vote that in fact the Hon. Member was in his place at the designated time. There seems to be some inconsistency here, particularly when one considers the proceedings of the House that took place immediately thereafter.

On a point of order, I ask that Your Honour give some consideration to this matter. As the Standing Orders now require, when notice is given the day before, Private Members' Hour is simply eliminated and the business of the day continues. This allowed the Government to bring in its members to call for extended hours and then used that time to eliminate any further debate at the second reading stage of Bill C-23.

Mr. Speaker: The Chair has the point of the Hon. Member for Kamloops—Shuswap (Mr. Riis). I see there are other Members rising to speak to this point and I think I should probably call upon the Parliamentary Secretary.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I will be brief because we do not want to delay the debate on the opposition motion any longer than members of the Opposition have already delayed it with their petitions.

First, I wish to point out that the Hon. Member for Peterborough (Mr. Domm) had the courtesy to advise the Chair and the House that he would be unavailable at 5 p.m. yesterday to move his motion. I know that my colleague was not reflecting upon the Hon. Member's absence from the House at that time. However, it seems to me that he has every right to say that he cannot be here at 5 p.m. and then come in at 6 p.m. or 6.15 p.m. and vote. The point is that he gave notice that he would not be here at 5 p.m. I do not think that he in any way abused that right by being here at 6.15 p.m. to vote.

The second point I wish to make is that the Hon. Member himself was the one who initiated the action which dropped him to the bottom of the list. As the Chair stated: "Accordingly, I am directing the Table to drop that item of business to the bottom of the order of precedence". So the Hon. Member made the decision himself to have his order of business dropped to the bottom of the list.

Having said those things, I want to specifically reject any suggestion that the Government in any way was trying to manipulate the business of the House or in any way manipulate Private Members' Business. We have made it a very firm practice not to become involved in Private Members' Business. That is an hour in which Private Members bring forward their own pieces of legislation and motions. I reject that argument categorically.

I point out that the complaint seems to be revolving around the extension of hours. I also point out that no member of the Opposition saw fit to participate in the debate after the motion with respect to the extension of hours was agreed to. Obviously, there was no Government participation in the dropping of the motion; the Member decided to do it himself. There was no manipulation. When the motion with respect to the extension of hours was agreed to, members of the Opposition saw the wisdom of our legislation and allowed it to go to committee on division.

I do not think there is really any point of order. We feel that when Private Members' Hour is not proceeded with that the business of the country should go forward. That is simply all we did.

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, the last sentence spoken by the Hon. Parliamentary Secretary is subject to some controversy. I do not think and I do not believe that when Private Members' Hour is vacated it should automatically become an hour in which to discuss Government business. I have said that before in the House and I will say it again. Private Members' Hour should and would in my opinion be much better off if kept at that, Private Members' Hour, and not be given back to Government Orders. In fact, I have a motion on the Order Paper today calling for exactly that. I am calling for a change to Standing Order 43 which would give private Members of the House that one-hour period which is set aside four times a week and in which they are allowed to debate their issues.

The question the Parliamentary Secretary raises with a straight face—and God knows I am not accusing him of anything—is somewhat doubtful. The Hon. Member is a gentleman and I believe him when he tells us that the Government has not been manipulative. The Government profits from the fact that it is given the time when a private Member cannot be here to move his motion. In my opinion that is regrettable. It is something which has to be changed. Our present Standing Orders are provisional and will expire at the end of this month. If the Government wishes to extend them into January then it had better come to grips with this important issue.

Mr. Rod Murphy (Churchill): Mr. Speaker, I have but a short intervention to make. The Parliamentary Secretary seemed to indicate in his reply that the Hon. Member for Kamloops—Shuswap (Mr. Riis) had said that the Hon. Member for Peterborough (Mr. Domm) was here to vote at six o'clock or some time thereafter. If Your Honour would take a look at the *Hansard* of yesterday at page 1894 you would see that it indicates that the Hon. Member for Peterborough was

here to vote shortly after five o'clock and that he obviously could have been available to introduce his Bill at that time.

Mr. Speaker: The Chair has heard the interventions of the Hon. Member for Kamloops—Shuswap and other Hon. Members. The Chair takes note of the strong recommendation put forward by the Hon. Member for Ottawa—Vanier (Mr. Gauthier) concerning the question of the loss of Private Members' Hour. I am not entirely sure that the Chair can assist Hon. Members in any ruling, but I will give the matter some consideration. I am, of course, as I think any Speaker would be, extremely concerned about consideration that Hon. Members must give to the rules and to the fact that some of them are provisional. I think it would be advisable if all Hon. Members took careful note of what the Hon. Member for Ottawa—Vanier has said.

With respect to the specific complaint of the Hon. Member for Kamloops—Shuswap, the Chair will consider his comments and return to the Chamber in due course. As I have said, I am not sure there is very much that the Speaker can do about the situation.

Mr. Lewis: Mr. Speaker, may I add one item to that?

Mr. Speaker: Order, please. I will hear the Hon. Parliamentary Secretary because the Chair is basically benevolent. I would not want to leave this as a precedent for inviting Members to reargue a case. As I understand it, the Hon. Member has an additional point.

Mr. Lewis: Yes, Mr. Speaker, that is correct. I only bring it up in the interests of being helpful. It seems to me that when we discuss a matter such as this the question of dropping a particular person's motion is one thing, but how to substitute another person's motion is something else. If Your Honour looks at the *Projected Order of Business* for today it is noted that on Thursday the Hon. Member for Kamloops—Shuswap has a motion or a Bill. The thinking at the time was that we could not move Thursday's matter forward to Monday because there might be Hon. Members who would want to speak to that matter on Thursday who would have scheduled their time accordingly. Similarly, Friday's motion has the same consideration. We did not want to bring it forward because it would disrupt the way in which people might be organizing their time to make comments on a motion. That is the reason we did not have a solution. I suggest it is something we will want to look at.

• (1140)

Mr. Speaker: I thank the Hon. Parliamentary Secretary for the additional information. I will consider the matter.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 5 and 7.

[*Text*]

PRESENTATION OF GALA EVENING IN HONOUR OF PRESIDENT OF U.S.

Question No. 5—**Mr. Malépart:**

1. What was the total cost to the Government of the March 17-18, 1985, visit of the President of the United States to Quebec City?

2. Did the Government sponsor on March 17, 1985, a gala evening at the *Grand Théâtre de Québec* in honour of the President of the United States and, if so, what was the (*a*) total cost (*b*) amount paid to all performers who took part in the event?

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): 1. Approximately $2.6 million. 2. See reply to question No. 7 answered this day.

VISIT OF THE PRESIDENT OF THE UNITED STATES

Question No. 7—**Mr. Boudria:**

1. Was there a gala performance held in Quebec City on March 17, 1985, in honour of the visit to Canada of the President of the United States and, if so, who was responsible for approving the gala and how many persons attended?

2. Was the protocol office of the Department of External Affairs consulted as to which Canadian dignitaries and officials of Canada should be invited to attend and, if not, for what reason?

3. Were any Canadian dignitaries and officials of Canada that protocol required should be invited to attend such events, ignored and, if so, what were their name and titles?

4. Were there any Members of Parliament or Senators invited to attend the performance and, if so, what were their names and party affiliations?

5. What was the total cost of the performance?

6. (*a*) What were the costs involved for the hiring of the performers (*b*) were accommodations, meals and travelling expenses part of their contracts and, if so, what was the cost for their accommodations, meals and travelling expenses?

7. What were the rental costs for the *Grand Théâtre de Québec* and associated services and which department absorbed the costs?

8. What amount did CBC charge for the production and the televising of the event?

9. Were any groups of Canadians represented at the event and, if so (*a*) what were the names of the organizations and their representatives (*b*) were there any Government costs involved and, if so, what were they (*c*) what criteria were used to define which organizations should be invited?

10. Were there any official arrival ceremonies held in Quebec City and was the RCMP involved and, if so (*a*) how many officers in ceremonial dress were involved and how many were women (*b*) were all of the officers from Quebec City and, if not, what mode of transportation was used to bring them to Quebec City (*c*) what was the cost to the taxpayer for the officers in salaries, meals, accommodations and transportation?

11. (*a*) What was the cost to the taxpayer for the security involved in the visit (*b*) were all such costs absorbed by the Solicitor General's Department and, if not, for what reason (*c*) did the costs also include security provided by provincial, municipal or private organization officers?

12. Were any limousines leased or rented for the visit and, if so (*a*) how many (*b*) what was the cost for each and what was the name and address of the supplier?

13. What was the cost for food for each luncheon held during the two day visit?

14. Were any Canadian wines served at the luncheons and (*a*) if so, what were the brand names and what was the cost to taxpayer (*b*) if not, for what reason?

15. Was quail and/or caviar served at any of the luncheons and, if so, what was the country of origin and the cost in each case?

16. Were any services supplied to the press during the two day visit, including meals and accommodations and, if so, what was the total cost to the taxpayer?

17. Were Government aircraft used to transport Ministers and/or Members of Parliament to Quebec City and, if so, what was the name of each individual and what was the cost to the taxpayer?

18. Were any costs involved for travel and accommodations for public servants, Ministers or Members of Parliament and, if so, what were they?

19. What were the costs, for all of the events, incurred by the (*a*) Department of Public Works (*b*) Department of the Solicitor General (*c*) Department of External Affairs (*d*) Department of Transport (*e*) Department of Supply and Services (*f*) Department of Communications (*g*) Prime Minister's Office?

20. Were the press kits for the Shamrock Summit prepared by the Prime Minister's Office and, if not, were they prepared by an outside firm and, if so, what was the name of the firm and the cost to the taxpayer?

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): 1. Yes. The Government approved the gala performance which was attended by 1,559 persons.

2. Yes.

3. and 4. It would not be proper to name those present or not without their consent. It is customary for such events that Canadian dignitaries, Senators, Members of Parliament and Canadian officials be invited.

5. See Parts 6, 7 and 8 below.

6. (a) $90,453. (b) Yes, included in Part 6 (a), but not available separately.

7. $185,906.88. The rental cost was paid by the Department of External Affairs and the Privy Council Office.

8. $421,843. excluding amount in Part 6 (a).

9. No.

10. Yes. (a) 100-member guard of honor in ceremonial uniform. None of the honor guard members were women.

(b) No. All the honor guard members were from RCMP Divisions in Ottawa and were transported to and from Quebec City by charter bus.

(c) Transportation, $2,460; meals, $2,325; accommodation, nil; Salaries, in accordance with RCMP policy, members assigned to this duty were compensated at a double-time overtime rate. Members had the options of accepting direct payment or time off in lieu of payment. It would be difficult to determine precise dollar cost paid in salaries since members were from various units in the Ottawa region and because this information is not computerized totally.

11. (a) and (b) Security planning and operations for this visit were matters of federal jurisdiction falling under the control of the RCMP. RCMP expenditures on the March, 1985 visit of President Reagan to Quebec City amounted to $1,011,496.

(c) Participating police forces (other than the RCMP) absorbed all their own costs, as the duties performed fell within their respective mandates. The visit was confined to venues within Quebec City and close co-operation was therefore necessary with the Sillery, Quebec and Ste-Foy municipal police forces. Quebec provincial police force members were engaged in labour negotiations in March, 1985, and provided no security services during the presidential visit in accordance with a directive from the Quebec provincial Government.

Private-sector security organizations were not involved in providing security during the President's visit.

12. Yes. (a) Seven. (b) Total cost, $8,149.10. Samson's Limousine, Montreal, Quebec.

13. Two luncheons—$49,167.51.

14. Yes. (a) Château de Charme 1982—cost included in Part 13 above. (b) Not applicable.

15. No.

16. A media centre and two press rooms were provided at a cost of $136,153.16 including $569.50 as hospitality expenses.

17. Yes, five Government aircraft were used to transport Ministers at a cost of $13,997. The aircraft were reserved in the name of the following ministers:

The Right Hon. M.B. Mulroney

The Right Hon. C.J. Clark

Hon. Erik Nielsen

Hon. John Fraser

Hon. J. Kelleher

18. Yes, information not readily available.

19. (a) Nil, except for Part 18. (b) $1,011,496.00. Also, see Part 10 (c)—Salaries. (c) $746,068.95 except for Part 18. (d) $8,005 except for Part 18. (e) Nil. (f) Nil, except for Part 18. (g) $724,638.86.

For an approximate total cost of the visit, see reply to question No. 5 answered this day.

20. No. The press kits were prepared by CUIO. However, four outside firms were contracted to provide printing and related services.

York Advertising	$1,011.50
Quorum Graphics	385.00
Albion Decal	268.95
Forever Plastics	5,165.65

[*English*]

Mr. Speaker: The questions as enumerated by the Parliamentary Secretary have been answered.

Supply

STARRED QUESTION

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, would you be so kind as to call Starred Question No. 32? I have a reply.

*EXPENSES OF FORMER MINISTER OF NATIONAL DEFENCE

Question No. 32—**Ms. McDonald:**

1. Were the Expenses of the visit of the former Minister of National Defence to "Tiffany's" in Lahr in November, 1984 paid for out of public funds, either by the Minister's office or the Canadian Armed Forces, or paid for personally by the Minister?

2. Is it the policy of the Government to pay for expenses incurred in such establishments for travelling politicians and public servants?

3. Are the services of prostitutes and escort services allowable deductions as business expenses for taxation purposes?

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, in response to the questions asked by the Hon. Member for Broadview—Greenwood (Ms. McDonald), we would advise as to Question No. 1 that neither the Minister's office nor the Department of National Defence has any record that the former Minister of Defence paid out public moneys during his visit to Tiffany's in Lahr in November 1984.

The reply to Questions 2 and 3 is as follows: in light of the above reply by the Department of National Defence, it should not be necessary to answer these parts.

I would ask that the remaining questions be allowed to stand.

Mr. Speaker: Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 82—CANADA POST—PROPOSED INCREASE—POSTAL SERVICE

Mr. Cyril Keeper (Winnipeg North Centre) moved:

That this House urge the Government to require Canada Post to forego the 2 cent postal rate increase planned for the new year, to reject the planned closure of hundreds of rural post offices, to reconsider the decision to replace door to door postal delivery in new suburban areas with super post offices boxes, to reconsider the ongoing reductions in urban postal services, and furthermore, that the adoption of this motion shall not be considered to be a question of confidence in the Government.

He said: Mr. Speaker, I would like to begin by making note of the fact that the motion before the House shall not be considered to be a question of confidence in the Government. This is something that has come about as a result of efforts at parliamentary reform and to make this institution more relevant and more able to have an impact on the policy and decision-making processes of the Government without getting locked into partisan positions.

This motion offers an opportunity for all Hon. Members from all Parties to have their say about the postal service. It offers an opportunity to send a message to the post office and to the Minister responsible for the post office about how Canadians feel about the postal service in a way that is explicit and clear without calling into question confidence in the Government.

I invite all Hon. Members, not only members of the opposition Parties but also members of the Conservative Party, to give very serious consideration to this motion. Not only will the motion not call into question confidence in the Government but it is a votable motion so it offers an opportunity for Hon. Members to stand up and be counted.

I turn now to my comments with regard to the postal service itself. The policy that is being followed now with regard to postal service, Mr. Speaker, is a disaster. It is a disaster because it is asking Canadians to accept less service at the same time as they are being asked to pay more for it. In my view, we must go back to square one and find a new direction for the Post Office to take. We must establish a policy that will result in measurable improvements in service rather than the present policy which will result in a deterioration of service and a plan that promises a continuation of that trend.

I would like to touch on three aspects of the Post Office, Mr. Speaker: first, postal rates; second, postal service; and third—

Mr. Holtmann: Madam Speaker, I rise on a point of order. The Hon. Member for Winnipeg North Centre (Mr. Keeper) has referred to you as Mr. Speaker. I would like him to take a good, hard look at you to see that you are not a Mr. Speaker but rather a Madam Speaker.

Mr. Keeper: Madam Speaker, I hope my hon. friend takes as much concern for exactitude with regard to postal policy as he does with regard to decorum in the House. We will find out later on in the day where he stands, Madam Speaker.

To reiterate briefly, I would like to touch on three aspects of the postal service which clearly indicate that we are dealing with deterioration in postal service and that the policy that has been proposed is a disaster. I want to touch on postal rates, on service and on consultation.

With regard to postal rates, the Post Office has asked us to approve of an increase of two cents in the first-class rate. There are a number of alternative ways to respond to this request. First, we could simply say yes; we could tell the Post Office that the sky is the limit and whatever the Post Office wants in the way of increases in rates, it can have because it has earned it. On the other hand, we could say no, never; there is never any justification for an increase in postal rates because we are already paying too much. I know that many people feel that way. However, there is a third alternative and that is to

have a rational basis on which to judge requests for postal rate increases. That is what I wish to suggest.

The Post Office and the Minister responsible for the post office have asked for an increase in first-class rates of two cents for this year and they have also asked for increases in other rates about which they have not yet told us. They will only tell us about that when it is too late to put a stop to the process.

The Post Office has said that it wants to tie postal rate increases now and in the future to inflation and to something called uncontrollable costs. I would suggest that postal rates be tied to quality of service and measurable improvements in service. Over the last few years, people have seen a drastic deterioration in the postal service. They are fed up with continued requests to accept a deterioration in service at the same time they are asked to pay more for the service. This has been the trend for some time and needs to be reversed.

• (1150)

One justification for a rate increase is the Post Office deficit. We used to call the deficit a public subsidy for postal service. In the last couple of years it has been relabelled as a deficit, a negative term. The plan is put forward as a way to eliminate the deficit, but it will not. It will again relabel it as a subsidy for specific services and add that in when determining whether the Post Office has balanced its books or not. Even though the Post Office is claiming it will eliminate the deficit, if you closely examine the plan it will not.

Commercial rates are not adequately examined in this plan. They will go up by a greater percentage than the first-class rate, but the plan does not acknowledge that they start from a lower base and will therefore remain drastically lower than first-class rates. We have to ask whether or not commercial rates can make a greater contribution to Post Office revenues. Then there is the question of the rate for periodicals and weekly newspapers. That rate is subsidized and this plan throws a cloud over those subsidies. It raises concerns about whether or not the publishers of those periodicals will remain viable.

I now want to move directly to the question of service. How long does it take to get a letter? What is happening to rural service? Whether it goes across the country or from Winnipeg to Vancouver, people are fed up with having to wait a couple of weeks for a letter to be delivered. We constantly hear complaints about aggravating delays. The plan promises on-time delivery. For example, mail will be delivered in urban centres within a couple of days. There are standards for inter-city and interprovincial mail. However, these standards simply water down existing standards. They allow more time for mail to be delivered and the Post Office can then claim a higher percentage of on-time delivery. Performance reports put out by the Post Office itself indicate that these standards held out as a new level of performance have in fact been met in the past. This is simply an attempt to put a new face on an old and inadequate service.

As to rural mail delivery, the people in rural communities are up in arms over this issue. They are worried silly about reductions in service. Last weekend I was in Thunder Bay and visited some of the smaller communities in that area. The people there are dependent upon mail for their sense of community. Small businesses depend on the mail for delivery of parts or other equipment. The Post Office plan projects a continuation of the reduction in rural service and closure of rural post offices. The people affected want this stopped. They want a recognition of their right to equal and adequate service. They are shocked that the Post Office, backed up by the Minister, is planning to introduce these so-called super-mailboxes into rural areas. Instead of having mail delivered to the lot line or the home, people will have to put up with these supermailboxes which have been found to be inadequate in urban areas.

Then we have the question of the red mailboxes disappearing from city streets. People now have to travel greater distances to deposit their mail. People in suburban areas are angry at the discrimination involved when their neighbour gets door-to-door delivery and they have to put up with these superboxes.

We have a continued reduction in service, a deterioration in the quality of that service, and at the same time an increase in rates requested in the plan presented by the Post Office to the Government. The Post Office should be retreating from this plan but it has already been approved.

How did this plan come about? What was the process? It was developed behind closed doors and that is one of its major failings. Every time we point this out to the Government, the Government in turn points to the Marchment Commission Report. It says the Commission went across the country and asked people what they thought. However, the inadequacy of that response lies in the fact that when Marchment went across the country he did not have the Post Office's projected plan so he was unable to consult specifically. He could not ask the people how they felt about this specific plan or that specific plan and whether they had any comments on it. There has simply been no public involvement in the development of this plan. It would have gone ahead but for the fact that when the Minister presented it to the Government caucus they revolted, and quite legitimately. They said there was no way they would stand for this kind of reduction in postal service.

• (1200)

The Minister sent it to committee. Unfortunately the committee has limited its activities to questioning the President of the Post Office. It has failed to have other witnesses appear before it or to travel across the country so that ordinary Canadians could tell the Government what they think of the plan of the Post Office. The plan was developed behind closed doors, and we see the result.

I should like to round out the picture. Postal services have been inadequate up to this point in time. Its plan is a disastrous one because it intends more of the same. Its intention is

to ask us for increased postal rates, not only the two cents highlighted in the newspapers but annual increases and increases tied to inflation and to uncontrollable costs. The President of the Post Office admitted before the committee that he was looking toward a 40 cent stamp. That was only his estimation. What will it be in reality by the time the five year plan is up? The Post Office has a series of other increases in rates which has not been shared with us. We do not know the full implication of the cost increases to pay for the Post Office which Canadians will have to bear. The tragedy is that the Government is asking us for increased postal rates at the same time as it is asking us to put up with continued reductions in service.

The reductions in service are so drastic that people in rural areas are up in arms. They are saying that they will not allow them to sabotage the service upon which they depend, a service which is part of community life. Urban people are saying: "Stop discriminating against us; stop imposing supermail-boxes upon us". Canadians in general are saying that they want reliable mail service. They want their mail to arrive on time. They want to use the Post Office rather than use couriers.

In conclusion, the plan which Canada Post has presented and which the Government has supported until now calls for increased postal rates and continued reductions in services. This spells disaster for ordinary Canadians. It is time Parliament sent a message to the Government that we will not put up with such an approach to postal services. They must go back to square one and completely rethink their plan.

Mr. Murphy: Madam Speaker, it is a pleasure for me to make a few comments at this point. I should first like to thank the Hon. Member for Winnipeg North Centre (Mr. Keeper) for presenting his motion. It is a very timely debate in that many Canadians are concerned about the level of service of the Post Office and the direction in which the Government appears to be taking it. I also thank him for raising the matter in this particular manner. It allows government Members to vote on how they feel about the Post Office and the role it plays without being forced into a situation of casting a vote of non-confidence in the Government. That is a very important distinction. It is a distinction which the people in charge of parliamentary reform deliberately set out as a new direction which could be taken by Members of Parliament. We are no longer forced to vote strictly along party lines. On days such as this, we will be able to vote according to what we believe should be happening without reflecting upon government actions.

I have a question for the Hon. Member. After his extensive travels to all parts of Canada on behalf of the NDP caucus, what does he believe to be the essential concern of Canadians; is it rapidly increasing costs of the postal service, or is it that service is deteriorating and people no longer have faith in Canada Post to deliver their mail in an appropriate length of time?

Mr. Keeper: Madam Speaker, the primary concern of Canadians is in the area of deterioration in service. People want the Government to take a serious look at the Post Office and redesign it so that they receive their mail on time and receive equitable service. They want the Government to work out a plan to fund the service. However, they want the Government to acknowledge first that the Post Office provides a service and that it is the Government's job to design it in a way that the Post Office can deliver the service. They also expect the Government to develop ways to finance the service. They are not satisfied with the Government's attitude that all we need to do with the Post Office is balance its books; that it does not matter what happens to the service in the process, as long as the books are balanced. The Government has a greater responsibility. It must ensure service at the same time as it ensures adequate revenue in order to support it.

Mr. Felix Holtmann (Selkirk—Interlake): Madam Speaker, I rise today as Chairman of the Standing Committee on Government Operations to address the motion of the Hon. Member for Winnipeg North Centre (Mr. Keeper). At the outset I can do nothing but condemn the action of the Hon. Member.

Some Hon. Members: Oh, oh!

Mr. Holtmann: I will deal with the reasons for condemning the motion today. It is quite obvious that the Hon. Member has no respect for the House. A week ago a similar motion was introduced and they filibustered it. It was a total waste of an opposition day. They came to the House with a similar motion, presented petitions, and talked about every other thing so that they did not have to bring forward the motion. That is what they did last week. What kind of action is that from an Hon. Member from Winnipeg? What purpose was there in such action? On the basis of that alone, we must condemn the action of today.

Mr. Keeper: Madam Speaker, I rise on a point of order. I enjoy the vigour of my hon. friend's comments. However, I wonder if we could have a little guidance on whether or not it is entirely parliamentary for the Hon. Member to indicate that I have no respect for the House. Perhaps that is carrying the rhetoric a little too far.

The Acting Speaker (Mrs. Champagne): I think the Hon. Member for Selkirk—Interlake (Mr. Holtmann) would agree with the Chair if it were to remind him to talk on the motion before the House today, not on events which happened last week.

Mr. Holtmann: Madam Speaker, I will try to refrain from further comments on that particular issue.

I should like to deal with the Canada Post Corporation and how it became such. Let us think about that for a minute. In the past there were tremendous disruptions in the postal service. Before I was a Member of the House there were strikes or disruptions, sometimes every eight months. There

were many problems. I suppose members of the New Democratic Party take one side, that is, the side of the striker. They never think what cost that might put upon Canada Post or who should pay for it.

Mr. Parry: There has not been a strike in the corporation.

Mr. Holtmann: That is right. They have supported Crown corporations, and now the Hon. Member is almost condemning a Crown corporation. One must wonder, even with regard to the Canada Post Corporation, on what side of the fence Members of the NDP sit. In this case they condemn a Crown corporation. They also condemn us for doing away with some of them. However, with regard to Crown corporations in Manitoba, they are thinking of closing some of them down themselves. Did you know that, Madam Speaker? The New Democratic Party Government in Manitoba is thinking of closing some post offices because they are losing money, not making money.

• (1210)

It is difficult to understand from where the Member is coming. He says that we should condemn the proposed 2 cent increase. If the Canada Post workers went on strike tomorrow I would like to know where the Member thinks Canada Post could get the money to pay a 5 per cent increase, if that is what they went for. Where would the money come from, other than going to the people of Canada telling them to pay a little more for stamps? From where does the Hon. Member think the money will come? He, though, would be standing on the workers side. He would be saying: "We don't care where it comes from, just give them the money."

In the last five to 10 years the federal Government under the Liberal regime deficited everything. Everything was deficited, deficited and deficited until we ended up with a deficit of about $180 billion. I would like the Hon. Member to know that when people voted for a change in 1984, they voted for us to get the deficit reduced. That is why both opposition Parties were left in shambles with only 70 seats. Let me remind the Hon. Member that we are acting as prudently as we can in trying to help Canadians achieve something for our future generations. We do not want to leave them with a tremendous burden.

We know that the Hon. Member for Winnipeg North Centre went on a one-man crusade from coast to coast on behalf of his Party. Sometimes there were only five people at his meetings. I do not recall once reading about this great crusade. Further, the Member who has proposed the motion sits on the Standing Committee on Government Operations, and rather than bringing forward the positive suggestions he has gained from this one-man crusade he condemns. We have heard him say: "I hate those supermailboxes." But he does not suggest how they could be fixed, he just condemns them. I think I once heard his leader say "What the Government ought to do—", but I have yet to hear the Member say what Canada Post ought to do. All we hear is condemnation and that is opposition mentality. The New Democrats will be in that position for a long time because they do not know how to think offensively and positively.

Mr. Nystrom: We know how to think offensively.

Mr. Holtmann: Where is the New Democratic Party's plan for Canada in every area, Madam Speaker? Where is the New Democrats plan for the Canada Post Corporation and where are their plans for Canada? Where are they? Do you know when they will come out? They will come out about two months before the next election. The New Democrats will have a think tank and will have a moral victory on their plan which will be the most exciting thing that Canadians have ever heard of. We will be waiting, waiting and waiting for this wonderful plan.

Today we are debating a motion. We have powers to do something because the Minister referred Canada Post's problem to the committee and the Member from Winnipeg North Centre sits on that committee. He has the option of giving direction along with his other colleagues. Since the committee has sat, we have had 57 Members who have brought forth points of view. That is democracy in action.

We have been asked to report to the House and to bring forward some substantial ideas. But the Member from Winnipeg North Centre could not wait. Today he had to bring forward something of his own thinking, part of which is to condemn the proposed 2 cent increase in postage. He does not know from where Canada Post will get more revenue tomorrow. Then, "we will improve service". In nearly every area in which there will be some change in Canada Post, he suggests that we stop it. He has never provided an alternative plan, which is typical of the Member's Party. His Party has no alternatives. All the New Democrats want to do is condemn. They condemn the Government today just because that is opposition thinking.

Mr. Nystrom: The people of Canada do too.

Mr. Holtmann: I do not know whether the Member knows what is going to happen tomorrow. He is hoping that he can find something else that he and his colleagues can condemn our Government for. When you get right down to it, Madam Speaker, he has not fooled a lot of Canadians. His one-man team from coast to coast on behalf of his Party did not bring forth one substantial recommendation, not in this House. The Member for Winnipeg North Centre is the official postal critic for his Party. The critic from the Liberal Party, the Hon. Member for Gander—Twillingate (Mr. Baker) set forth a tone and a problem. The Member from Winnipeg North Centre followed right behind him. He is not sure who he should follow anymore. This kind of action does not bring forth good thought for the committee, the committee of which I am in charge. The Member is charged to act responsibly. Our committee intends to bring forward some recommendations to this House. I

cannot divulge what they are because we have yet not completed our work, but we do intend to do something, Madam Speaker.

We are looking at the Canada Post Corporation, and in committee Members of this House have expressed concerns and problems about the Corporation. But why not deal with them in an intellectual way and make recommendations? I have told Members and even mentioned to the press that we intend to be a sort of watchdog over this Crown corporation through this committee. Our mandate is to look at the workings of Canada Post Corporation. The mandate does does not say that just because we are going to report to the House that we will stop doing that. For the Member for Winnipeg North Centre to suggest everything is all over is wrong. Goodness gracious, Madam Speaker, this is not the intention at all.

Here we are operating under new rules with a new mandate, yet the Member decides that this is an ideal time, the second time, to bring forward a motion to this House on an opposition day concerning Canada Post. I thought when we started today that the New Democrats were going to filibuster again. They brought forth petitions. I know that we should not get too close to those kinds of concerns, Madam Speaker, so let me continue.

There have been problems. Things started with pigeons hauling mail around at one time, if we go back to Galileo days or earlier. No two people from coast to coast in Canada have always received the same service. I have never had mail delivered to my door. I am sure that most of the people in this House have not had door-to-door delivery if they come from rural Canada. As changes occur from time to time we cannot expect the same service. Canada Post becomes more modern with new devices, new technology and electronic mail, which in some ways is like the railways. We are abandoning some railway lines because it makes sense to do so. Some post offices will have to close. It is the reality of life. At one time in my riding we had a thriving community of 250 people. This community now has six houses and I believe 19 residents, but it still has a post office. The costs are tremendous. That service could be changed. We perhaps need to look at where new trading exists.

These things have been discussed in committee by the Member from Winnipeg North Centre and the Member for Gander—Twillingate. They know the realities about changes coming forward. They realize that, but I think they also want to demonstrate in certain areas that there are concerns. Nothing else was asked than to allow the committee to do its work. But that could not happen today. That could not happen last week. We had to start with this proposal today. There is no sense to it. When the Member talks about stopping the proposed 2 cents increase, I guarantee that the Member and his entire Party would stand behind the unions if they asked for a 5 per cent increase. I do not know the exact number of the employees in the Corporation. He would stand behind them and say, "go for it, we are brothers". However, they would not determine who should pay for it. He is suggesing that the Minister should deficit it again. What is $150 million to the Canadian public? I think they were up to a $300 million deficit for the Canada Post Corporation because no common sense prevailed. That must stop. The Canadian public is demanding that we stop that type of action.

• (1220)

We will continue to hear Members of Parliament before our committee. I have denied no Member the right to come before the committee and express his or her views. Some may say I am not doing my job right, but I believe that Members of Parliament should have the right to express their views before committees. That is the way I like to run the committee and that is the way I will continue to run it on all subjects.

In conclusion, we cannot support this motion at this time as it is ludicrous. We want to allow the committee to do its work rather than allowing a one-man opposition day to do the work.

Mr. Keeper: Madam Speaker, I have a few questions for my hon. colleague. I will not attack his rhetoric. He compared the closure of post offices to the closure of railway lines. He said that some post offices would have to close. He gave as an example of a community of 6,019 residents which still has a post office at a tremendous cost. Can the Member tell us the name of that community? Can he tell us how much that post office costs? In addition, how many post offices across Canada would he like to have closed? The president of Canada Post was forced to admit before the committee that several hundred post offices would close with no alternative put in place.

The Member spoke about fixing up the supermailboxes. Is he endorsing the use of the supermailbox in suburban communities? Is he endorsing the use of it in rural areas to substitute for lot line service, which is what Canada Post is planning? Does the Member endorse that for his own riding?

The Member spoke about the committee being a watch dog. If he wants the committee to be a watch dog, why has the committee closed the door after the horse is out of the barn with regard to postal rate increases? The majority of the committee is pushing this resolution and has decided to report to the House. This gives Canada Post a green light on its postal rate increase. If the Member is serious about the committee being a watch dog, why not continue the hearings until we get to the bottom of postal rate increases rather than allowing the Post Office to go ahead with them?

Mr. Holtmann: The community I used as an example was Sandridge, Manitoba, which had nine boxes at a cost of $6,800 and had revenues of $280. That post office was closed after consultations with the postal people in Winnipeg and myself as the Member of Parliament. We found the result of that closure to be very satisfactory for the people of that area. I have not received one letter of dissention on that. The next post office was only five miles down the road and the people were going there every day to buy their groceries anyway. That is one example of many.

The Member asked how many post offices I would like to have closed. I suppose the former Government would have closed none and had the taxpayers of Canada pay for them all. The attitude of that regime was "who cares?". However, I believe that we must find areas in which we can efficiently and fairly bring the service into reality. It made sense to abandon the railway when no one used it anymore. However, in the meantime it did not cost the Government millions of dollars to keep it open, so-called when it was not very efficient. There are alternate methods of transportation. The roadbed was used and that is working in some areas.

With regard to the supermailboxes, a great deal of concern was expessed by members of the committee. The Member for Gander—Twillingate has had a green box at the end of his road for 30 years and he never complained to us about it. I do not know whether he has ever written a letter. He may want to comment on that. I bet that a superbox would be better than the old ones in certain areas if the repairs which we have asked for are done.

Mr. Keeper: Madam Speaker, my question with regard to the superbox had to do with the substitution of superboxes for lot line service, for the delivery of mail to homes in rural areas. That is in the plan which the committee is now considering. The Hon. Member has said that he wants to have those boxes fixed up. Is he endorsing the use of those boxes as a substitute for home delivery in rural areas?

Mr. Holtmann: Madam Speaker, there is not a lot of home delivery in rural areas. I do not know where the Member toured. However, there are green postal boxes falling over on a lot of little corners in rural Canada. They have been there for 30 years. I suggest that the supermailbox is at least superior to that. That was a question asked by many members of the committee. We discussed at length the fact that the supermailbox should be repaired in order that it could replace and function better than the green mailboxes. Otherwise, there would be no point in installing them. We have been assured that the repairs will be carried out to make them secure. Time will tell whether that will be done satisfactorily. That concern was certainly raised. I have no doubt that the committee will address that issue in its report to the House, but I cannot state that that will be the case.

Mr. Fretz: Madam Speaker, I would like to congratulate the Member for Selkirk—Interlake (Mr. Holtmann) for his wonderful address. He drew on his vast experience as a committee chairman and shared his information with us. He did an excellent job. I appreciate his tremendous insight into the problems which Canada Post is experiencing. I had the privilege of sitting in the committee for a couple of hours this morning and observing the fine job he did of chairing the committee.

I would like to ask a question of the Hon. Member. As he knows, the NDP voted with the Liberals and Conservatives to create a Crown corporation called Canada Post. At that time the Government was seeking self-sufficiency for Canada Post in five years. Given the Hon. Member's vast experience in this area, will the Hon. Member tell us why the NDP has changed its mind?

• (1230)

Mr. Holtmann: Madam Speaker, I cannot answer that question directly in terms of what the Party does with its posturing to become more popular in Canada. They try many things, and I suppose that they hoodwink the Canadian public from time to time. I urge the committee member from the New Democratic Party to use the committee to effect change for the Crown corporation. I believe that this is a very viable solution under the new rules and mandate we have been given. There are problems with Crown corporations but we have a mechanism to deal with them. I believe the way in which we have been proceeding has been most effective and will continue to be so, even as we go on to other realms with our witnesses.

The Acting Speaker (Mrs. Champagne): The Hon. Member for Humber—Port au Port—St. Barbe (Mr. Tobin). There is one minute left.

Mr. Tobin: Madam Speaker, I simply want to say to the Hon. Member who just spoke that he indeed has been fired up and eloquent today. He has given a very rousing, effective defence of an almost impossible Government posture. I do not agree with what he said, but I at least admire his spleen in trying to defend the Government.

The Member is chairman of the committee that is considering this whole matter and making recommendations to the Government. Notwithstanding all that he said today, can he give me as a Member of Parliament representing rural Newfoundland in this country an assurance that people in rural Newfoundland will continue to have rural postal service? When he asks rhetorically, "who cares", I tell him that I care. I tell him that rural Canadians who have minimal Government service care, and we want his assurance as chairman that indeed rural service as we now have it will be continued, as recommended by him and his committee. Will he give us that assurance?

Mr. Holtmann: Madam Speaker, I welcome the question by the Hon. Member for Humber—Port au Port—St. Barbe (Mr. Tobin). I wish he had attended our committee hearings.

Mr. Tobin: I am not a member of the committee.

Mr. Holtmann: I indicated before that it did not matter if you were a member of the committee. The Member raises a very valid point that is not only expressed by him, but by other Members from all Parties. He asks if rural Canadians will still get postal service. I can assure him that I do not think any of us in the House would not want them to have postal service.

Mr. Tobin: Will we?

Mr. Holtmann: I am sure you will have postal service.

Mr. Tobin: Rural postal service?

Mr. Holtmann: I am sure you will have rural postal service.

The Acting Speaker (Mrs. Champagne): Resuming debate.

Mr. George Baker (Gander—Twillingate): Madam Speaker, it is rather interesting to listen to the chairman of the committee. This morning, beginning at nine o'clock, he chaired a committee that the Prime Minister (Mr. Mulroney) said on Friday really holds in its hands the future of postal service in Canada. Urban and rural Canadians are concerned about the Post Office and are wondering if they will be able to get mail any longer.

Canada Post has gone with total mechanization, automatic postal machines and automatic post office boxes. I suppose that Canadians actually believe that there will no longer be human beings handling the mail. We have seen the "super-duper mailbox" or the "super-blooper" mailbox, or "super-flop" mailbox, as we call it.

The Conservative Government has awarded more money this year and next year for new capital expenditures to that great Crown corporation of Canada Post than ever before in its history. The Government is providing for new capital expenditure for machines, but there is no expenditure for people. I suppose that is the source of funds to purchase the 30 new Chryslers at headquarters the other day. I suppose that is the source of money to purchase the 43 cars for the executives at the headquarters of Canada Post. The money is certainly not to hire the letter carriers and make sure that the mail is delivered door to door. It certainly is not to pay the salary of the postmasters or postmistresses in rural Canada, some of whom work half time, quarter time or even less.

Mr. Forrestall: Madam Speaker, I rise on a point of order. I hesitate to interfere with the flying rhetoric, but the Hon. Member's point with respect to the purchase of cars is a very serious charge. I have taken it upon myself to check into it. I know the Hon. Member would not want to mislead the House, so I would remind him that it is in fact an erroneous piece of information.

The Acting Speaker (Mrs. Champagne): The Chair believes that is debate rather than a point of order. Now that the Parliamentary Secretary has put this on the record, he may want to discuss it further later today.

Mr. Baker: You are absolutely right, Madam Speaker. There is a longstanding rule in the Chamber that one does not question a Member's accuracy on a particular point, whether it is true or false.

Some Hon. Members: Oh, oh!

Mr. Baker: In order to correct the record, let me say that I assume that General Motors made quite a gift to Canada Post recently.

Mr. Forrestall: I thought it was Chrysler Corporation. You better get it straight.

Mr. McKenzie: This afternoon it will be Ford.

Mr. Baker: The fact of the matter is that when the Conservative Government was elected two years ago it said that Canada Post would break even and become self-sufficient. Under this glorious Government, Canada Post is shutting down rural Post Offices. In the last six months, 48 Post Offices bit the dust, mostly in western Canada and, of course, in Conservative ridings. There were seven Post Offices in Atlantic Canada, two of which closed in Newfoundland recently.

Let me give an example of what Canada Post does. Its officials went door to door and told residents of a place called Country Road in Newfoundland, about four miles from Bay Roberts, that their post office will be closed but they will have a free post office box for a year, four miles away in Bay Roberts. Of course, the people assumed that they had to accept this decision. This is gradually happening across the country.

I might say that neither post office was closed in my riding, nor was one closed or slated to be closed in the riding of the Member for Humber—Port au Port—St. Barbe (Mr. Tobin). However, post offices are being closed on the east coast, south coast and north coast of Newfoundland.

There are 5,221 post offices in rural Canada, 3,521 of which are up for privatization in the future. According to the postal plan, 1,700 will disappear either through amalgamation or replacement with a combination of franchising and super-mailboxes. You can see, Madam Speaker, what a drastic change has been made in Canada Post recently with this postal plan which was approved by the Conservative Cabinet in October and announced in the House in November.

• (1240)

The Minister responsible for Canada Post and the Prime Mininster keep saying, well, you know, the House of Commons Committee will have a look at the postal plan. But, Madam Speaker, they approved the postal plan in Cabinet in October of this past year. They were the ones who said that for all time in Canada there will be no more door-to-door mail delivery. Suppose a person decides to build a house in a subdivision in Ottawa or Toronto or some urban area. I do not know very much about that because I am from rural Newfoundland. But imagine, Madam Speaker, spending $100,000 or $150,000 on a home only to discover that for all time there will never be door-to-door mail delivery to your home, although around the corner is another street which has door-to-door mail delivery? What would that do to the value of the House if one wanted to sell it? Obviously, to be able to say you have door-to-door mail delivery is better than saying one has to go down to the corner a block away to a box to pick up one's mail. It is obvious that the property would be of greater value if there was door to door mail delivery.

What a change of policy from the Act which Parliament passed in 1981. At that time it was clearly stated that Canada Post will maintain an equity of service in given areas, that there will be a quality of service in similar circumstances. That is in the Act. But a postal plan was approved which omits that in its objectives. It takes that equity away. We are told, you can have door to door mail delivery here and superboxes—or super-blooper boxes—over here. A plan has been approved where all of our rural areas could be changed.

The Standing Committee met this morning at nine o'clock. The chairman stood in the House a few moments ago and was angry with the New Democratic Party. He was very vocal about what the New Democratic Party said. I must admit to the House now that I was the person who nominated the Hon. Member for Selkirk—Interlake (Mr. Holtmann) as chairman of the Standing Committee.

Some Hon. Members: Hear, hear!

Mr. Baker: Government Members are applauding. Perhaps they would let me finish. He was not the choice of the Government. They are not applauding now.

Some Hon. Members: Hear, hear!

Mr. Malone: Now we are applauding.

Mr. Baker: If there is one thing the Hon. Member for Selkirk—Interlake must keep in mind, it is that he is the chairman of the committee and he should not become too angry with the New Democratic Party. I do not think he will get too angry with me if I repeat what he said a few moments ago. He said: it is just like the railways, and sometimes you have to close down the rail lines. I wonder if the chairman is giving us a message for the next meeting. He adjourned the meeting this morning at eleven o'clock and told all the members of the committee: "If you talk about what went on in the committee meeting this morning, I will hold you up for contempt in the House of Commons". That is exactly what he said. We were told: "You have to be quiet now. You are not allowed to talk about what went on at the meeting". But if I read him correctly, I would say the chairman is somewhat in favour of the closure of some post offices.

Our position as the Official Opposition is that it should be as it always was in rural Canada. If Canada Post wanted to close a post office in that community, it told the people it was going to close the post office and asked if there were any objections. If the majority of people thought the post office should be closed and an alternate service provided, so be it. That is the official position we take on rural postal delivery. The Conservative philosophy is, of course, yes, for privatization, hand it over to franchises, have the local businessman deliver the mail.

Mr. Malone: Hear, hear!

Mr. Baker: I hear in the distance a "hear, hear" from western Canada. That might be all right in some communities but it is not all right in all the communities. How would the local businessman, for example, find the time to handle everything the local postmaster handles? Is it not a conflict of interest for small businessmen in small communities to deliver mail at the same time they deal with these people on a financial basis? Is it not an infringement of peoples privacy if their social security cheques, or unemployment insurance cheques or Canada pension disability cheques come in the mail and have to be delivered to them over the counter by the very businessman to whom they owe money? Is that not in a great many cases a great conflict of interest? All of those things must be thought out.

The bottom line is that under this postal plan, which was approved by Cabinet, there is to be a discontinuation of door-to-door mail delivery. That is the bottom line. The Conservative Government has approved a postal plan which will see no more door-to-door mail delivery in Canada, other than what we presently have. It has also said to rural Canada, we are going to close down your post offices. It has said they will still have postal services in most of those places but it will be a combination of franchising, local businessmen, and perhaps a mailbox outside, some sort of superbox or super-dooper box out in the backyard of the local businessman. That is not good enough.

That is why we support the motion put to this House today. We support it wholeheartedly. I notice the mover of the motion has said it is not a motion of confidence or non-confidence in the Government. I do not know how much that will count as far as the vote is concerned.

I want to make one final point to members of the Standing Committee and that is that the Prime Minister (Mr. Mulroney) stood in this House on Thursday and Friday and said: whatever the committee suggests to him and to the House of Commons, if it makes sense. Those were his exact words. I do not know if he is trying to tell us that everything the committee says does not necessarily make sense, or what he is trying to say, but I assume that when he said "if it makes sense", he has reason to believe that a great deal of what the committee says will make sense, and that will take precedence over the postal plan and the postal plan will be changed accordingly.

Mr. Lewis: That is democracy.

Mr. Baker: That is the bottom line. I can assure the House and the people of Canada that the position of the Official Opposition in this matter will be to reinstate door-to-door mail delivery as it was before the postal plan was approved. The postal plan is that there will be no more door-to-door delivery for all time. No Conservative can stand in this House and say there was no change with respect to the postal plan. If he does that then he cannot read. There is no more door-to-door mail delivery in Canada, no more extensions. In other words there is no more delivery to the end of the lane in the rural areas. Throw that out the window, say some Conservative Members.

• (1250)

Members of the Government have said that they will close 1,700 rural post offices and amalgamate or privatize another 3,521. That is what the postal plan states. We expressed our opposition to that plan in committee. Knowing the chairman, I feel confident that the committee will make the proper decision. Knowing the members of the committee, I know that they will make the right decision. I firmly believe that after the committee reports, it will be up to the Prime Minister. I do not know what he will say. Will he stand in the House and say that what the committee has said does not make any sense? I think he will be in quite a spot, if I read the committee properly. Canada Post will have to go back over the postal plan and change a great deal of what it has already started to do in Canada. I firmly believe that that will be the result as it flows from the committee under the chairmanship of the Hon. Member for Selkirk—Interlake (Mr. Holtmann). I am sure that I made the proper decision in nominating him for the position that he is presently in.

The Acting Speaker (Mrs. Champagne): Are there questions or comments? The Hon. Member for Peterborough (Mr. Domm).

Mr. Domm: I have some short questions to ask the Hon. Member, Madam Speaker. I hope he will answer them as quickly as I ask them. Can the Hon. Member for Gander—Twillingate (Mr. Baker) tell the House how many days were lost through labour disruptions in the five years prior to the incorporation of the Post Office? Can the Liberal Party tell us if it hired the president of the letter carriers as an adviser? We noticed that the Hon. Member for Gander—Twillingate was sitting behind that gentleman and passing him notes during committee hearings. Can the Hon. Member tell us if the unions will accept new working conditions and reduced wage rates to allow the country to afford more door-to-door delivery? Can the Hon. Member tell us what the average wage rate is in his home town and how it compares to the $14-an-hour rate that postal workers make? It is true that the union president at Canada Post Corporation has said: "Management pays us but we run the company". Does he agree with that statement?

Mr. Baker: Madam Speaker, the Hon. Member asks if I agree with the average rate of $14 an hour. Of course I do. Some of these people deserve a lot more than $14 an hour, since Mr. Lander, the President, is making close to $200,000. He was appointed by the Tories and is looking for a wage increase.

Do I approve lower wages for postal workers? No, absolutely not. Does the Hon. Member mean to tell me that everyone will now have to take a wage-cut under the Conservative Government? It appears that way when one looks at a great many of the positions taken by Treasury Board in terms of employees of the federal Government.

The Hon. Member asks me if we have employed the head of the Letter Carriers' Union as an adviser. I love to have the advice of the Letter Carriers' Union since members of that union are the ones who should know what is going on in the field. They are the ones who should be asked where corners can be cut. I can get a great many more answers from the union than I can from the President of Canada Post. He is no relation to Ann Landers, I can assure Hon. Members of that. One can get no answers from him.

The Hon. Member asks how many days were lost through labour disruptions prior to incorporation. I do not have a clue how many days were lost. I can assure the Hon. Member that when Canada Post was incorporated everyone was happy. Do you remember that day in the House of Commons, Madam Speaker? You do not remember it. It was back in 1981, but it seems like it was years ago. Everyone from all political parties was happy. The unions were happy, everybody was happy. The Post Office would break even, but everyone realized about two years ago that that was a false expectation on the part of the Crown corporation. It could not do that because it had gone too far one way, that is, in terms of cutting service. It had gone much too far and it is going to have to back-track now to recover the loss in service it had incurred. As well, it lost a lot of business.

I would like to tell Hon. Members from western Canada about something that takes place at Bonavista Bay, which is in my riding. Every time someone from the eastern section of Calgary mails a letter to the western section of the city that letter ends up in Bonavista Bay in Newfoundland because the postal codes are similar. I checked with the postmasters and I discovered that there are several communities around the Newfoundland coast to which western Canadian mail is being directed because the postal codes are similar. That is what happens when we deal only with machines. That should be a lesson to anyone examining Canada Post. People are more important than machines.

Mr. McCrossan: Madam Speaker, my question is a fairly short one. In his speech the Hon. Member indicated that this was a major departure from past practices. He was referring to the curtailment of delivery. I wonder if the Hon. Member is aware that the Conservative Government in 1979 announced major expansions in delivery in metropolitan Toronto in terms of door-to-door delivery which the Government of the Hon. Member cancelled in 1980, the day it came to power. His Government left those houses without door-to-door delivery for the entire four years it was in power. Is the Hon. Member aware of that?

Mr. Baker: Madam Speaker, I will tell you what I am aware of in terms of door-to-door delivery. When it is said that door-to-door mail delivery will be reinstituted it does not mean that everyone will receive door-to-door delivery.

Some Hon. Members: Oh, oh!

Mr. Baker: What we have done over the years is scratched and crawled for door-to-door delivery to this subdivision and that subdivision. Half-time letter carriers for here and there had to be hired. It was a hard struggle to try to obtain door-to-door mail delivery. Sometimes people would accept the boxes in the hope that they would get door-to-door delivery the next month. Canada Post would say to these people, look, maybe they will have it in six months' time. Eventually, these people would receive door-to-door mail delivery. The problem under the new postal plan, which is quite a departure from the old one, is that it says that for all time there will be no new letter carrier services in Canada. That is not acceptable.

Mr. Keeper: Madam Speaker, I would like to ask my colleague this question. He made a distinction between the Conservative position and the Liberal position with regard to door-to-door delivery in suburbs. He said that the Conservatives are saying that they will never give door-to-door delivery. What he said about Liberal policy is that they had to scrape, crawl and beg for door-to-door delivery in order to get it some time down the road. How far down the road does the Hon. Member mean? What is the difference between never and begging, scraping and crawling for door-to-door delivery?

Mr. Baker: Madam Speaker, the Liberal position is door-to-door delivery tomorrow morning, nine o'clock. I will tell Hon. Members that there is quite a difference between when we had door-to-door delivery under the Liberals and what is being said today. We would not dare say that there would be no more door-to-door delivery. We would be too ashamed to go back to our constituents and try to get elected if we were to say that. I will tell Hon. Members that the Conservative Government just ain't going to get re-elected.

The Acting Speaker (Mrs. Champagne): The time for questions and comments has expired.

Order, please. It being one o'clock, I do now leave the Chair until two o'clock this day.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

HUMAN RIGHTS

IRAN—PERSECUTION OF BAHA'I COMMUNITY

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, the Baha'i community in Iran has been suffering from a campaign of persecution since the Khomeini Government came to power in 1979. Thousands have been imprisoned without charge, dismissed from schools and jobs, and have had their homes and life savings confiscated. Baha'i holy places have been desecrated, and in many cases, all Baha'i community assets have been destroyed.

Baha'is are non-persons under Iranian law. They can be attacked and persecuted with impunity. Unfortunately, the sufferings of the Baha'i religious minority continue to occur even at this time of international human rights.

I ask the Secretary of State for External Affairs (Mr. Clark) to instruct our United Nations Ambassador to encourage the international community to take action to stop the persecution and torture of innocent Baha'is in Iran because of faith. The world must speak out against these persecutions. We dare not remain silent. We must be heard.

* * *

ST. LAWRENCE SEAWAY

MAJOR REFIT OF WELLAND CANAL WELCOMED

Mr. Rob Nicholson (Niagara Falls): Mr. Speaker, the people of the Niagara Peninsula were delighted at the announcement by the Minister of Transport (Mr. Crosbie) of a seven-year $175 million project to rehabilitate the Welland Canal. This will be a major refit of the canal to ensure continued safe and reliable inland waterway transportation into the next century. This project is expected to create approximately 500 jobs this winter and this figure will double in each of the following six years.

This announcement is important because, among other things, it puts people to work during the time of traditionally high unemployment. It should be clear that this is all new money over and above that which is already spent on ordinary maintenance of the canal.

I am pleased that the Minister of Transport has listened to the urgings of the members of the Niagara regional caucus. His support and that of the Minister of Finance (Mr. Wilson) are welcomed by the people of the Niagara Peninsula and by all those who depend on the St. Lawrence Seaway. The Prime Minister (Mr. Mulroney) told us that he would listen to the concerns of those of us in Niagara. He has, and he has done it in a way designed to benefit all Canadians.

* * *

TARIFFS

CALL FOR REMOVAL OF BOOK TARIFF

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, it has been suggested that taxing reading must come from minds that find reading taxing. I agree. Christmas is usually a good season for book sellers and publishers, but not this year. Scrooge-like, the Conservative Government has made this the most anxious year yet for writers, readers,

sellers, and makers of books and magazines. In fact the Government is assaulting literacy with a quintuple whammy of duty, threats of sales taxes and business transfer taxes, postal increases, and trade games.

A coalition representing the 25,000 Canadians whose jobs are threatened met in Ottawa today to raise their concerns. The Canadian book industry wants culture completely removed from free trade negotiations. Postal rate subsidies should be continued to ensure access to Canadian periodicals by all Canadians. The exemption of federal sales tax now in place should be continued.

Not having books under the Christmas tree this year will not do anything to help put shakes and shingles on American roofs. Stop the tariff on books.

* * *

CANADA POST CORPORATION

NEPOTISM ALLEGED IN HIRING PRACTICES

Mr. Reginald Stackhouse (Scarborough West): Mr. Speaker, there are recurring reports of nepotism in Canada Post. Previously in the House I have referred to allegations about nepotism in Metropolitan Toronto. Now, a statement under the letterhead of the Letter Carriers' Union of Canada, Local 7, indicates that nepotism may be prominent in the City of Winnipeg. Out of 150 appointments made there since 1981, apparently 21 appointees had relatives in management. This has occurred in spite of a Canada Post management policy statement of 1985 entitled *Employment of Relatives*.

This raises a question. Is there really equitable access to job opportunities in Canada Post? We all want Canada Post run as a business, but must it be run as a family business? This form of corporate incest requires serious attention from the top management of Canada Post Corporation.

* * *

• (1405)

INDUSTRY

SYDNEY STEEL CORPORATION—NEED FOR CN GUARANTEED RAIL ORDER

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, the senior management of Canadian National are railroading the people of Atlantic Canada, whether it be through the CN shops in Moncton or Sysco in Cape Breton. The federal Government does not have the political will to direct that Crown corporation to act in the best interest of the Canadians living in that region. Nova Scotia Premier John Buchanan says:

—the Conservative Government in Ottawa hasn't done something the previous Liberal administration always managed to do—get a guaranteed order for the Sydney Steel Corp. from CN Rail.

For the first time in the more than eight years that we've been here, there's no guaranteed order. We have always had assurances of a base order from Canadian National.

The provincial Tory Minister of Labour, Brian Young, said:

—things were pretty bad when a Tory admits the federal Liberals would probably take care of Sysco better than the Mulroney Government—

What about the Hon. Member for Cumberland—Colchester (Mr. Coates)? He said:

Anything less than a long-term contract, not for the stockpiling of steel rails, but for the supply of the required steel rails on an annual basis, will be a betrayal of the commitment both the CNR and the federal Government has—

It is high time that the Conservative Government of Brian Mulroney lived up to its obligations to the people of Atlantic Canada.

Mr. Speaker: I know the Hon. Member will want to be careful in his statements not to use personal names.

* * *

[*Translation*]

OFFICIAL LANGUAGES

STATUS OF FRENCH LANGUAGE—GOVERNMENT POSITION

Mr. Gabriel Fontaine (Lévis): Over the past few hours, Mr. Speaker, our Prime Minister advisedly got involved in the defence of the French language in Canada and particularly in Quebec. Our Minister of Energy, Mines and Resources (Mr. Masse) also took a firm position on this issue which is vital to six million Quebecers.

Mr. Speaker, it is normal for French-speaking Quebec Members of the House of Commons to assert their unequivocal views on the status of the French language and related statutes.

What is deplorable, Mr. Speaker, is that we have yet to see the French-speaking Liberal Members of Parliament take a position in this respect. What does the Leader of the Liberal Party think about the French language in Quebec? The position of the Hon. Member for Laval-des-Rapides (Mr. Garneau) is rather strange as well. The silence of Liberal Members naturally flows from the ignorance they displayed about Quebec culture when the latest constitutional agreements were signed.

[*English*]

HOUSING

CO-OPERATIVE HOUSING—NEED FOR MORE FUNDING

Mr. Dan Heap (Spadina): Mr. Speaker, co-operative housing has proven itself a reliable method of providing affordable, good quality housing. The Prime Minister (Mr. Mulroney) recognized that in the 1984 election campaign when he said co-operative housing would continue to have a high priority in Progressive Conservative policy on housing. The recent Throne Speech promised to strengthen co-operatives and recognize their role in community development. Yet the Government has now abandoned that commitment.

Members of housing co-operatives will be meeting this evening in 12 cities across Canada to protest the Government's desertion of co-op housing. The Co-operative Housing Foundation spent 18 months creating a new co-op housing program and negotiating it with CMHC. That program reduces the Government's cost per unit and increases the occupant's cost. Yet now the Government has slashed its promised number of units to little more than half. The co-op housing program is in great danger. The Minister must act quickly to ensure that the necessary funds are restored to keep the co-operative sector alive and healthy and fulfil the Prime Minister's promises.

* * *

CANADIAN JOBS STRATEGY

ANNOUNCED FUNDING OF TRAINING PROGRAM IN SARNIA—LAMBTON

Mr. Ken James (Sarnia—Lambton): Mr. Speaker, last Friday in my constituency I was proud and delighted to announce federal Government financing of a $346,885 project for a re-entry program by and through the Sarnia Collegiate Institute and Technical School.

The Canadian Jobs Strategy, developed and implemented by this Government, represents an innovative and realistic approach to the high unemployment levels Canadians endured in the past. We have succeeded in shaking the make-work attitude of job creation. We are moving toward giving people the greatest gift of all, a permanent, stable, and secure job. The people of my constituency, indeed all Canadians, thank the federal Government for giving them the opportunity to become skilled and experienced in their chosen field.

On behalf of the 40 women in my area who will soon be well on their way to permanent jobs I say thank you to the Minister of Employment and Immigration (Mr. Bouchard), and thank you to the Government.of Canada. The Canadian Jobs Strategy is a resounding success and I applaud our Government for its endeavours on behalf of unemployed Canadians.

S.O. 21

• (1410)

HOUSING

CO-OPERATIVE HOUSING—CRITICISM OF GOVERNMENT POLICIES

Ms. Sheila Copps (Hamilton East): Mr. Speaker, one year ago this week, the regressive Conservative Government launched a housing policy which can best be described as a national tragedy—social housing passed off to the provinces and co-op housing slashed from 5,500 units to 3,200. The situation is so bad that tonight in Vancouver, Edmonton, Calgary, Regina, London, Welland, Waterloo, Toronto, Ottawa, Halifax, St. John's, and *demain à Montreal*, concerned citizens will rally to ask the Prime Minister (Mr. Mulroney) to keep his promise.

[*Translation*]

Even worse, the Minister of State (Immigration) (Mr. Weiner) threatened not long ago he would not help Quebecers establish co-operatives if they were also looking for support form the Opposition parties. We in the Liberal Party condemn this kink of intimidation.

[*English*]

We urge the Prime Minister to live up to his promise and to put an end to threats of blacklisting by members of his Cabinet.

* * *

REVENUE CANADA

PENALTY INTEREST CHARGES—CALL FOR TAX REFORM

Mr. Gordon Taylor (Bow River): Mr. Speaker, I have criticized bureaucrats in the past and will probably do so in the future. However, today I want to pinpoint some unfair laws passed by parliamentarians which bureaucrats are forced to administer.

Do you know, Mr. Speaker, that when Revenue Canada finds it levied a penalty in error and then removes the penalty the taxpayer is still required to pay the interest which was charged on the penalty? Talk about fairness! As well, when a taxpayer is unable to pay the tax levied, interest is charged, another penalty is added, and more interest is charged until the interest and penalties far exceed the amount of the taxes. This hurts the poor. The rich can pay on time.

Revenue Canada can levy a capital gains tax even when no money at all changed hands, and then add penalties and interest until a business goes bankrupt.

Let us start tax reform by cleaning up the present inequities so that Canadians can really say: "Our tax laws are fair and appear to be fair", and bureaucrats will not have to be harassed for our mistakes.

S.O. 21

CANADA MORTGAGE AND HOUSING CORPORATION

REFUSAL OF FUNDING FOR SENIOR CITIZENS HOUSING PROJECT

Mr. Rod Murphy (Churchill): Mr. Speaker, on November 21, 1986, the Valhalla Housing Co-operative in The Pas, Manitoba, was informed by Canada Mortgage and Housing Corporation that funding for its senior citizens housing complex was being refused. The reason cited by CMHC was as follows:

> The recent announcement of a 15 per cent tariff on lumber imports to the U.S. has had a major impact on the Canadian softwood lumber industry... This impact, in the opinion of CMHC, could translate into higher vacancy rates and a downturn in the residential market in The Pas.

Either the federal Government is using the tariff to disguise yet another drop in the level of support it provides to co-operative housing, or the Government is allowing American lumber barons to dictate how we meet the needs of senior citizens in The Pas for affordable, comfortable housing.

I call upon the Government to renew its commitment both to co-operative housing and the people of The Pas by restoring funding to the Valhalla Co-operative immediately.

* * *

YOUTH

CALL FOR INTRODUCTION OF YOUTH OPPORTUNITIES PROGRAM

Mr. Alan Redway (York East): Mr. Speaker, the Forget Commission asked the Minister of State for Youth (Mr. Charest) to implement a youth opportunities program which, unlike Katimavik, would be directed toward youth who are the least motivated and suited to conventional schooling. Forget suggested that the program should combine basic education, counselling, life skills, and work experience. He offered the Swedish model, Youth Guarantee, as an example.

I previously suggested another model to the Minister, one which would include high school education upgrading, job training directed to skills in demand, workplace orientation, and a voluntary military training program to teach self-discipline and co-operation.

Almost a year has passed since Katimavik was scrapped. Although youth unemployment has fallen dramatically in the past two years, it is still substantially above the national average. It is time for the Government to unveil a new program to meet the needs of the hard core of unemployed youth.

SHIPBUILDING

CLASS 8 POLAR ICE-BREAKER CONTRACT—QUALIFICATIONS OF WEST COAST SHIPYARDS

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the decision of the Government on the construction of the Class 8 Polar ice-breaker is due in the near future. I urge the Government to consider seriously the qualifications of the west coast shipbuilding industry for the contract.

Since the last election, thousands of British Columbia shipyard employees have been thrown out of work. The Polar 8 would provide several years of work for more than 1,000 of these workers. Spinoffs would create employment for many more.

I want to ensure that the Government take into account the particular expertise of the British Columbia yards in producing vessels for northern use, and the low bid submitted from British Columbia.

* * *

IMMIGRATION

RESTRICTIONS PLACED ON IMMIGRANT MEDICAL DOCTORS

Mr. Andrew Witer (Parkdale—High Park): Mr. Speaker, Canada's well deserved reputation as a haven for immigrants and refugees is at risk. Our treatment of immigrant physicians is being branded discriminatory and must be stopped at once. The policy of providing Canadian medical school graduates with first bid for controlled and limited internships leaves qualified immigrant doctors with little hope of ever practising medicine in Canada, even though they have passed stringent Canadian equivalency exams.

Ontario has created an additional barrier for immigrant doctors by requiring that a pre-internship be completed before being eligible for non-existent internship positions. No such requirement exists for graduates of Canadian medical schools.

• (1415)

In the past Canada and Ontario have welcomed immigrant doctors to the medical profession by adding internships as the need arose. The federal Government must step in and provide sorely needed leadership in bringing a return of our traditional policy and eliminating Ontario's discriminatory practices.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

NEED FOR IMMEDIATE REIMBURSEMENT OF ELIGIBLE PERSONS

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): The people of Canada are very disappointed. Last Friday, the

Minister of Employment and Immigration (Mr. Bouchard) and the Prime Minister (Mr. Mulroney) deceived Canadian pensioners and early retirees, and I think that today the Minister should make a frank and forthright statement about the changes that have been made. These people had received permission to draw unemployment insurance benefits. They were entitled to those benefits. They were hold as much by the riding offices of Conservative Members and by their Manpower Centres. Today, the Government, as recommended in the Forget report, should give these people full compensation without asking them for proof.

Mr. Speaker, this Government is treating the elderly and pre-retirees like criminals. This will not do. Second, the Government's proposal that these people would become eligible for unemployment insurance benefits after they embark on a second career is equally unacceptable.

Mr. Speaker, it is important that the Minister reverse his decision and immediately reimburse these people so that they will get their due.

ORAL QUESTION PERIOD

[*English*]

SOVEREIGNTY

USE OF NORTHERN WATERS BY UNITED STATES SUBMARINES

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I have a question for the Secretary of State for External Affairs relating to our northern sovereignty. I want to assure the Minister that we do not want a route map of where American submarines are plying their business in northern waters, but we do want to know why it is a classified bit of information to find out from the Minister whether or not such American submarines in Canadian waters receive our permission.

Does the Minister know where they go? Do the Americans recognize Canadian waters and, if so, do they ask permission from Canada to ply those waters?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, there are really two questions at issue here with which I will try to deal. The first has to do with the arrangements that we have in place that let us know about the presence of vessels of other countries in our waters. Those arrangements are in place. They are respected. We believe them to be effective.

The second question has to do with whether or not we want to start along the path of indicating either the passing or the presence anywhere in Canadian waters or in other waters of ships of the United States, submarines of the United States. I have tried to make it clear in the House of Commons before that to embark along the path of identifying the location or the patterns of voyage of those vessels could aid the enemies of this country and could undermine some of the obligations that Canada honours under NATO.

[*Translation*]

ALLEGED NEGOTIATIONS ON GRANTING AMERICAN MILITARY GREATER ACCESS TO ARCTIC WATERS—GOVERNMENT POSITION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the Minister failed to answer my question. In any case, he admitted to the press yesterday that the Government is now negotiating to give the U.S. military broader access to our Arctic waters while in exchange, the Americans would recognize our soveignty over those waters. I think that the very fact this Government is conducting these negotiations puts our sovereignty in jeopardy. Could the Minister explain to the House why he is conducting these negotiations with the Americans?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, there are no negotiations. A dialogue is taking place between Canada and the United States. We are having a dialogue, because last year, the Canadian Government clearly affirmed our sovereignty over the Arctic waters and the Arctic region. This had not been done before. This had never been accepted by the United States. We have indicated that if necessary, we are prepared to defend our position before the International Court of Justice. The former Government was not prepared to defend Canada's position. It is always preferable to have an arrangement between two parties or two friends, but if necessary, we are prepared to defend our position before the International Court of Justice.

• (1420)

[*English*]

WORLD COURT REFERRAL

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the Minister has once again congratulated himself on placing the matter before the World Court. Why is he in the course of negotiating our sovereignty over the waters before the case is heard? This reminds us very much of the lumber situation.

Some Hon. Members: Hear, hear!

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, for 16 years the Liberal Government of Canada claimed that it was going to assert Canadian sovereignty over the North. The Liberal Government claimed that, but was afraid to be tested in the courts. It did not build an ice-breaker. It did not establish the presence which Canada requires if we are to defend and guarantee our sovereignty. We have taken a position in favour of Canadian sovereignty. We are building the ice-breaker. We have asserted our jurisdiction and we are prepared to defend it in the courts. We are prepared to defend Canada rather than simply sitting back and talking about sovereignty as the Liberals did.

MESSAGE FROM YUKON GOVERNMENT—BEAUFORT SEA DRILLING RIGHTS

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, my question is directed to the Secretary of State for External Affairs who has just made a rhetorical flourish of defending Canadian sovereignty. Will he confirm that he has received a telex from the territorial Government of the Yukon which says: "You appear to be ignoring a serious threat to jurisdiction over our Arctic". The telex goes on to state: "I fail to understand your reluctance to come to grips with this important issue".

Those are very serious charges from a respected and responsible Government in our country. What does the Government intend to do about them? How does it intend to respond to the very serious allegations by the Government of Yukon that it is failing to defend Canadian sovereignty with regard to drilling rights in the Beaufort?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I cannot confirm whether there has been received in my office a communication from the Government of the Yukon. Naturally, if there has, I will consider it and treat it with respect as I do communications from that and other Governments.

The question at issue is the hearings which are being held with regard to the environmental impact of possible oil and gas activity in the Beaufort Sea. I have today sent a letter of protest to the Government of the United States with regard to that action because it has to do with hearings dealing with an area east of the 141st meridian.

I should advise the Member, as I think I did yesterday, that a similar protest was issued on an earlier occasion when an action of hearings was commenced in the United States. The consequence of Canada's protest at that time was that bids with respect to the disputed area were neither accepted nor rejected. Leases were not issued. I hope that our protest this time will have the same effect.

UNITED STATES LEASE APPLICATION HEARINGS

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I would like to ask the Secretary of State for External Affairs about that very issue, the representations we are making to the U.S. administration. There have already been two hearings held and two more are scheduled. In his note of protest did the Minister specifically ask that the hearings now being conducted be stopped until this particular issue is resolved and the Canadian rights to those territories are clearly identified? Have we asked the U.S. to stop holding hearings over our territory?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the dispute is over the jurisdiction between Canada and the United States of the waters in question. We are asking the United States not to take any actions which would assume that those territories were not in dispute. When we last took that action, the United States agreed to the request of Canada and did not take any actions which could be considered to be actions of occupation of a sovereignty.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF DELEGATION OF UNITED STATES SENATORS

Mr. Speaker: I wish to draw to the attention of Members the presence in the gallery of a delegation of United States Senators led by the Chairman-to-be of the Senate Finance Committee, Senator Lloyd Bentsen, who is accompanied by Senator Spark Matsunaga, Senator Max Baucus, and Senator John Chafee.

Some Hon. Members: Hear, hear!

* * *

• (1425)

SOVEREIGNTY

BEAUFORT SEA—YUKON GOVERNMENT POSITION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I think it is appropriate that our guests from the United States have been introduced in the gallery at a time when we are raising questions about Canadian sovereignty. My question is directed to the Secretary of State for External Affairs. Why has the Government not yet replied to a cable that it received from the Government of Yukon some six months ago, which sought clarification and support for confirmation that the territory east of the 141st meridian was Canadian territory? Why has the Government taken so long to reply to such a straightforward request for confirmation of our sovereignty?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I do not know the answer to that question. It sounds to me as though our usual standards of speed in response are not being honoured in this case.

Mr. Broadbent: I appreciate the Minister's indication that there perhaps has been an error somewhere in his Department. We will set that aside.

UNITED STATES HEARINGS ON LEASE APPLICATIONS

Hon. Edward Broadbent (Oshawa): Mr. Speaker, since hearings about drilling in Canadian territory are taking place now in Alaska, does the Minister believe it is a responsible action of a good neighbour to undertake such drillings in territory that it says is in dispute but we say is our land?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, just to show that error can occur on both sides of the House, the Hon. Member is in error when he says that drilling is occurring. That is not the stage of the process now. Indeed, when we last intervened in a case of this kind the United States Government agreed that no drilling would proceed. I very much hope that would be their response in this case.

CANADIAN REPRESENTATION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, let me return to something that has been raised very specifically. Since the Canadian Government has said in the past that this territory is ours and we do not think it is disputed, did the Minister in his cable that was sent to Washington today request them to stop those hearings forthwith?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I apologize that I do not have in front of me the text of the precise message. I consequently cannot answer that particular question. I will inform myself of the contents and will advise the Hon. Member.

* * *

FISHERIES

EAST COAST BLUEFIN TUNA FISHERY

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, my question is directed to the Minister of Fisheries and Oceans. I want to ask him about his secret deal with Premier John Buchanan to bail out Bayshore Tuna Limited. What did Premier Buchanan say or offer to the Minister to cause him to change his mind and go against the advice of his own Department, his own Atlantic Regional Council and his own tuna advisory committee, and approve this blatant give-away of the resources of the people of Canada?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, as usual, back-bench members of the Liberal Party want to make the sleaziest kind of story as they possibly can—

Some Hon. Members: Order.

Mr. Speaker: Order. I would ask all Hon. Members and Ministers to constrain their language and sometimes their enthusiasm.

Mr. Siddon: Mr. Speaker, we have a situation where an industry at St. Margaret's Bay in Nova Scotia has an allocation of 401 tuna to be caught. Those are fish which are not caught by any other sector of the industry in Atlantic Canada and, for the last two years, those fish have not come ashore—

Some Hon. Members: Oh, oh!

An Hon. Member: They never do.

Mr. Axworthy: Give them shore leave.

Mr. McDermid: They do not understand fishing terms. They do not even know that fish can swim.

Mr. Siddon: This situation may seem funny to opposition Members.

• (1430)

Mr. Speaker: I would ask all Hon. Members to give the Minister a chance to reply.

Mr. Siddon: This issue is not funny to the fishermen and the industry to which this initiative will give a chance of survival. It is in total accordance with the advice offered by my Atlantic Regional Council to investigate as an option the development of a longline fishery for the fishermen and the company known as Bayshore Tuna Company, and that is exactly what we are doing.

Mr. MacLellan: What the back-benchers in the Liberal Party want is justice in the fisheries industry.

Some Hon. Members: Hear, hear!

Mr. McDermid: That is something new and different.

REQUEST FOR MINISTER'S RESIGNATION

Mr. Russell MacLellan (Cape Breton—The Sydneys): My supplementary question is directed to the Prime Minister. Will the Prime Minister accept the advice of Mr. Bob McFadden, who is on the Minister's own Tuna Advisory Committee. He says the fishermen no longer trust this Minister and he should resign. Will the Prime Minister remove this Minister from his post pending an investigation of this blatant give-away to one company in Nova Scotia?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, what seems to irritate Hon. Members opposite is that this Government is taking initiatives to expand the employment potential in the Atlantic fishery—

Mr. Axworthy: For Tories, yes.

Mr. Siddon: —and in fact this decision is not inconsistent with royalty charter arrangements which have been extended to the Labrador Fishermen's Union Shrimp Company for several years—

Mr. Rompkey: That's not the Japanese, though, it's the fishermen.

Mr. Siddon: Mr. Richard Cashin is the head of that company—and the Torngat Fish Producers' Co-operative in Labrador. This is not an unusual initiative. This is an attempt to develop additional employment and to keep money in the pockets of Canadians which would otherwise go into the pockets of someone else.

Mr. Speaker: The Chair recognizes the Hon. Member for Durham—Northumberland on a supplementary to an earlier question.

* * *

SOVEREIGNTY

ARCTIC WATERS—ROUTES TAKEN BY SOVIET AND AMERICAN SUBMARINES

Hon. Allan Lawrence (Durham—Northumberland): Mr. Speaker, getting back to the subject of alleged transgressions of Canadian sovereignty by undersea vessels in the Arctic, I wonder if the Secretary of State for External Affairs could tell us, first, if the Government actually knows the routes taken by both Soviet and American submarines in the Arctic? Second, if the answer to the first question is in the affirmative, could he tell the House if there have actually been transgressions of Canadian sovereignty by Soviet and American submarines?

Mr. Prud'homme: That is top secret.

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I cannot say with confidence that we know all of the routes which might be taken, particularly by Soviet submarines, if they are in the Arctic. We have arrangements in place by which we can be informed of activities in our waters. I take it the Hon. Member's question was whether or not those are 100 per cent perfect and guaranteed. They are not as strong as they need to be. We are on the way to resolving that problem with regard to the ice-breaker, and we are naturally considering other measures which will allow us to ensure and protect Canada's sovereignty more absolutely than was the case under a more careless earlier regime.

BEAUFORT SEA—LEASE APPLICATION HEARINGS IN UNITED STATES

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is also directed to the Secretary of State for External Affairs. I want to seek clarification on the properties in the Beaufort Sea east of the 141st meridian. The Minister has explained that the last time this area was open to some dispute the Minister sent a comment to the United States authorities asking them to back off. He has indicated to the House that they did. They are now back again. Is that not a clear indication that they have ignored the plea from Canada? Are they not simply going ahead with their own plans and ignoring the Government's request?

Right Hon. Joe Clark (Secretary of State for External Affairs): No, Mr. Speaker, that is not the case. What happened before was that a note of protest was sent. As a consequence of that note being sent, the second step in the action, in other words, the issuing of leases, was not proceeded with. In that case, what we requested was acted upon. I trust the request we have made this time will be acted upon.

CANADIAN POSITION

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is again directed to the Secretary of State for External Affairs. It is anything but clear. The Minister says we made our position clear last time but now the United States is back again carrying out impact studies in that same area. Is it not time that the Minister stood up once and for all and said to the people of Canada, and particularly to the United States, that we have had it?

First of all, it was the *Polar Sea*. We did not know about that. We did not say anything. Then it was the submarines under the ice. Then it was the softwood issue, and then the generic drug issue. Is it not time to stand up and say we have had it with the United States, that we are going to exert our sovereignty over these lands and it should get out of there?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, one of the luxuries of being the Opposition is that you can stand up and say: "We've had it with this and we've had it with that".

Mr. Broadbent: You were in opposition, remember?

Mr. Clark (Yellowhead): What this Government did when we recognized the problems which had been left for us by the failure to prepare our ability to assert our sovereignty in the North—

Mr. Riis: You know how effective that is.

Mr. Clark (Yellowhead): —was to announce a multiphase program; first, the building of an ice-breaker which will give us capacity Canada did not have before—

Mr. Riis: Where is it?

Mr. Clark (Yellowhead): —second, the assertion of our sovereignty in that area and, third, the willingness to have our case heard before the International Court, and other actions. This Government, more than any other Government in our history, is acting to preserve and advance—

Some Hon. Members: Oh, oh!

Mr. Clark (Yellowhead): —Canada's sovereignty in our North.

* * *

FISHERIES

BLUEFIN TUNA FISHERY

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my question is directed to the Minister of Fisheries and Oceans. As he knows, the total quota for the bluefin tuna in Atlantic Canada is 1,521. The Minister has allowed foreigners to reap the benefits of this common resource

through a secret deal with a Halifax lawyer to get 401 of those species. In view of the serious stock depletion of this species, would the Minister explain to the House why he was so quick to come to the aid of this particular Halifax company when other licencees in Atlantic Canada are experiencing such difficult financial hardship at the present time? Why has he done that?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, if the Hon. Member would check the figures he would find that the quota to which he is referring is by tonnage not by number of fish. In fact, this year Canadian fishermen will only harvest—

Some Hon. Members: Oh, oh!

Mr. Siddon: You see, Mr. Speaker, they don't want to believe the truth and the facts. This year Canadian fishermen will only harvest one tenth of our total tuna quota. In fact my Atlantic Regional Council recommended, and I quote:

> Over the long term other options should be explored to help the St. Margaret's Bay industry, such as diversifying the trap net fishery to include longline vessels that are equipped to harvest bluefin tuna.

I accepted that advice and that is exactly what we are doing.

ATLANTIC REGIONAL COUNCIL'S POSITION

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my supplementary question is directed to the same Minister. The chairman of the Minister's own Atlantic Regional Council wrote to him on October 30, 1986, and said: "Our Council unanimously agreed as a matter of policy and principle the proposal which he now refers should not be approved". I ask the Minister why he objected to the recommendations of this particular council? Is it because you have to be a Tory bagman, a friend of a Tory Premier, or you have to pay money to a Tory consulting firm? Why is it?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, is it not strange how the Opposition takes quotes out of context without reading the whole communication. That particular communication from the Atlantic Regional Council included a recommendation that we do exactly what we are doing, not to embark on a royalty charter but to embark on an experiment to develop a new Canadian fishery. I, for one, cannot understand why the Opposition is so cynical when the Government takes initiatives to preserve jobs and expand employment opportunities in Atlantic Canada, as we were mandated to do.

* * *

TRADE

CANADA-UNITED STATES NEGOTIATIONS—AUTO PACT INQUIRY

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, my question is directed to the Minister for International Trade. U. S. Senator Bentsen, who is visiting Ottawa today, is quoted by Canadian Press as saying he feels the Auto Pact should be on the table in Canadian-American trade talks. Will the Minister tell us clearly whether this is acceptable to Canada? Second, will she tell us if she believes the 60 per cent safeguards which protect Canadian workers must stay in place?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I welcome the opportunity to respond to the Hon. Member's question with respect to the visit by the chairman and members of the U.S. Finance Committee. In terms of the specific quote about which the Hon. Member has informed the House, I think it should be quite clear, and I have said this in the House before, that our Government's position is very consistent. We say that the Auto Pact is working well, and we intend to keep it that way. If, in the course of negotiations, any proposals that could be made that would improve the operation of the Auto Pact were made, we would welcome them.

• (1440)

DUTY REMISSION ASSISTANCE FOR CAR PARTS MANUFACTURERS

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, would the Minister also give her commitment that Canada will defend our duty remission schemes that help car part producers here in Canada despite the attacks by Governor Blanchard of Michigan and by trade representative Yeutter who was recently quoted in the *Detroit Free Press*?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I fail to understand why the NDP consistently takes the view that somehow we are at war with the U.S. That is not the case in these issues. Even the Leader of the NDP, whose constituents rely on the Auto Pact, has said that there is nothing wrong with our negotiating team getting changes to the pact that would increase employment and production in Canada.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF ALBERTA MINISTER OF AGRICULTURE

Mr. Speaker: I wish to draw to the attention of Hon. Members the presence in the gallery of the Hon. Peter Elzinga, Minister of Agriculture for the Province of Alberta.

Some Hon. Members: Hear, hear!

PRESENCE IN GALLERY OF ALBERTA MLAS

Mr. Speaker: I wish to draw to the attention of Hon. Members the presence in the gallery of Mr. Robert Fisher, MLA, Wainwright, Alberta; Mr. Jack Ady, MLA, Cardston,

Alberta; and Mr. Stan Schumacher, MLA, Drumheller, Alberta.

Some Hon. Members: Hear, hear!

* * *

UNEMPLOYMENT INSURANCE

EARLY RETIREES—FORGET COMMISSION RECOMMENDATION

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, my question is for the Prime Minister. Every time during the past year when we asked the Government to rescind its cruel unemployment insurance cuts for pre-retirement pensioners Ministers said: "Wait for the Forget Report". The Prime Minister said that on May 23. The Minister of Finance, the Minister of Employment and Immigration, and the Associate Minister of National Defence said that. We now have the Forget recommendation on this matter and the Government has rejected it. Why will the Government not honour its many commitments made in this House, and completely rescind those unemployment insurance cuts as of January 5 as recommended by Forget?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Again, Mr. Speaker, I am surprised that the Hon. Member for Notre-Dame-de-Grâce—Lachine East would recommend that we implement the Forget report after a week's study. We will hear the recommendation of the Hon. Member for Notre-Dame-de-Grâce—Lachine East in mind!

What I said yesterday and what I specifically stated on Friday is that the unemployment insurance program—and this principle was established by the Minister of Finance—is not a savings or retirement plan, it is designed to provide financial assistance to people who are temporarily unemployed. Such is our objective.

We sought Mr. Forget's advice and he produced a 500-page report. As I said before, we will consider the report as a whole and study each recommendation. The Government's position on pensions was explained on Friday and I think it is crystal-clear.

[*English*]

GOVERNMENT POLICY

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, I am talking about only one recommendation of the Forget Report which you yourself—

Some Hon. Members: Order, order!

Mr. Speaker: Order, please.

Mr. Allmand: I ask my question of the Prime Minister because five or six Ministers whose portfolios changed were involved in this issue, including the Minister of Employment and Immigration. If the Government has a credibility problem it is due to escapades such as this.

Why did the Government lead so many Canadians down the garden path on this issue and then reject the Forget Commission recommendation once it was made? Why did it do that?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I can only repeat what I said yesterday and what I am saying again to the Hon. Member today, namely that the Government is being consistent with its own position. The Government had said it would wait for the Forget report, it has now been released, and we made a decision, as I was personnaly committed to do before Christmas. It has been done. You may not agree with it, but our decisions have precious little to do with the fact that you may or may not like them.

* * *

[*English*]

CANADIAN NATIONAL RAILWAYS

LEASING OF RAILWAY CARS

Mr. Les Benjamin (Regina West): Mr. Speaker, I have some questions for the Minister of Transport. As the Prime Minister is also aware, Hawker Siddeley used to have 2,000 employees in Trenton, a riding which the Prime Minister used to represent. The company is now down to a handful of people and is in danger of closing down. It is requesting the Government to require Canadian National to cease leasing cars built in the United States, which is one of the free trade benefits we are receiving these days in terms of railway equipment. In view of the fact that CN has some 7,000 leased railway cars presently in operation will the Minister instruct CN to lease cars only built in Canada at plants such as the one at Trenton?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I am sure the hon. gentleman has to understand that CN operates with its own Chairman and its own Board of Directors and must operate with funds it generates itself. It receives no financial assistance from the Government of Canada. It therefore has to be allowed to operate in ways that will generate funds and make a profit for itself. This year it will have a loss.

The CN has a severe battle under way to ensure that it continues competitively, and that it continues. So we have to give CN leeway to buy cars and to lease cars if that seems the best economic thing to do. We can certainly suggest to it and press the case, as we have in the past, that it do all it can to purchase cars from the place the hon. gentleman named. We will continue to do that. But we have to leave the discretion to it.

REPAIR AND MAINTENANCE OF CARS

Mr. Les Benjamin (Regina West): Mr. Speaker, CN has to operate within the terms and confines of government policy. I take it, then, that it is government policy to let people be laid off while CN does sound business practice with United States companies.

Will the Minister of Transport meet with CN and require it to lease cars made in Canada? Will the Minister also arrange that the repair and maintenance of these leased cars are undertaken in Canadian plants such as Moncton, Point St. Charles, and Winnipeg?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I will do everything I can to encourage CN to make all of the purchases it can in Canada, to provide all the business it can to Canadian suppliers, and to do all it can to continue to employ as many Canadians as it can. But actions that would direct it to do things that are against its best interests and that would cause the company to lose money, and therefore to have to lay off people, would be definitely counter-productive to the whole objective of CN existing in the first place. So it has to be a reasonable compromise. That is what I will urge it to do.

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[*Translation*]

UNEMPLOYMENT INSURANCE

CONDITIONS FOR REIMBURSEMENT

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. I should like him to know that all early retirement groups in Canada generally and in Quebec in particular are truly disappointed and angry with the Government's decision and the mess in his own office which is sending out such contradictory information. Could the Minister—I am sure that, unlike the Prime Minister, he can be sincere—

Some Hon. Members: Order! Order!

Mr. Malépart: —tell us clearly and officially what early retirees who used to collect benefits and who were cut as of January 1st, 1986, must do to obtain what is owing to them and what are the criteria to become eligible? Would an oral statement be deemed acceptable for these people to be reimbursed the money you took away from them?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, surely the Hon. Member for Montreal—Sainte-Marie cannot be serious. If, last Friday, instead of accusing the Government of backing off and saying just about anything to try and make political gains all across the country, you had simply read the statement, you would know what I had said, namely, that we would respect the principles. I said that Canadians who could prove normally that they had been ill-informed would be reimbursed. But you did not have to insult the Prime Minister as you did a while ago to indicate where the truth is. People need only listen to you.

Mr. Malépart: Mr. Speaker, as Mrs. Denis said, the Prime Minister is a "Charlie Brown"—

Mr. Speaker: Order please! I must ask the Hon. Member to watch his language a little more.

REIMBURSEMENT OF EARLY RETIREES

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, my supplementary question to the Minister of Employment and Immigration is not so much for the Hon. Members in this House, but for the thousands of early retirees who would like to know. Will these people be entitled to recover their money, and when? Could the Minister explain where this figure of $230 million which these people will recover is coming from and who will get the money?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, we are going to use special procedures to advise people of the way they could contact the Government about an eventual reimbursement. But I ask right away the Hon. Member not to create again expectations among Canadians by saying: All those who will claim . . . There are conditions. People who will be able to show . . . It was in the statement and I will repeat it for the benefit of the Hon. Member. "I am today directing the commission to re-examine any such case and restore benefits, if the allegation is proven." That is quite clear. We are going to inform these people, but I will not take any chance: I am going to contact them directly myself.

• (1450)

[*English*]

PRIME MINISTER'S POSITION

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Prime Minister. Last Friday the Prime Minister said in a press conference that there would be no second-class citizens in Canada, whether it be regarding mail service or otherwise. We agree with him about that. Later on the same day, the Minister of Employment and Immigration announced a change with respect to those who are collecting pensions and applying for UI benefits. The Minister announced in effect that if they get a second job and are laid off, they can receive the benefits. In places like Manicouagan in Atlantic Canada, that system will indeed create two classes of citizens. I would ask the Prime Minister to give the assurance to all those across the country who do qualify that in fact he will not proceed with the Minister's announced provisions.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, there is nothing at all inconsistent between what I

said at the press conference on Friday and the Minister's statement in regard to resolving a complex, difficult issue. The Minister's statement was straightforward and will be extremely beneficial for thousands of Canadians. I would think that my hon. friend would want to applaud the Minister for a tremendous initiative.

REQUEST THAT ALL ELIGIBLE PENSIONERS RECEIVE BENEFITS

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, I do not want the Minister to withdraw the initiative, I want him to change it. I would suggest to the Prime Minister that it is very easy to get a second job in southern Ontario but it is not so easy to get a second job in parts of Quebec, Atlantic Canada and the West. Therefore, it will create a second-class citizenry.

Would the Prime Minister admit to the House that the only fair thing to do is to give all those pensioners who qualify for UI benefits their UI benefits as the Forget Commission has recommended?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I thought my colleague from Nickel Belt understood the unemployment insurance principle. He is confused about two different things. With respect to people who are entitled to unemployment insurance benefits, some in Manicouagan or the Atlantic region need only 10 weeks to become eligible, whereas others in Toronto need 14 weeks. That is one way of redistributing wealth on the basis of needs. But the unemployment insurance program is not a retirement nor an income plan, it is designed for people who are unemployed.

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[*English*]

NATURAL RESOURCES

WESTERN COAL—TRANSPORTATION SUBSIDIES—CANADA-UNITED STATES TRADE NEGOTIATIONS

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, my question is for the Minister for International Trade. The Minister is aware that clean coal from western Canada could reduce Ontario's acid rain problem and at the same time give western Canada's depressed economy a major shot in the arm. Will the Minister assure the House today that the necessary transportation subsidies which will have to be negotiated, to replace dirty coal from the U.S. mid-West now being used in Ontario with clean coal from western Canada, will not be bargained away at the free trade negotiating table?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I can assure the Hon. Member that his concern is unjustified. It will certainly not be bargained away at the negotiating table.

GOVERNMENT POLICY

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, my supplementary question is directed to the Deputy Prime Minister. On past occasions the Minister of the Environment, and indeed yesterday the Deputy Prime Minister indicated that the Government was favourable to a joint federal-provincial task force report that would put forward the proposal of moving clean coal from western Canada to Ontario to be used here. When may the mining communities of western Canada expect some action on the part of the Government designed to ensure that clean western Canadian coal can be moved to Ontario at a cost that will allow it to be competitive with imported coal?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I welcome the opportunity to respond to the Hon. Member's question. First, may I repeat that the Government supports the initiative contained in the report on the use of western coal in Ontario. If we could get the support of the Hon. Member's Party and the support of the New Democratic Party to pass the new national transportation act, Bills C-18 and C-19, that would do a lot to bring the unit cost of transportation down and then we would be competitive.

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[*Translation*]

REGIONAL INDUSTRIAL EXPANSION

MATANE PAPERMILL PROJECT—GOVERNMENT POSITION

Mr. Jean-Luc Joncas (Matapédia—Matane): Mr. Speaker, my question is directed to the Minister of Regional Industrial Expansion and has to do with an article published December 6 in the newspaper *Le Soleil* and concerning the Matane regional paper mill. Here is my question: Would the Minister explain to us whether the number of major and complex projects is such that Matane's proposed paper mill is hard to sell and may be compromised?

Hon. Michel Côté (Minister of Regional Industrial Expansion): As I see it, Mr. Speaker, nobody should conclude that the Government of Canada does not give priority to the Matane project, quite the contrary. The whole issue must be considered in the context of regional development. The Government is ever prepared to help the various regions because it happens to be part of our assistance policy. The Matane project remains a priority, it is under active consideration, and we will announce our position at the earliest opportunity.

[*English*]

ENVIRONMENTAL AFFAIRS

DEPLETION OF OZONE LAYER

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, my question is for the Minister of National Health and Welfare and deals with reports about the significant risk of increased rates of skin cancer particularly in northern areas as a result of the continuing depletion of the ozone layer. Given that a recent international meeting with respect to ozone depletion broke down without an agreement, what steps are being taken by the Minister of National Health and Welfare or other Ministers concerned, like the Minister of the Environment, for a Canadian strategy designed to offset the problem of ozone depletion?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I would like to indicate on behalf of the Minister of the Environment that the concern about the measurable depletion of the ozone layer is one which should be taken very seriously by all Canadians and the Government does take it seriously. That is why Canada was the first nation to ratify the Vienna Global Convention on the Protection of the Ozone Layer and why, at meetings in Geneva and Vienna, Canada has been a constant proponent of the reduction of emission levels of chlorofluorocarbons which are discharged largely by air conditioning systems and various types of sprays. We will continue to seek to reduce the levels of these emissions.

CANADIAN POSITION

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, perhaps I could ask either the Minister of National Health and Welfare or the Minister who is answering for the Minister of the Environment a supplementary question, although my initial question was asked of the Minister of National Health and Welfare. Why is it that the Canadian position at that conference is reported to have been in favour of only a freezing of the production of ozone depleting substances, as opposed to the position which I understand was taken by the United States which is to be in favour of a reduction in the production of ozone depleting substances?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, Canada's position has been that there must be a protocol or an international agreement on the means of reducing the levels of CFC and that all nations of the world have to be a part of an undertaking designed to reduce those levels in accordance with this protocol. Therefore, we should work very quickly toward an immediate freeze on the production and use of chlorofluorocarbons.

• (1500)

AIR CANADA

SERVING OF CANADIAN WINES

Mr. Rob Nicholson (Niagara Falls): Mr. Speaker, my question is directed to the Minister of Transport. He will know it is the policy of Air Canada to serve Canadian wines exclusively on its Rapidair flights. That policy was violated last Thursday when someone decided to start serving foreign wine on the Ottawa to Toronto flights.

Some Hon. Members: Oh, oh!

Mr. Nicholson (Niagara Falls): In addition, the bottles contravene the Government's language policy because they are labelled in English.

Mr. Speaker: Will the Hon. Member put his question, please?

Mr. Nicholson (Niagara Falls): Will the Minister look into this situation, tell Air Canada to get its act together and give its 100 per cent support to the Canadian wine industry?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, the hon. gentleman has given strong support to the use of Canadian wines. I am sorry to see the Opposition laugh at that because I do not think there is anything funny about it. I will pass on his adjuration to Air Canada. I understand that on trans-border and international flights 50 per cent of the wine offered is Canadian. On domestic flights both domestic and foreign wines are offered and it is up to the consumer. I myself cannot understand any consumer choosing any wine other than the Canadian.

Some Hon. Members: Hear, hear!

Mr. Broadbent: That confirms my view about your taste.

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CANADA POST CORPORATION

RURAL MAIL SERVICE—WEEKLY NEWSPAPER POSTAL RATES

Mr. Gordon Taylor (Bow River): Mr. Speaker, my question is directed to the Minister responsible for Canada Post. Have the section of the Corporate Plan dealing with the disruption of rural mail service and the section dealing with an increase in the rate for delivering weekly newspapers been killed? Or have they just been given a sleeping pill so that they will later on be able to raise their ugly and cruel heads again?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, I think this matter has indeed been a concern of the Government. Canada Post submitted a plan. Once again it was referred to a committee for study. This

committee studied the matter very extensively. We are waiting for its recommendations, and will respond once we apprised of them.

[*English*]

Mr. Speaker: I wish to advise Hon. Members that I have received notice of a question of privilege from the Hon. Member for Nickel Belt (Mr. Rodriguez) and I will hear him now.

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PRIVILEGE

BUSINESS OF COMMITTEES—ORDER OF RECOGNITION

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, I rise on a question of privilege involving something that happened in the Standing Committee on Labour, Employment and Immigration this morning. A meeting was scheduled for 9.30. I arrived at 9.46 or 9.47. The chairman had arrived at 9.45. Six other Conservative Members arrived at about 9.45 or 9.46. The Hon. Member for Notre-Dame-de-Grâce—Lachine East (Mr. Allmand) had arrived at 9.30. The chairman apologized for being late because of traffic conditions. I arrived just as the chairman was announcing the way in which questioning would proceed. Witnesses had not yet been heard. The chairman said he was going to hear the Hon. Member for Notre-Dame-de-Grâce—Lachine East, then the six Tory members, and then the unemployment insurance critic for the NDP. I objected at that point and he informed me that he has always followed a policy of going to questioners in the order in which they arrive at the meeting.

We have all been around here for some time and there is a system in place whereby the first questioner is always the Official Opposition critic for the area concerned. Then we go to the Government side. We then come back to the other opposition Party. That procedure was not followed this morning.

Mr. Speaker: The Hon. Member is raising a grievance and feels very strongly about it. However, unless he can give the Chair some facts which have not yet come out I must advise that I do not see this as a question of privilege, keeping in mind the fact that it is not the chairman's responsibility to direct a committee how to behave itself. I will hear the Hon. Member very briefly.

Mr. Rodriguez: The point I am making is that there is a tradition in committees whereby the official critics of the two opposition Parties have the chance to question first. In this case that tradition was trampled on by the chairman of that committee. He went to a system which I do not think any other committee around here uses.

Mr. Speaker: The Hon. Member has made his point. I wonder if it would be acceptable to him if the Chair will undertake to take notice of his remarks and write to the chairman and members of that committee and point out that when there is a grievance in a committee, it inevitably comes to the floor of the House. In many cases the best the Chair can do is draw the attention of the committee chairman and members to what seems to be a grievance. I am sure the Hon. Member knows the rules as well as all other Hon. Members and this is not a question of privilege. However, I will undertake to write an appropriate letter drawing to the attention of that committee the Hon. Member's representation.

Some Hon. Members: All committee chairmen.

Mr. Speaker: I hear calls from Members that the appropriate letter be sent to all committee chairmen and I will certainly do that.

Mr. Jim Hawkes (Calgary West): A point of order, Mr. Speaker. The Hon. Member for Nickel Belt (Mr. Rodriguez) made statements about my performance this morning and I would like the opportunity to correct the record. It is a moot point as to whether or not the chairman was late. If he was it was no more than 60 seconds. Some three years ago I raised in this House a procedural problem about which clock counts. I would simply like to assert that I was either on time or very close.

I would also like to indicate that the record will show that in addition to the chairman there were indeed four Conservative members of the committee who arrived second, third, fourth and fifth. I would also like the record to show that we have had close to 140 formal public meetings in that committee and in all those meetings, other than those concerned with the Main Estimates when Ministers are there to defend government policy, it has been my practice to recognize members in order of arrival. It has been my practice, as part of parliamentary reform, to recognize all members as equal. I would also like it known that the Hon. Member for Nickel Belt moved a motion to put a different system in place this morning. Members considered that motion and voted to uphold the chairman in the way he was conducting the meeting.

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, I was in that committee this morning. As you know, there has been a long-standing tradition in this House that on the first round in debates or in questioning we start with the Official Opposition and go to the other opposition Party and so on. That practice was followed for a long time in all committees. When I was chairman of the committee now presided over by the Hon. Member for Calgary West (Mr. Hawkes), we did that. We recognized first the Official Opposition critic and then the NDP, and when the Socreds were here, we then recognized them.

The meeting this morning was a very important one dealing with members of the Forget Commission. It was a very critical meeting with different and divergent views. It was wrong to hold the Hon. Member from the NDP to number eight on the list after six or seven Conservatives. On the first round we

should have at least followed the traditions followed in all committees where you go to all Parties in turn.

[*Translation*]

Hon. André Ouellet (Papineau): Mr. Speaker, I would like to draw to your attention an attitude of this Government which I feel is absolutely improper. This is not the first time that committee chairmen, who are all Government Members, follow a procedure that flies in the face of a rule that has prevailed in this House for years, namely that the Chairman should alternate from one Government Member to one Opposition Member. Now we see that in a number of committees of this House, the chairman does not follow that rule and assigns the floor to Government Members in succession without recognizing Opposition Members. As you know, Mr. Speaker, this Parliament is rather exceptional in the sense that the number of Opposition Members is very limited, and I would appeal to your sense of fairness in defending the interests of Opposition Members. There are very few of us in this Parliament but still we have a right to be heard. So in the committee process we should be recognized as often as Government Members.

What has happened, what went on this morning is not one single occurence. It is a situation that has been arisen on a number of occasions, wherein a Conservative chairman has failed to recognize an Opposition Member right after a Government Member. This means an Opposition Member often has to wait for an hour, and hour and a half before he is allowed to carry on with the questionning and do his duty, which is to ask questions from the Government as an Opposition Member.

I feel that this situation has been going on for too long, and I would appreciate it if the Chair could look at this practice that is prevailing in committees of the House, and have instructions issued to committee chairman who, as it happens, are all Government Members and, who perhaps without realizing it, are taking advantage of the Conservative Party's overwelming majority in this Parliament.

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, if I may add to what has already been said by my colleague for Papineau (Mr. Ouellet), we are talking about something which has always been a tradition. I recognize that we now have a new Parliament and a great many new committee chairmen, but I believe that the tradition should still be followed and that it would be appropriate to remind Hon. Members and all committee chairmen how we have been doing things for a great number of years. For my part, I had the honour to chair the Committee on External Affairs and National Defence for nine years.

Whatever the circumstances, and I can see the former Minister of National Defence in the House, the first questioner was always a member of the Official Opposition and we always had a first round of questions from both the opposition parties and the Government. After that, I recognize that, with the incredible majority held by the Government, a greater proportion of Government Members should be able to speak. This is a principle of fairness which I would be the first to defend. If Your Honour feels the need to comment the matter today, you could perhaps ask the Committee on Management and Members' Services, which is made up of all the committee chairmen, to examine this issue. I believe that this could be done. We shall be meeting this afternoon at 5 o'clock, I think. This is the committee which is composed of committee chairmen. I undertake to raise this question because it is a matter of equity, and I am sure that the Government will realize that our traditions must be followed.

On the other hand, I am fully aware that, with its enormous majority, the Government should not have to feel disadvantaged because of the need to have complete rounds all the time in view of the small number of opposition members. However, for the first round of questions, our traditions should be maintained and one representative from each opposition party should be able to ask questions. I would even say that the first to ask a question could perhaps be the representative of the Official Opposition, and if there is no agreement, one representative of the Government majority, and immediately after, a representative of the New Democratic Party. Then, we could proceed in such a way as to restore the balance among the various parties. I think that Your Honour should remind the House about the basic principles of equity. As long as there are no abuses from the two Opposition Parties, I also believe that, on principle, the very first to be recognized should be the representative of the Official Opposition. Personally, I would have no objection if the second questioner were a Government member, but the third definitely should be. I would prefer it to be, in order, the Official Opposition, the New Democratic Party and the Government. However, if this does not meet the wishes of the majority, we could perhaps proceed equitably in the following manner: First, the Official Opposition, since this is the established tradition for Parliamentary Committees, second, either an opposition member from the New Democratic Party or a Government member on condition that the Chairman immediately afterwards recognize a member of the New Democratic Party. I believe that this is the only way to be fair to the Government majority while preserving our traditions.

• (1510)

[*English*]

Mr. Blaine A. Thacker (Lethbridge—Foothills): Mr. Speaker, I think it is important for you to appreciate that each commttee must set its own rules in this area and that there is no appeal to the House as a whole unless there is disorder.

The Standing Committee on Public Accounts, which is chaired by a member of the Official Opposition, operates on exactly the same principle as my colleague who is Chairman of the Standing Committee on Labour, Employment and Immigration. However, it is important for Your Honour to realize that each committee deals with a different topic in a vast government array and has to work out these matters for

itself. The process within a committee might be different, depending upon whether the committee is studying the Estimates or annual reports, which may tend to be more Government versus opposition with us wanting to stick to the traditional mix, or whether it is studying new policies under the new Standing Orders.

The idea behind the new Standing Orders was to get Members of Parliament, all of whom are equal, addressing themselves to a problem. When Members start to look at a problem as a problem Party differences are evident. The objective was that the committee would then come up with unanimous recommendations. It may be that in new policy areas the committee itself would decide to be much less partisan and the rotation of speakers would be quite different.

My point is that each of these matters has to be worked out by each member of the committee, and it will depend upon the chemistry of the committee. If opposition Members play tricks or the Government plays tricks on opposition Members, the committee will be poisoned and it may not work as well. However, it is not for Your Honour to become involved at this point. It should be left to each committee to work out, and it should only come before Your Honour if there is grave disorder.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I do not want to repeat some of the very important comments which have been made on this point. However, I should like to add another element. I urge Your Honour to recall that we are at a rather important point. When the provisional Standing Orders were before us, we experienced a number of new ways to make Parliament and its operations more effective and more efficient. We tried different approaches as part of the changes to the Standing Orders to improve the work of the committees. By and large there is recognition that the committees are working more effectively and more efficiently than perhaps they ever have.

I can recall many occasions when a government Member, a chairperson, and a member of the opposition Parties were the only participants in a committee. I remember them staying for long periods of time to keep the quorum so that important witnesses could be heard. That occurred time after time. Committees work like the House of Commons, if there is a sense of co-operation and willingness to work and if a sense of fairness overrides the business being conducted.

When the committee of chairpersons meets later today, I urge it to consider the important leadership roles exercised by chairpersons. It is the chairperson who creates a certain tone in the committee and sets the atmosphere in which the committee operates. Because the Government always has a majority of members, it can exercise its power and might at its discretion. However, it does so at its peril.

I urge Hon. Members to recognize that if we are to make Parliament work and to make it a productive, positive place in which to conduct the business of the Government, it is important, particularly for those who are in a position to do so, to ensure a sense of fairness. Not only must there be fairness, but there must be a perception that fairness exists in committee. When one considers the actions taken by government Members and the chairperson who were present this morning, one could question whether or not there was a perceived sense of fairness for the work the committee was attempting to complete earlier today.

• (1520)

In the best spirit of co-operation, fairness and productivity, Mr. Speaker, I urge you to consider communicating in an appropriate way to the committee chairpersons not to dictate how they proceed or conduct the affairs, but simply to remind them of the very responsible role they have in making Parliament and its committees function well.

[*Translation*]

Mr. Pierre Blais (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, however challenging the matter raised by the Hon. Member for Nickel Belt (Mr. Rodriguez), I should like to seek the guidance of the Chair on a specific point, Mr. Speaker.

The Hon. Member for Nickel Belt has raised this point under a question of privilege, and then in the following minutes several Members referred to points of order. We then learned from other Members that this matter was raised in a standing committee and led to a vote. As I understand it—and this is where I seek guidance—our Standing Orders do not allow a Member to rise in the House and comment on committee proceedings which led to a vote.

I would suggest that we are now debating a wide-ranging topic, but that the matter has been settled and that, technically, we are not allowed to refer to it.

Since I have few opportunities to do so, I listened to you very closely a moment ago and I always do my best to become familiar with our proceedings here in the House. Anxious to learn as I am, I simply wanted to focus on what appears to me to be a slippery point, namely that Hon. Members rise just about any time on questions of privilege and points or orders on a wide variety of issues, then we spend one or two hours debating practically every incident likely to happen inside and outside the House as well as in committees.

I am trying to learn our Standing Orders. We operate under provisional Standing Orders and I think the Chair should indeed apply them with some flexibility, but not to such an extent that Hon. Members might even rise in the House on points which are out of order. The Hon. Member for Nickel Belt has more experience than I and he ought to know better.

Hon. Members should not always seek the floor on doubtful questions of privilege precisely because in view of their significance our privileges are to be strictly observed and we much rise only when it is indeed a matter of privilege.

[*English*]

Hon. Herb Gray (Windsor West): Mr. Speaker, at first glance this may seem to be something that involves a rather small point to be decided within a committee itself, but I submit that what we are talking about here really involves something that is important to the operation of the House of Commons as a whole. If this House of Commons is to operate increasingly through committees and not to be limited in its work primarily to that which is done within this Chamber, then what happens in committees has to be fair and has to be seen to be fair with respect to all Members of the House.

Committees do not belong to the Party which, for the time being, forms the majority in this House, anymore than the House of Commons itself belongs to members of the Party which, for the time being, has the majority of Members of the House. The results of an election, even an election that gives a Party a substantial majority, does not mean the creation of a one-party state. There is a role in the House of Commons and, therefore, in its committees for all Members of the House, and our parliamentary system gives a special role to those Members forming the Opposition Parties, particularly the members of the second-largest party, that forming the Official Opposition. Any attempt to destroy, weaken or distort that traditional concept is something that could weaken, distort and ultimately destroy the concept of parliamentary government itself.

I can recall over the years in the many committees in which I participated that it was always traditional, and accepted when the Conservatives were on the Opposition side of the House, that their spokesperson always led off, and very soon thereafter, as soon as such a spokesperson was available, a representative of the New Democratic Party was heard. It was never suggested when there was a Liberal majority on the committee that representatives of the Conservative Party or the New Democratic Party would not be heard until all Liberals who wanted to speak would be heard. This was never done. It was not even suggested. I have not heard one word why that practice suddenly becomes wrong now that the Conservatives form the Government. If that practice was right when the Conservatives were in Opposition, then it continues to be right today.

I conclude with this point, Mr. Speaker: We are operating now under new rules, but these rules are in place only on a trial basis. They do not extend beyond the end of this year without the consent of this House. I give warning to people on the Government side that if they want those rules to continue they had better give evidence right now that they do not intend to operate this place like the organ of a one-Party state. They better give evidence that they are ready to have this place operate fairly in a way which recognizes the traditional role of Opposition Members or, and I say right now, they will have a very difficult time getting those rules extended. I have put this warning on the record, and I hope the Conservatives pay attention to it.

Mr. Alan Redway (York East): Mr. Speaker, as you know I have only been a Member of this House for some two years. However, during that time I have served as a full-time and regular Member and as a part-time Member on a number of committees of this House standing, legisative and otherwise. If there has been one thing that has struck me as significant in comparison with committees on which I have served in other places in the past dealing with Government affairs and the governing of this country, it is the fact that there seems to be a great tradition in standing committees and other committees of this Parliament not to start on time. For some reason or other people take it as their given right and tradition not to start and not to be there on time or to start on time. As a result, I and other Members of Parliament have had to wait, often for half an hour or three-quarters of an hour, sometimes an hour, before starting a committee meeting because people have not been there to get the meeting under way.

It seems to me that the criticisms we are hearing this afternoon about the breach of a tradition of this House about who speaks or who has the opportunity to ask questions first and last always can be corrected in one very simple way. If all of the members of that particular committee took their responsibilities very seriously and decided to get to the meeting on time, there would be no question about that long-standing tradition being followed.

I would like to concur with the statement of the Hon. Member for Windsor West (Mr. Gray), the House Leader for the Opposition, who says that what has to happen in committee meetings is that things have to be done in a fair way and in a way that seems to be fair. I would suggest that if all Members of Parliament, including Members of both Opposition Parties, got to committee meetings on time there would be no question, either in the Standing Committee on Labour, Employment and Immigration or any other, about the fairness of the allotment of questions. I urge all Members to get to committee meetings on time.

I know that the Hon. Member for Calgary West (Mr. Hawkes) who chaired the committee about which we are talking this afternoon would be happy to let the Hon. Member for Nickel Belt (Mr. Rodriguez) ask questions after the Hon. Member for the Liberal Party, as long as they were both there to start their questioning at the appointed time.

Mr. Rodriguez: I was there.

• (1530)

Mr. Speaker: The Chair is concerned that discussion of this point, which is important, as Hon. Members have heard, not go on for too long. I will recognize one more Member. The Member for Cochrane—Superior (Mr. Penner) has been trying to get the floor.

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, I will not repeat any of the arguments which have already been made. I wholeheartedly support the contention of my hon. friend from Nickel Belt that the Parties must be recognized in

committees. Comments made by the Hon. Member for Lethbridge—Foothills (Mr. Thacker) caused me to rise. Although he did not say it specifically, he came rather close to expressing a wish that we had a congressional committee system within a parliamentary system. I understand that yearning because I have been so tempted myself on occasion. However, I say very simply that it will not work. As long as we have a parliamentary system, our committees must respect that parliamentary system and recognize that it cannot be congressional in nature. That leads me to my point.

Because our committees are parliamentary in nature, we cannot impose upon them a system which allows for the precedence of seniority in the recognition of members or for members to be recognized in order of regions. We must always begin with the recognition of the three political Parties, the Official Opposition, the Government, and then the New Democratic Party, in that order, or a slight variation thereof as the Hon. Member for Saint-Denis (Mr. Prud'homme) suggested.

As much as some Members may wish to have a different system for committees, it will not work. We are all part and parcel of the same system. We must learn to live with it. This is the parliamentary system and in the parliamentary system the political Parties must be recognized as they are in the House under your leadership, Sir. That is much more than a tradition. It is the heart of the parliamentary system itself.

Mr. Speaker: I indicated that I would hear only one more Member. However, I did not realize that the Hon. Member for Victoria (Mr. McKinnon) had been seeking the floor. I think all Hon. Members would agree that he should be heard.

Hon. Allan B. McKinnon (Victoria): Mr. Speaker, I am inclined to agree with you that we have had quite a conversation on this subject. I do not think for a minute that it is a question of privilege, but it is an issue which is deeply felt by several people.

I rise mainly to confirm what the Hon. Member for Saint-Denis (Mr. Prud'homme) said. He chaired the Standing Committee on External Affairs and National Defence for nine years and unfailingly recognized me first. I had not thought it was because I was a Conservative. I thought it was because of the high quality of my questions which started the committee hearings on a high intellectual level.

However, we must be fair. I agree with the protests that have been made that we should alternate from side to side. However, with such a majority in one Party it would mean that the fifth Conservative has to wait while three Liberals speak and three New Democrats speak before he gets his first chance. I think many chairmen have worked out a very satisfactory system. The Official Opposition is recognized first, the Government second and the New Democratic Party third. Three or four government Members are then recognized. That is a reasonable compromise. I think this has been a worthwhile discussions.

Mr. Speaker: I want to thank all Hon. Members for their interventions. While the Hon. Member for Nickel Belt (Mr. Rodriguez) was making his remarks I indicated that I did not think this was a question of privilege. However, I do take this as a grievance and a serious matter. I have listened carefully to what has been said.

I want to thank the Hon. Member for Victoria for his comments because those Members who have had a lot of experience in this Chamber have something very important to contribute on these matters. That applies to some other Hon. Members who have spoken, especially the Hon. Member for Saint-Denis (Mr. Prud'homme). I believe it is appropriate that I make it clear that there is no question of privilege. However, I return to the commitment I made some minutes ago. I will draft an appropriate letter setting out the basic things that have been said in this debate. I will send that letter to committees and ask them if they would please address the matter.

The Chair has had occasion, and probably will again for some time into the future, to remark that the spirit of reform which has made changes in the committees is of great interest and importance to all Hon. Members. There is naturally a tendency, when matters cannot be settled in committee, to bring them to the floor. The Hon. Member for Bellechasse (Mr. Blais) said that he wished some guidance from the Chair on these matters. I can guide the Hon. Members and others by saying that in a strictly legalistic sense perhaps the rule has been abridged a little this afternoon through a lengthy discussion. However, as Hon. Members know, we do not rule this place completely and strictly in a legalistic sense. The Chair is guided by the sentiments and expressions of intention of Members in the Chamber.

I hope Hon. Members will feel that I have paid attention to the sense in the Chamber that this is an important matter and that Hon. Members wished to be heard. The Chair will do its best to bring the concerns expressed to the attention of the appropriate committee chairmen and others. I hope those actions will help all Members to do the work which must be done.

I hope that there will be no need for anyone in this Chamber to give warnings about the possible extension of many of the rules. With direct reference to what the Hon. Member for Windsor West (Mr. Gray) said, it is very important that Hon. Members come to agreement on these rules. I think all Hon. Members would agree with the Chair that it would be a step backward if we were to enter the last period of provisional rules feeling that the success which might have been made of the reforms has not met all expectations.

The Chair is cognizant of what has been said. Again in reference to what was said by the Hon. Member for Bellechasse, there is a time when the Chair allows some latitude and I believe that this afternoon was an appropriate occasion for it. I thank all Hon. Members.

Some Hon. Members: Hear, hear!

GOVERNMENT ORDERS

[*Translation*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 82—CANADA POST—PROPOSED INCREASE—POSTAL SERVICE

The House resumed consideration of the motion of Mr. Keeper:

That this House urge the Government to require Canada Post to forego the 2 cent postal rate increase planned for the new year, to reject the planned closure of hundreds of rural post offices, to reconsider the decision to replace door to door postal delivery in new suburban areas with super-post office boxes, to reconsider the ongoing reductions in urban postal services, and furthermore, that the adoption of this motion shall not be considered to be a question of confidence in the Government.

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, I listened with interest to this morning's speech by the Hon. Member opposite and I have also listened to recent comments by Opposition Members. Unfortunately, Mr. Speaker, they seem to have only two objectives: to instil fear, the fear of change in Canadians and to use a Crown corporation for partisan purposes. If there are problems at Canada Post, Madam Speaker, they must be laid at the door of Hon. Members opposite who were responsible for this service from 1963 to 1984. Madam Speaker, those two decades were marked by the steady deterioration of our postal services as a result of work stopages, disruptions and all kinds of strikes, followed by hastily signed collective agreements, all of which resulted in the introduction of massive and brutal increases in postal rates.

I would like to know where the hon. colleagues of the Member for Winnipeg North (Mr. Orlikow) stood when our Canadian postal service was being savaged by the previous administration.

The outlook for Canada Post was not very bright when we took over responsibility for the Corporation in September 1984. Canadians were still coping with unprecedented rate increases, but the Corporation's deficit was still as much as $306 million, which, of course, did not overly concern our friends in the New Democratic Party.

Madam Speaker, the year 1956 was a memorable, and I would even say a great year. In that year, Madam Speaker, we saw the first green mail boxes which are now a standard feature of our great Canadian landscape, on street corners and rural routes. It was a year that our hon. friends know well, although one would not think so to hear their indignant comments today. Another memorable and great year was 1974, when the previous administration decided to stop home delivery in towns with less than 2,000 postal addresses. Today, Madam Speaker, about 600,000 households in 195 towns in Canada are in that situation. Again, I wonder where our virtuous friends stood when these decisions were made.

• (1540)

[*English*]

When the previous administration took these decisions to introduce to Canadians these infamous and rusty green boxes, all one could hear was the sound of silence from our friends across the aisle. Faced with a problem of such magnitude—declining service and rising deficits—we have taken the high, tough and hard road and decided to restore service to Canadians while attempting to tackle the deficit.

To assist in this process and in the spirit of true consultation, we have asked Alan Marchment, Louis Comeau, Fred McNeil, Julien Major and Alix Granger, who as we all know formed the Marchment Committee, to ascertain the views of Canadians as to the nature of changes they want brought to the Canadian postal service. I am sure that even my hon. friends opposite will join me in congratulating the review committee on its mandate as well as on the productivity of the Canada Post Corporation. I think it has done an outstanding job.

In its report, the committee clearly indicates that priority must be given to the restoration of service to Canadians, that the measure of delivery performance must be effected by outsiders as opposed to the corporation auditing its own performance as it is right now, and that Canadians who do not enjoy door-to-door delivery should receive either alternate day delivery or community mail service or postal boxes.

The committee further proposed that there be third party regulation of the rates proposed by the corporation and that it use contracting out as much as possible.

Of foremost immportance, the committee recommended that:

The corporation continue to be required to be financially self-sufficient in order to relieve taxpayers of the need to subsidize users of the postal system beyond those subsidies specifically provided for by Parliament.

This side of the House has endorsed fully those recommendations, like most of the 43 recommendations the Marchment Committee has made, and the corporation has moved to embody the underlying principles together with most of these recommendations into its plan.

[*Translation*]

Madam Speaker, this plan is part and parcel of our decision to continue home delivery to Canadians who already enjoy the service and to provide new residential areas with an effective delivery service that is comparable or even superior to that provided by other postal administrations. Madam Speaker, 54 per cent of Canadians, and this may seem surprising, get their mail either at the post office or in one of those wonderful green boxes set up by our friends opposite.

So quite a few Canadians are serviced differently. The previous administration also thought it would be a good idea to introduce the community boxes early in 1983-84.

On this point, Madam Speaker, allow me to explain the various stages followed by Canada Post to set up this program.

We carried out various tests in more than ten Canadian cities and communities over a period of 40-odd months. These surveys revealed that 93 per cent of users were satisfied, and this fact was clearly corroborated by the Decima poll. In addition the plan submitted to us by Canada Post management did take into account the fact that one of the objectives was to make more efficient counter service readily accessible to the public at large. This is why over the next ten years Canada Post will gradually expand the present role of the private sector and offer postal services during much more practical hours and at locations which are more easily accessible. To respond to the argument of Members opposite, I might point out that 25 per cent of postal counters are already under private sector management, something which most Canadians fully appreciate.

I wish our colleagues on the other side would explain clearly why they are against a policy which can only improve the quality of services available to Canadians. The Opposition does not miss an opportunity to raise the spectre of deteriorating services resulting from the closure of some post offices and the re-organization of certain rural delivery routes. I am sure they all agree that postal delivery has to be revamped, particularly in rural regions. The facts are simple. Every year more than 150,000 families leave rural regions and move to densely populated urban neighbourhoods. Failure on our part to re-organize postal delivery services would have been tantamount to ignoring reality.

In short, contrary to the allegations of Members opposite, this plan is aimed at improving postal services to all Canadians from coast to coast.

[*English*]

The motion put forward by the Hon. Member for Winnipeg North Centre (Mr. Keeper), and supported by the Liberals, has been designed to appear on the surface to reflect a concern for increased postal service to Canadians. However, in reality, his proposal is a blueprint for mediocrity for Canada's postal service.

In contrast, the Progressive Conservative Government has proposed a plan that responds to our concern for improved and more reliable postal service in Canada, and to the need as expressed in the Canada Post Corporation Act and by the Minister of Finance (Mr. Wilson) in his Budget Speech earlier this year to achieve the financial break-even point on operating costs and expenses by 1988-89.

The fact is that we are proposing to lay the groundwork for better service at a relatively lower cost to the taxpayer, as opposed to the users of the system, and eventually at no cost at all. Indeed, we have already begun to achieve significant progress. Since the election of the Government in September, 1984, we have seen significant improvement in a wide range of areas. In fact, more has been accomplished in the past two years than under the many years of the Liberal regime.

For instance, service has been expanded to more than 200,000 homes and businesses. That is a number equivalent to a city the size of Ottawa. During this time we were using fewer people. This increased efficiency is certainly a new trend within the postal service. Reliability of first-class mail has already demonstrated a 4 per cent improvement, as mentioned before, since the introduction of a colour coding age of mail system which was put in place in August of 1986.

• (1550)

Mail volumes have increased by 6.8 per cent since 1984, representing an over-all efficiency improvement of 7.5 per cent, while during the same period the over-all efficiency of the service sector in Canada increased by only 2 per cent. Revenues have increased by $357 million or 15 per cent since 1984, most of which is attributable to sales growth and other operating factors. Since February, 1983, the basic letter rate has increased by only 6.3 per cent compared to the 11.1 per cent inflation during the same period. Another improvement has been that absenteeism has been reduced by 14.7 per cent. Strict management control has contained non-salary expenses to $5 million or .8 per cent during a time when inflation alone would have added $50 million to costs.

I should point out that the operating deficit of $306 million, which was a significant burden on taxpayers in 1983-84, has been brought down to $184 million in 1985-86. This represents an improvement of $122 million or 40 per cent in just two years and is the direct result of improved management control in response to this Government's orientation.

This Government is determined to lay the foundations for the Canada Post of the 21st century, a healthy, efficient corporation, able to provide better service at a reasonable cost to Canadians. Hon. Members opposite are resisting change and nurturing the fear of change among Canadians. However, most Canadians will see through their transparent charade. What members of the Opposition are proposing in effect is a return to the old Post Office plagued with deteriorating service and escalating deficits. They claim to care for the average person, yet their attitude points to a different reality. They are saying in effect: "Let the public pay rather than the user" or, to put it more bluntly in a true Hallmark statement made by a former postal union executive no doubt well known to my hon. friends: "To hell with the public".

The current plan for Canada Post will meet our concern that all Canadians currently receiving door-to-door letter carrier service will continue to do so and that new growth areas will be provided with satisfactory and improved delivery service comparable with, or better than, the modern efficient methods now being used by other business oriented postal administrations.

The Opposition may prefer to try its wit, poor as it is, on "supermailboxes", but these are in fact a far superior approach to that of the previous Liberal Government, the pitiful parents of the rusty green boxes. The supermailboxes are a practical, cost-efficient solution which has proven to be accepted by 93 per cent of customers where they are in use, since they serve 24 hours a day a small group of 38 people within 200 feet of their

homes. We think that is improved service. For these customers, I am sure the super mailbox is a welcome change from the Liberals' green boxes. The Liberals' answer during their years in office was to restrict the expansion of door-to-door delivery with no other alternative but to have peple line up in post offices or letter carrier depots or travel great distances to receive their mail.

Canada Post is also taking into account in its corporate plan the need to improve the public's access to postal services in the most cost effective manner and will, therefore, expand on the current role of the private sector in providing these services at convenient times and in convenient locations.

Like broken records, my colleagues opposite will claim, once again, that expanding the role of the private sector in the postal delivery system will lead to a great loss of jobs. In the first place, they choose to overlook the corporation's intention to move in this direction over a 10-year period. Attrition alone within Canada Post will far exceed the number of positions affected by this move. Furthermore, Canada Post will be encouraging its own employees in these positions to accept the entrepreneurial challenge and use their experience at working within such a franchise.

I believe the plan we have developed in response to clearly expressed opinions of Canadians, represents the best balance between the need to provide improved, reliable postal service and the responsibility to ensure that postal services no longer operate at a deficit.

The balance between improved, reliable service and operational break-even is a delicate one. The corporate plan requires that all parties concerned, the shareholder, management, labour, and the general public, make concerted efforts in order for it to succeed. In startling contrast, as demonstrated today, the Opposition wants to jeopardize Canada Post and its plan for the future by playing self interested, shortsighted politics.

[*Translation*]

Madam Speaker, during the first half of this century, the Post Office Department regularly lead surpluses, and it would seem that other postal administrations even to-day manage to show profits. Apparently, and indeed certainly Canada Post can cover its costs, providing of course that we support its efforts.

In order to achieve this, Madam Speaker, courage will be needed to take on new attitudes and new approaches. Concern and striving for objectivity will be needed from all those who want a first class postal service. If Opposition Members would stop their antics on this issue, they could also realize if not recognize that the postal plan finally benefits all Canadians.

[*English*]

Mr. Orlikow: Mr. Speaker, I would invite the Minister to come to Winnipeg and visit some of the suburban areas in my constituency. I would also invite Conservative Members, for example, the Hon. Member for Winnipeg—Assiniboine (Mr. McKenzie) and the Hon. Member for St. Boniface (Mr. Duguay), to visit some of the suburban areas in their own constituencies and talk to the people to see which they prefer, the super mailbox or the door-to-door mail delivery which is received by their neighbours in older areas. They would really find out what Canadians think.

One of the ways the Post Office is going to get rid of its deficit is by increasing the mailing rates for magazines and newspapers by 30 per cent, as was announced by Grant Carter, the corporation's Publications Director, in a speech he made to the Canadian Business Press a few days ago. That elicited a response from the President of the Canadian Business Press who said that any move to raise rates could put a lot of marginal publications out of business.

• (1600)

Dinah Hoyle, who is the Executive Director of the Canadian Periodical Publishers, said this:

> Even a 30 per cent increase could put many of the smaller literary and art magazines out of business—

Ron Rempel, President of Canadian Church Press, said that his organization would be in the same boat. We have not even heard from the weekly newspapers. Is that the way in which Canada Post will try to get rid of its deficit? If it is, then the Minister and the Government should know that a very large percentage of weekly newspapers, magazines, business and church publications will fold up. They cannot absorb that cost. Their readers will not accept the much higher costs of receiving those publications. Is that the step the Government is proposing?

[*Translation*]

Mr. Côté (Langelier): Madam Speaker, I simply want to say that this Government has made comments to Canada Post, only because it was concerned about making sure the Corporation, in the drafting of its corporate plan, would consider two factors that were essential in our view. First, the concern of Canadians who want this Government to solve or attempt to solve the national deficit situation, and we know to what extent a number of Crown Corporations are having a hard time reaching that self-sufficiency level.

So, as a first step, we asked Canada Post, and this has been clearly stated I think in the budget tabled by my colleague the Minister of Finance (Mr. Wilson) in February 1986—and it was clearly suggested to the Corporation—to take into consideration, in the drafting of its plan, the national deficit situation while at the same time being sensitive to the concern of Canadians for improvements in the postal service.

And while I am at it, Madam Speaker, let me stress the fact that when the first postal rate increase became effective after having been approved as you will remember in June 1985, and which at that point prompted the establishment of the Marchment Committee, we gave a clear mandate to the Marchment Committee to hear and consider the concerns of all Canadians in all regions, urging of postal users, people who

use the postal service regularly, on a daily basis, to file their grievances and make their concerns and interests known to the committee.

The committee, Madam Speaker, responded to that, providing us with 43 recommendations. Out of those 43 recommendations, 29 were mainly related to improvements in the service and were definitely heeded by the corporation.

When dealing with 1986, my colleague has of course mentioned certain increases which seemed to him more significant than others. The average increase suggested is about 9 per cent. When I mentioned in my statement a while ago that since 1984 , while the inflation rate has increased by 11 per cent, the increases Canada Post was allowed have only been 6 per cent. There should be further increases if we want the corporation to become self-sufficient.

Let me mention, Madam Speaker, some figures to allow a comparison between 1950 and 1986. A cup of coffee which then cost 5 cents now cost 60 cents, or 12 times more. The basic letter rate which was then 4 cents is now 34 cents, this is eight times more.

Now we can understand that the Government is concerned and wants nevertheless postal rates to remain acceptable to the Canadian people.

Mr. Tardif (Richmond—Wolfe): Madam Speaker, I would like to thank the Minister for having recognized earlier that the Opposition is firmly opposed to his business plan. I have before me an article published in *La Tribune*, a very popular newspaper in the Eastern Townships. This article, which quotes the comments of Jacques Blais of the UPA, is entitled:

Regional MP's asked by UPA to take a stand

I am asking this question on behalf of Mr. Proulx, who states:

According to the UPA, the proposed business plan of the Canada Post Corporation would represent a real step backwards.

The author mentions that this would cause a dramatic erosion of services in rural areas in the near future. What is you answer to that?

Mr. Côté (Langelier): First, Madam Speaker, I would like to tell the Hon. Member that, as concerns the business plan, I have tabled it before the Committee, which includes representatives of the Official Opposition and the New Democratic Party and which has already met several times, and these concerns have already been expressed. I also mention that, after the Committee has concluded its examination, it will probably be making recommendations or at least comments, and from there, I intend— From what I have been told about the proceedings of the Committee, those who have appeared have mentioned their concerns about rural services and I have for my part said that the Government is determined to take into account the comments made by the members or the Chairman of the Committee. I shall respond at that time and take these comments and recommendations under consideration. I shall analyse them with my Cabinet colleagues and we shall take appropriate action.

The Acting Speaker (Mrs. Champagne): The Hon. Member for Richmond—Wolfe (Mr. Tardif) for a short supplementary.

Mr. Tardif (Richmond—Wolfe): Madam Speaker, am I to understand that the Minister's Department would be prepared to consider a possible *status quo* for the rural service, to maintain the present level of service in rural areas? Am I to understand that your Department would be prepared to consider, in the light of representations which would be made eventually, to maintain the current *status quo*?

Mr. Côté (Langelier): Madam Speaker, I think it might be going a little far to accept my hon. friend's suggestion. However, I can assure my hon. friend of the Government's desire to respond to the ideas and comments that will be made by that committee. If that committee submitted to us recommendations concerning the rural service, we would analyze them thoroughly and make our position known at a later date.

The Acting Speaker (Mrs. Champagne): The time allocated for questions and comments has expired. Resuming debate. The Hon. Member for Kenora—Rainy River (Mr. Parry) has the floor.

[*English*]

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, I am glad to have this opportunity today to rise to speak on the motion of my colleague, the Hon. Member for Winnipeg North Centre (Mr. Keeper), our very able critic in matters of the Post Office. I would like to start with an examination of what this motion entails and also an examination of what it does not entail. I feel that some of the speakers to this point in time have missed the point. I do not take this motion as being an attack on Canada Post, and I would make the case that it is not necessarily even an attack on the Government. The motion reads, after all, that it shall not be considered to be a question of confidence in the Government. I would therefore suppose that in rationally and sensibly discussing the propositions of this motion, we should look at the wording of it to see what is comprehended by the motion we are debating today.

• (1610)

It seems to me that we are looking not at an examination of the recommendations of the Marchment Report nor at an analysis of the entire corporate plan as it has been presented before the committee, but rather at the questions of postal rates and at the four services which are of particular interest, I believe, to the majority of Canadian postal customers. I believe that this debate is not assisted by what I might characterize without being unparliamentary as the disjointed ramblings we heard from the Hon. Member for Selkirk—Interlake (Mr. Holtmann) this morning. I will go so far as to say as well that the debate is not particularly advanced either by the Minister's examination of the record of the previous Government.

[*Translation*]

Admittedly therefore, under the previous Government, serious operational problems existed in the Post Office Department as it was before 1982. Green mailboxes are obviously inadequate for consumers. Patronage actions as they took place in the Post Office Department before it became Canada Post are obviously not acceptable. What this debate is about is not whether the previous Government managed Canada Post correctly or not, it is the line of action of the present Government which must be responsible for the operation—responsible in a Parliamentary sense of course—of Canada Post, and also what the Government is aiming at through its financial policies and its budget cut policies, and indeed the future of Canada Post.

In the context of those limitations, I wish to discuss the matter and submit a few points for consideration by Members all over the House before a division is taken tonight.

[*English*]

In order to do so, I would like for a few moments to examine the history of postal service and to try to bring out for all of us what postal service means in a country like Canada.

This is not the first time I have quoted the Leader of the Opposition (Mr. Turner), but possibly it is the first and the last time that I shall do so with any degree of approbation. He stated, and I believe correctly, that the country was founded for two reasons: first, for reasons of national security, and second, to get the mail delivered. I think we should examine the question of Canada Post's planned service reductions in light of that sort of consideration.

I would cast the minds of Hon. Members back to the time of Roland Hill, the first Postmaster General in Great Britain. In 1840, he brought in the penny post. This was something that was introduced as a national utility which united the country at a fraction of the cost of the pre-existent and presumably alternative methods. At a time when it cost six pence to put an ordinary letter on the stagecoach going from London to York, a universal system which was spread throughout the United Kingdom costing one penny per letter was instituted. Mail was being delivered for approximately the sixth of the previous cost. I may be so bold as to remind my colleagues that after all, there is no control over the private couriers some might wish to see take over some of the business of Canada Post.

Let us also look at the role of Canada Post Corporation, as it now is, as an agent even today of national unity.

[*Translation*]

As I said last week in one of my questions, in many of our small communities, the post office is the only place where the Canadian flag, the maple leaf, floats in the air, the only concrete reminder of our federal Government. If it is removed, if the service is entrusted to some nearby store, the present reminder of the federal Government will have disappeared from those communities.

[*English*]

Canada Post is under attack for a number of reasons, and I think we should be frank in saying that it is under attack. It is under attack from some Hon. Members who delight in union bashing and who feel that Canada would be better off if there were no unions involved in Canada Post. These Hon. Members wish to use Canada Post as a way of beating on the union movement generally and as a way of sending a message to organized labour that it had better not get out of line. That is very much the view of a number of Hon. Members. I think we heard a good example of that this morning. I am sure anyone who listened to the debate will know of whom I speak.

There are those of us who wish to criticize poor service. Let us be frank. There are members of all three Parties who wish to criticize poor service, but surely not in the spirit simply of beating up on the Post Office or making management, the workers and the union members feel bad. We criticize poor service simply because it causes frustrations to consumers and our constituents and because we would like to see poor service eliminated as much as possible. Naturally, when any Hon. Member receives a complaint of poor postal service, he or she would like to see the complaint resolved.

There are also those who want to attack Canada Post because of the state of labour relations in that organization. Without going into a detailed historical analysis, I would say that it is obviously not easy either for management or for members of unions when there are as many unions as there are involved with Canada Post. Let us also remember that those unions were not in some way planted in Canada Post as part of a plot to undermine postal service. They grew up for very good and legitimate reasons and it should not be the role of Government to try to beat down the unions within Canada Post, whether because of a general anti-union feeling as exists with some Hon. Members or simply to put things within a more manageable framework.

I believe we should compare deficits and subsidies. We should compare the service Canada Post gives to the people and businesses of Canada and to the Governments at the federal, local, municipal and Indian band levels with the amount of subsidies or the size of its deficit. We should compare it as well with other deficits or subsidies. We should compare it with the billion dollar bail-out to the banks given by the Government, with the money that has gone to Canadair under the administration of the previous Government and, for example, with one of my favourite causes, VIA Rail passenger service. That service is subsidized more heavily than Canada Post and, as we know, it serves perhaps one one-hundredth of the number of people who are served by Canada Post.

No, the fact is that for approximately $10 per Canadian per year, we have a postal system that in a very real way binds together this enormous country, a country with an area larger than that of Europe and a population smaller than that of the State of California. If we feel that the plan of Canada Post is unrealistic and unworkable, something which I and my Party certainly feel, we should also consider the fact that the

demography and geography of Canada pose some almost insuperable difficulties when trying to make Canada Post a profitable service.

Comparisons with other countries have been made. I think it is worth repeating the difference between what it costs to deliver mail in Canada compared to the average wage and what it costs in other countries. The fact is that we do rather well, even counting the subsidy which we give to Canada Post and should continue to give to it.

I would like to examine some of the specifics. I see that you have given me one more minute, Madam Speaker. I would ask you to check your timepiece.

[*Translation*]

Madam Speaker, the corporate plan for Canada Post seeks to privatize 3,500 rural post offices and shut down 1,700 rural post offices.

• (1620)

[*English*]

That can only mean a reduction in service. A counter in a drugstore is not a post office. Everyone knows that some post offices have outlived their usefulness, but a wholesale closing down is a massive reduction in service. The loss of rural routes, the abandonment of lot-line delivery, a point we could not get through to the Hon. Member for Selkirk—Interlake this morning, will be a significant reduction in service. Along with that reduction will go the jobs of approximately 8,700 people, most of them concentrated in Canada Post's rural network, and among communities which can ill-afford to lose them.

What is the alternative? Will Canada Post train its franchises in such things as Priority Post, special delivery, Certified Mail, insured parcel service, COD service? I very much doubt it. I am very glad to see in the Government and the Prime Minister (Mr. Mulroney) himself some level of realization of the effect these cuts will have on rural Canada. On December 5, as shown at page 1820 of *Hansard*, the Prime Minister said:

> First and foremost must be the interest and welfare of Canadian citizens, particularly, for example, in rural areas. There shall no second-class citizens in this country as long as this Government remains in office, postal services or otherwise.

The Minister said that this debate is in some way premature. The Hon. Member for Selkirk—Interlake thinks it is upstaging the work of the committee. I think it is essential in order to get some firm commitment along the lines of the statement made by the Prime Minister. If he were to look at the operationalization of that commitment he would realize that the changes would not be made in the way the Post Office proposes.

I have had complaints in my riding very recently about rural route service. When Canada Post changes the rural route contractor it does not take the necessary steps to ensure that the new contractor does the job properly. It does not provide training. It seems to think that it is the sort of job anyone can learn. That is very frustrating because although Canada Post is taking measures to correct that situation in my riding, steps should be taken beforehand to make sure the new contractor can service the route properly.

Another matter not in this motion but which I have to bring up is that concerning remote and isolated Indian villages in my riding. Many people in those villages get groceries through the mail as a way of reducing their cost of living. Many have been denied that service. Yet Canada Post has to provide service right across the country in a standard way. It has to be available to each of these communities.

It seems to me that instead of complaining about the nature of this motion, Members on the government side should seize the opportunity to bring to the attention of their Government the opportunities that exist in this motion for a reasonable and sensible discussion of the service alternatives open to Canada Post. We know that in some cases those service alternatives have been suggested in the corporate plan, but if we are to meet the need to provide a fair and equal service right across this country the changes cannot be implemented in the way they are described in the plan because it will mean a ravaging of the rural postal network and an inevitable deterioration in the standards which Canada Post, sensibly adopting the Marchment Commission recommendation, says it will now have audited by an outside agency. I think that is an excellent idea.

I would now like to deal for a moment with the so-called supermailboxes. I must say that I am not offended by the colour of the boxes. I believe they are of a superior design in some ways to those presently out there rusting, as the Minister says. However, Canadians, unanimously and without exception, perceive that a substitution of this type of delivery for door-to-door delivery is a downgrading of service. I happen to come from a community where there was no door-to-door service. I think, as many Canadians do, that door-to-door service is a privilege, one that Canadians who have it should be pleased to have. However, I do not believe that Canadian unity is going to be in any way served by the sort of situation I have had communicated to me from Fort Francis recently where three corners of a street benefit from door to door service and the fourth has to put up with the supermailbox. We know that having one of these boxes in front of your house will mean a reduction in property values. They will be difficult to service in the Canadian winter. Such a mailbox may have looked pretty good sitting on the dry carpeted floor of a House of Commons hearing room, but what will it look like in the real world when it is being—well, we will not discuss what dogs do, but being snowed on? What about the situation of people who are handicapped or have to take their children along because they cannot leave them in the house when they go out to collect the mail? What about the elderly person who has a box at the top, some five and a half feet off the ground? Local municipalities will of course argue with Canada Post about snow clearing. Let us face it, there are some parts of the country where even supermailboxes can be buried by a good snowfall. I know that

was the case just recently in Winnipeg. By inflicting these boxes on people, and I use that word advisedly, in the place of door-to-door delivery, Canadians will be losing quite a range of services. Those services are perhaps not specified under the Canada Post Corporation Act, but nevertheless Canadians benefit very much from them.

I wonder if the figures put before us are realistic. Canada Post says the supermailbox will cost $83 per year for delivery per point of call. Are we counting depreciation, unscheduled repairs running to six figures, the cost of vandalism, periodic repairs and overhauls? Certainly we know that no account is being taken of reduced property values when these boxes are put in front of someone's house. Canada Post says customers prefer community boxes to the old style green boxes because they are better maintained and located within 180 metres. They can handle incoming parcels and outgoing letters. We know that outgoing letters can be handled in the green mailboxes because that has been done in most rural routes for years or even decades. I forget the exact position, but there was one box left empty so that the rural route carrier could pick up the outgoing mail. However, snow-ploughs would block them in. Litter would collect around them. Keys will be lost and fall into the wrong hands. The elderly will hate them and so will the handicapped. I could not agree more.

Over-all the corporate plan and service reductions I have talked about indicate a lack of imagination on the part of Canada Post. Responsibility for that lack of imagination is in many ways borne by the Government. After all, the Government was focusing on a single objective of deficit reduction for Canada Post when it gave the corporation a prescription for the business plan. Let us not deceive ourselves, a prescription was certainly given. Canada Post has been cut off from possible new revenue-generating services. Post offices in other countries have made a success of the sale of packaging materials, for example. Financial services are offered in many other countries through the post office. Then we have expansion into package distribution and parcels, one of Canada Post's original mandates, as well as electronic mail, which is a profitable enterprise in many countries where it is available through the post office.

• (1630)

I was about to carry on at some length by dealing with the fate of the publishing industry under the new corporate plan and under government imposed restraints. However, as you have signalled, Madam Speaker, I should simply like to say that the changes which we have specifically described in the motion will deteriorate service to the majority of Canadians and, therefore, every Member of the House should oppose them.

The Acting Speaker (Mrs. Champagne): Before proceeding with questions and comments, I assure the House that the Chair is provided with an accurate timepiece. I am sure the Hon. Member will forgive the Chair for making an error in adding up the time. I hope it will not happen again.

Mr. Gormley: Madam Speaker, I should like to make a comment at this point. It was interesting to hear the NDP Member speak about his Party's motion on postal service. I am a Member of Parliament from rural Canada. I have a number of concerns about rural route services, about rural post offices, and about the increasing perception, in my area of Canada, felt by rural people that they are second-class citizens.

It is because of these concerns and in my capacity as Deputy Chairman of the standing committee studying the Post Office that I felt it was of vital importance for the committee to sit down quickly, to examine the issue thoroughly, and to prepare a report for the House of Commons. The committee report will reflect the importance which many of us as rural western Canadian Members of the Government attach to rural postal services.

I should now like to comment generally upon the need for this day and the conduct of the New Democratic Party in particular. One week ago the NDP put forward a similar motion on an Opposition Day. It was not considered important or serious in the minds of its Members to dignify the House by staying around and debating it. It was an action which many of us concerned about rural services were appalled to see.

Now I should like to refer to the action of the committee itself. Literally dozens of Progressive Conservative Members of Parliament representing rural areas appeared before the committee to voice their concerns. How many NDP Members appeared before the committee? I am pleased to tell you, Madam Speaker, that New Democrats and Liberals combined made such a poor showing on behalf of their constituents that the issue, if it had not been for the Government, would not have had an airing before the committee. The House of Commons should know that in this case the Liberals have walked away from their constituents on the issue of postal services, and that the only people who walked quicker were members of the New Democratic Party.

I should like to conclude my very brief comment by addressing this particular Opposition Day. It has been the intention of the Government, as indicated in the statement of the Prime Minister (Mr. Mulroney), that standing committees have some relevance. In the study of the postal corporate plan and in the work we have spent a lot of hours doing, we are ensuring that all private Members of the House of Commons have an opportunity to appear before the committee, to have input into the examination of the available facts, and to help write the report. Here we are, one day into writing the report, and a Canadian press story on what the committee is proposing to do was leaked this morning by a member of the Opposition. That is terrible. By using this Opposition Day, the NDP is trying to undermine or violate even further the spirit of reform.

With those brief comments I will resume my seat and allow other Hon. Members to comment upon this New Democratic behaviour and how obviously unacceptable it is.

The Acting Speaker (Mrs. Champagne): Does the Hon. Member for Kenora—Rainy River (Mr. Parry) wish time for rebuttal? I should like to remind him that other Hon. Members are seeking the floor.

Mr. Parry: Madam Speaker, I only wish your reminder had been given to the Hon. Member for The Battlefords—Meadow Lake (Mr. Gormley). He misinterpreted the actions of my Party in a flagrant, highly partisan, and extremely imaginative way when we were opposing his Government's attempts to jack up the price of pharmaceuticals. That is what was responsible for the simple deferment of the Opposition Day. We are not letting him down. It is only one week later that we are debating the Post Office matter.

He knows as well that I was at the committee. Although he claimed a lack of NDP representation, he cannot stand in the House and say that I did not faithfully and truthfully represent the concerns of my constituents before the committee.

Mr. Gormley: Madam Speaker, I rise on a point of order. For the benefit of the Hon. Member, I should like to clarify that I did not say or even impute that he was not there. It was just the rest of the NDP who were not there.

Some Hon. Members: Oh, oh!

The Acting Speaker (Mrs. Champagne): Order, please. The Hon. Member for Kenora—Rainy River (Mr. Parry) has the floor. Other Hon. Members have risen to ask questions.

[*Translation*]

Mr. Parry: Madam Speaker, may I add that our spokesman on matters dealing with Canada Post also attended that committee, every session of that committee, I believe.

It is therefore unfair for Hon. Members to criticize Opposition parties in such a way.

[*English*]

Mr. Robinson: Madam Speaker, I am pleased to comment briefly upon the remarks of the Hon. Member for Kenora—Rainy River (Mr. Parry) and to commend him for his outstanding job on behalf of his constituents in fighting for their concerns.

I have had the honour of representing the people of Burnaby for almost eight years. No issue has aroused greater passion and concern among my constituents than the recent proposals of the Post Office to increase the cost of postage while service is clearly deteriorating. Recently I conducted a survey of my constituents through a householder which I circulated to them. I received an overwhelming response. I followed it up with a special forum on the Post Office which I held in my constituency office. That forum was well attended. Certainly serious concerns were raised, and they are reflected in the motion my Party has brought before the House today.

The major concerns expressed at that post office forum, as well as in letters and telephone calls from my constituents since then, were about lengthy delays in delivery, lost mail, the increased price of a change of address card to $9.50, and the particular situation in Burnaby—intolerably long line-ups at the South Burnaby Post Office. Just yesterday I was at the South Burnaby Post Office and there were 39 people lined up waiting for service at the wicket. Obviously that kind of service is completely unacceptable.

My constituents ask quite properly how the Post Office can possibly be seeking an increase in postage rates when the quality of service is in fact going down. As well I note that the sub post office located in Sears in the south area of Burnaby was shut down. Following my representations, a new sub post office was opened.

I wanted to take this brief opportunity to indicate that the concerns addressed in the motion are strongly shared by my constituents. In closing, I hope Conservative Members of Parliament will rise and support the motion. It is not a motion of confidence in the Government. It is not in any way a threat to the life of the Government, although some of us wish it might be. It is a chance for members of all Parties to rise to speak on behalf of their constituents, to call for improvements in the postal service, and to ask that there be no increase in the cost of postage until we obtain those improvements in service.

The Acting Speaker (Mrs. Champagne): I remind the Hon. Member for Kenora—Rainy River that there are 30 seconds remaining.

Mr. Parry: Madam Speaker, I thank the Hon. Member for Burnaby (Mr. Robinson). The concerns of Canadians are similar. The problems faced by Canadians, whether they be in line-ups or on rural routes, are caused by nickel and dime cutbacks as a result of the Government's unwillingness to subsidize Canada Post for the services the Government demands and its unwillingness to reimburse Canada Post fully for the many services it carries out, not only on the part of the federal Government but on the part of all Governments and indeed of the entire country.

• (1640)

[*Translation*]

The Acting Speaker (Mrs. Champagne): Resuming debate. The Hon. Member for Kamouraska—Rivière-du-Loup (Mr. Plourde).

Mr. André Plourde (Kamouraska—Rivière-du—Loup): Madam Speaker, as the Member for Kamouraska—Rivière-du-Loup, I welcome this opportunity to take part in the debate today. On April 14, 1981, thanks to the support of the three major political factions in this House and with the approval of the unions, business and consumer associations, the Canada Post Corporation Act was adopted. On October 16 of that year, the Post Ofice Department became the Canada Post Corporation, and Canada joined other countries such as the United States and Australia, who had previously and successfully opted for a postal service that would serve people in urban and rural areas in an efficient and responsible manner.

The mandate of Canada Post included three major objectives: improving service, improving labour relations and achieving financial self-sufficiency.

I would like to point out to Hon. Members, Madam Speaker, that all three objectives were equally important, because they each reflected the problems besetting Canada's postal services. Invariably, any proposal for dealing with one would be a step in the right direction towards solving the two remaining problems. In 1981, the Post Office was heading towards a deficit of $1 billion, and the Liberals' decision in 1981 to increase postal rates from 17 cents to 30 cents, a difference of 13 cents, did not help matters because, as we see now, the Liberal philosophy consisted in putting the entire burden on the user, without getting at the root of the problem. There had been no increase in postal rates for three years, although operating costs had continued to increase and as a result, Post Office revenue was down.

We are criticized for wanting Canada Post to be in the black in two years' time. Some people have short memories, Madam Speaker. It was the Liberals who, when Canada Post was set up, wanted financial self-sufficiency in two years. However, it was the usual "all talk and no action". And as if economic problems were not enough, not even 80 per cent of the mail was delivered on time. The private sector was giving Canada Post a hard time and appropriating an ever-increasing share of the market for express services, parcel post and even regular mail. The mechanized sorting centres had become obsolete. In fact, their introduction under a Liberal administration was so poorly managed that it is one of the best examples of wasting public funds.

An Hon. Member: Look who's talking.

Mr. Plourde: Madam Speaker, I think everyone will agree, including the Members of the Liberal Party, that the organizations and institutions of this country consist of men and women and that the human factor is the soul of these institutions. That is where, in 1981, the third problem lay of the new Canada Post Corporation. Labour relations were so poor that absenteeism, accident rates and sick leave reached record highs which one would be hard-pressed to find in other job environments with similar constraints. The situation was extremely complex when we consider that 29 separate bargaining units were sharing the task of finding out how far they could go in squeezing money out of the Government. It is easy to understand why this particularly embittered climate lead to a series of national strikes during the seventies and up to 1981. What happened during that long series of strikes is beyond description. Business people were put out of work, employers had to close because they depended on the Post Office to pay their suppliers and be paid by their clients.

We will never stress enough the fact that it is the small businesses which create jobs and, together, provide work for the majority of the men and women of this country. As I said, this series of strikes not only shattered the dreams of many small business people, but also forced out of work those who rely on the private sector for employment and food for their families. I hope we never again experience such a series of events.

As you can see, this was not a situation to be envied by any organization, and it is true that in 1981 that situation was disastrous. We realize today, five years later, that the challenge was enormous and that it takes a long time to get a dinosaur to move, provided of course that everybody push in the same direction.

I would like to remind the Liberal Members in particular that financial self-sufficiency for Canada Post Corporation was not proposed by the Conservative Party and this Government, but by themselves. This is why I would like to ask them to show some intellectual and political integrity and to continue on the course they had set for Canada Post in order to eliminate the deficit and improve the service. I sympathize with the Liberal Members and I understand their role in opposition. They have to be opposed to what we do, and I accept that, but to oppose something they created and we want to continue, is opposition for it's own sake. And this is a serious matter which deserves to be treated as such.

The Canadian society as a whole, Madam Speaker, has undergone major changes in the last few years. We must understand that organizations are subsystems of a more global system. When a global system governed by economic and social laws and trends is subjected to change, its subsystems, of which organizations are a part, must adjust or else run the risk of becoming obsolescent and useless. We must understand that Canada Post will always strike to reach the goal set in 1981. An surely, all will agree that our society is evolving in a dynamic environment, that time brings about certain changes and that we must adjust.

The management of Canada Post has submitted to us a corporate plan that takes into account the changes which have occurred in our country. It is a realistic plan which recognizes that other changes will occur and that Canada Post must obtain from the Government the means to develop its own capacity to adapt to change and to meet the challenge of tomorrow. We have seen more bickering than debate since Canada Post has tabled its corporate plan, and this has given rise to misunderstandings as to the basic role of the postal system. The Canada Post Corporation Act itself has taken a beating. What I mean, Madam Speaker, is that we are asking, five years after passage of this legislation by Parliament, if people have a right to door-to-door delivery, if every community across Canada, regardless of population density, has a right to two or three post offices.

Madam Speaker, all Canadians are entitled to a postal service and for more than a hundred years, Canadians have been getting their mail from a post office, by the rural contractor who delivers it at the edge of their land, by the mailman in the city or through many other ways.

It is on that point that the Opposition is misleading us in this debate. To ask Canada Post to operate as a business without

giving it the means to act in a responsible way would bring us back to square one. Remember 1981!

I might tell the postal union that the more efficient Canada Post will be the more jobs will be protected. The closer the corporation will adhere to market laws by being more competitive, the more secure the jobs will be.

Madam Speaker, in that area, the Government has taken responsible action.

Finally, Madam Speaker, I am pleased with the statement our Prime Minister (Mr. Mulroney) made last week, and a report written by a Canadian Press journalist, Mr. Pierre April, under the headline "Mulroney Wants to Make Postal Recovery Plan More Acceptable" should answer many of the questions that were asked in the House today. Here it is:

Prime Minister Brian Mulroney indicated clearly in the House of Commons yesterday that the recovery plan for Canada Post, which was made public on November 5, could be changed to make it more acceptable to the Canadian people.

As a result of the spring 1986 parliamentary reform Members, he said, were presented with the plan and suggestions for major amendements will no doubt be made. We intend to listen to what members of the parliamentary committee to study the Canada Post plan have to say.

In reply to a question by Liberal leader John Turner, the government leader pointed out that this much criticized Canada Post plan was an attempt by the Corporation to find ways of providing service at a reasonable cost.

This plan, he added, was submitted as it should be to a parliamentary committee for consideration. Members are sending strong signals—

—and I am one of them—

—and I imagine that there will be a report indicating that some aspects of the plan were unacceptable.

One of those aspects severely criticized by Conservative as well as Opposition members in this House concerns the phasing out of door to door postal delivery and the reduction of postal services in rural areas while maintaining these services in urban areas. First and foremost, added the Prime Minister, we must take into consideration the interests and the well-being of Canadian citizens, especially in rural areas.

There shall be no second-class citizens in this country, whether it be regarding mail service or otherwise, he concluded, as long as this Conservative government will remain in power.

For his part, the Minister of State for Small Businesses and Tourism (Mr. Valcourt), speaking on behalf of his boss, the Minister responsible for Canada Post, stated that the Government had received the plan on November the 5th, had accepted it and then referred it to the parliamentary committee. This committee, he added, was to make recommendations to Parliament which in turn would decide what would become of the corporation's plan.

● (1650)

[*English*]

Mr. McKenzie: Madam Speaker, I want to congratulate the Hon. Member for getting some straight facts on the record. We should put on the record more facts of what has transpired over the last few years.

The NDP voted with the Liberals and the Conservatives to create a Crown corporation. At that time the Government was seeking self-sufficiency in five years. I wonder what has changed the mind of the NDP now. Also, the NDP agreed with the goal of a self-sufficient Crown corporation, yet it advocates positions which would create stamp prices six to ten cents greater than the corporation has planned.

Does the NDP really care about consumers, or is it simply in the pocket of big labour? We know the NDP gets its marching orders from the labour unions, but I do not think the country wants to be governed by Jean- Claude Parrot or Shirley Carr.

It should also be on the record that in 1974 a Liberal Government imposed a moratorium on new towns receiving letter carrier service. The practice prior to 1974 was to implement letter carrier delivery when a community reached 2,000 points of call.

In addition, green boxes were first used by the Department of the Post Office over 30 years ago. Corporations under previous Governments used green boxes in rural settings and to service some urban growth, although many residents of new developments had no option other than general delivery.

For the two opposition Parties to take the position that all of a sudden they are against mail boxes and community boxes, as has been intimated today, is very hypocritical. The super-mailboxes were first introduced in 1982 and Canada Post has been installing them since 1983. I do not understand the concern about super mailboxes being installed now, three years later.

We all agreed Canada Post should be self-sufficient. We cannot provide door-to-door mail delivery right across Canada and make Canada Post self-sufficient. I tell people in my riding, although not everyone likes it, that we simply do not have the money to pay for door to door delivery right across Canada. It would be very nice if we had the money, but we do not. No one has written me saying that they are prepared to pay 50 cents for a stamp, and that is what we would have to pay in order to afford door to door delivery.

I have also heard Members complaining within the last few weeks about boxes in their ridings. These outdoor boxes have been in their ridings for the last 30 years. There are a lot of games being played, Madam Speaker. I agree that Canada Post provides a lot of poor service. We all know that. However, we are not through with Canada Post. It will be appearing before the Miscellaneous Estimates Committee as well as the Transport Committee. I hope Liberal and NDP Members will attend those committee meetings. I hope the Member for Burnaby (Mr. Robinson) will take action on his questionnaire. I think that is a good idea. A lot of Members have done that. However, they must be sure to pass the results on to Canada Post or to present them at committee meetings. Let us apply pressure to Canada Post until we get improved service.

Mr. Keeper: Madam Speaker, does the last speaker realize that Canada Post is spending approximately $800,000 to advertise the so-called super boxes? That money could be used to provide door-to-door service for those who are not now receiving it. Canada Post is also wasting money on automobiles for its 14 vice-presidents and various other things. If we cut out that waste, we would be in a position to provide the service to which people have a right.

[*Translation*]

Mr. Plourde: Madam Speaker, in answer to my colleague, I would like to tell him that since the Conservative Party's election in September 1984, Canada Post still has made great progress and at a sustained rate. Concerning the squandering and the $800,000 spent on advertizing he is talking about, I agree with him that if there is squandering within Canada Post we have a committee in this House and it is his duty as the representative of the people who sent him here to express his concerns before this committee and from there the committee will undertake to inform the Minister in order that such a situation be redressed.

Madam Speaker, as the representative for the riding of Kamouraska—Rivière-du-Loup for the past two years, I have experienced a good many problems with Canada Post, and I can say in this House that there was very close co-operation with the people at Canada Post, that most of my problems have been resolved, and that we have worked in co-operation with the corporation in cutting back the squandering he mentioned.

The Acting Speaker (Mrs. Champagne): Questions or comments? Resuming debate. The Hon. Member for Glengarry—Prescott-Russell (Mr. Boudria).

Mr. Don Boudria (Glengarry—Prescott—Russell): Madam Speaker, I welcome this opportunity to take part in this very important debate in the House today.

• (1700)

[*English*]

This very important motion before us today urges the Government to require Canada Post to forgo the two-cent postal rate increase planned for the new year, to reject the planned closure of hundreds of rural post offices, to reconsider the decision to replace door-to-door postal delivery in new suburban areas with Post Office super mailboxes and to reconsider the ongoing reductions in urban postal services. All of the issues raised in the motion are very important to constituents whom I represent in the House.

[*Translation*]

The electoral district of Glengarry—Prescott—Russell covers a vast territory. In fact, the distance from one end of the riding to the other is about 110 or 120 kilometers. There are forty-two post offices in the riding. The western part of the riding is urban, and contains the community of Orléans which is very close to Ottawa. This community now has 75,000 inhabitants, and although problems with postal services may be different from those in the country, they exist just the same. There is only one other region in the riding were mail is delivered door to door, and I am of course referring to the town of Hawkesbury. Elsewhere we have rural services.

[*English*]

Let us talk about the problems of urban mail delivery in my constituency. When I was called upon by the people of Glengarry—Prescott—Russell to represent them in the House in 1984, one of the first issues that came to my attention in the urban area of Orleans was that literally thousands of people had to drive to the post office in order to pick up their mail. Some of them had to drive as far as eight kilometres one way to get their mail in this urban area and then had to stand in line for hours before getting the mail. Of course, that situation was unacceptable.

As their Member of Parliament, I contacted Canada Post and asked why my constituents could not get urban mail delivery when residents on the next street had urban mail delivery. I assumed that if one street could have that service, the next street in the same subdivision could have the same service. However, Canada Post said no and denied that service because it no longer provides urban mail delivery. Naturally, my constituents and I wondered what we could do in the meantime and asked at least to have the green community mailboxes on the corner. Canada Post refused because those community mailboxes are for the rural area. I argued and said: "Let me get this straight: you mean that you cannot get urban delivery because you do not have it and you cannot get rural delivery because you are in an urban area?" That is Post Office logic and does not make sense to most people in Canada. It obviously did not make sense to the people whom I represent.

Finally, Canada Post decided to provide those community mailboxes while it studied the situation. People in the Orleans area tolerated that because it meant they did not have to drive up to 10 kilometres to get their mail while Canada Post decided how to improve the service.

[*Translation*]

However, most people did not know at the time that Canada Post was planning to introduce a kind of mail box, so that these community boxes would become a permanent fixture. I am of course referring to the so-called superbox. What did they do? They took one of these community boxes and decided to make it a permanent box. They call it the superbox. I keep wondering about the world "super", Madam Speaker, because it is pretty clear many of us would prefer to call it something else.

[*English*]

Super mailboxes were plagued with breakdowns and would not lock properly. We then discovered that not only did the super mailbox have a super-open door, as the Member for Winnipeg North Centre (Mr. Keeper) said, there was a super key that in fact could open a number of boxes. As a result of the cold and stormy weather today and yesterday, my constituents were phoning me to say that the super mailboxes in Orleans were frozen solid and could not be opened at all. It is quite evident that this system is simply not working properly. This situation also causes me concern for the blind and the handicapped.

Mr. Côté (Langelier): You should read the plan.

Mr. Boudria: The Minister says that I should read the plan. I have read whatever little of the plan the Government has allowed us mortals to see.

Mr. Côté (Langelier): They are the same boxes that you installed in 1983.

Mr. Boudria: It is quite evident that the boxes that are in the area that I represent are inaccessible to people in wheelchairs. It is also quite evident in that area, notwithstanding what the plan indicates may happen in the future, according to which part the Government decides to adopt, that people who purchased homes in an urban area in order to receive normal services for an urban area are not receiving those services. That is the point I am making.

I am asked why people should have that service. It strikes me as normal, elementary justice that if there are four streets in a row, and street number three and street number one have mail service, then street number two and street number four should have exactly the same service. I suggest that anything less is an injustice to the people whom I represent.

[*Translation*]

But the Post Canada plan has created a new problem, and I am referring to rural mail delivery. The Minister responsible for Canada Post and his assistant—incidentally, he has been observed recently hanging around post offices in my riding—should know that what Canada Post is doing at this very moment is totally unfair.

Here are some facts. First I should like to talk about the people who deliver mail in rural areas of this country, specifically about one individual. For openers, now we know that a person who delivers mail along rural routes will have to submit tenders to renew his or her own contract. Imagine, Madam Speaker, an individual has to make a bid to keep his or her job. Such is the new policy of the Government, the policy of Canada Post. I would draw the attention of Hon. Members to the case of one of my constituents from the Hawkesbury area, Mr. Ronald Laliberté. For 35 years now he has been delivering mail for Canada Post. He is 53 years old. That is about all he has done during his life, but now he has to submit a tender and he cannot be sure whether he will be able to hang on to the job he had had for 35 years. Where can he look for a job after working so many years for the same employer? We can only wonder what working conditions were like 35 years ago.

Madam Speaker, I know from a reliable source that 30 years ago he was badly injured while delivering mail. Delivering mail in rural areas is not exactly the cushiest job. Some years ago, the same people who delivered the mail in winter sometimes used skis, snowshoes or any other device they could get their hands on to do their work. And now the appreciation they are getting are this: "Mr. Smith or Mr. So-and-so, as of April 1st, if you want to keep your job you will now have to apply for it and bid lower than others". This is what they get in the way of appreciation after so many years of service.

That is unfair, Madam Speaker.

• (1710)

[*English*]

I would like to speak now about the rural post offices. The Canadian Postmasters and Assistants Association, its President, Mr. Starkey, and others, met with members of the Liberal caucus this afternoon. They made us aware of the fact that, for instance, 72 per cent of parcel post business belonged to the Post Office in the past. A decade later Canada Post has only 12 per cent left of that business. That business is dwindling because Canada Post cannot provide adequate service. Therefore, that service will gradually be lost.

What about the issue of weekly newspapers? What is going to happen to that business as a result of this centralization of rural mail? Right now, if weekly newspapers in my riding and elsewhere are published on Tuesday, the owner of the newspaper, or one of its employees, will take it to every small post office in the area and the postmaster will hand it out to the local people on Wednesday. Do you think, Madam Speaker, that a larger post office will have that same day service for weekly newspapers? I say it will not. That will doom the weekly newspaper industry. No one wants to read a weekly newspaper if it is three, four or five days old. The whole business of providing a consolidation of rural routes is not going to work.

[*Translation*]

Can you imagine, Madam Speaker, in a rural area such as Glengarry—Prescott—Russell, what it means to tell people: "You will have to walk or drive 4 kilometers to get your mail, in rural areas?" I have in my constituency many senior citizens living in rural areas. Some do not even own a car. How are they going to get their mail?

The Government's suggestion concerning that rural consolidation is unreal, so much so that people living in the suburbs or the outskirts of villages—

The corporate plan of the Canada Post Corporation informs us that people in rural areas living less than two kilometers away from a post office will get the same service as those living within the limits of a village.

Do you know what that means, Madam Speaker? That means that if you live at a distance of two kilometers or less from a post office, from now on you will have to walk to fetch your mail. They no longer deliver the mail to the mailbox in front of your house. That is what it means for people living in rural areas in my riding. Do you think it is reasonable to require from a person who is 60, 70 or 80 years old to walk a distance of two kilometers in a snowstorm, on a day like today, to get his or her mail?

The Canada Post Corporation wants these superboxes in rural areas. First, we thought we were going to get them in urban areas. Now, they would like to give them to us in rural areas. Can you imagine such a superbox on the corner of the third concession, at a distance of four kilometers from nowhere? People will have to walk to get there, and what will

they find? A snowbank one meter high—not to say three feet high—in front of the superbox. And the superbox will be frozen in January when the temperature is 15 below. This is a potential situation which my constituents will be faced with if the Government does not put an end to this policy of the Canada Post Corporation.

People in my constituency have a saying, Madam Speaker. They say—

Mr. Prud'homme: Tory times are hard times!

Mr. Boudria: The Hon. Member for Saint-Denis (Mr. Prud'homme) says: "Tory times are hard times." This is true. We also say that, but there is another saying in my region. People say that a Government which cannot deliver the mail does not deserve to be in power. If the Conservatives opposite are unable to deliver the mail to the constituents of Glengarry—Prescott—Russell, how can they claim the right to govern? How can they claim the ability to do anything else when they are not even able to take a letter from one place to another in this country?

These are all questions which have been asked to me. These are all questions to which the constituents of Glengarry—Prescott—Russell want some answers, Madam Speaker. It is very well for the Conservative Members to ridicule the Opposition for moving this motion today. They claim that this motion is not necessary. For my part, I can say that the residents of my constituency and of all other constituencies in Canada want to know whether or not this Government has the ability to deliver the mail.

[*English*]

The people of Canada want to know how they can trust this Government with anything else if it cannot even deliver the mail properly? How can it claim to be competent enough to run the country if it cannot run the Post Office? We still do not have the answer to that. We are certainly not getting answers from the typewritten, eight and a half by eleven triple-spaced speeches we heard from some Hon. Members on the government side. We will get the answers by having a debate and hearing what our constituents in every single riding across the country want. In closing, I invite Hon. Members of the Government to hold the Government to account. That is not just the duty of the Opposition. It is the responsibility of the Parliament of our country. It is time the 200 or so silent Tory back-benchers spoke up for the people who sent them here and told the Government: "We have had enough of this. Deliver the mail. That is what you were elected to do".

• (1720)

Mr. Malone: Madam Speaker, I have never heard so much unadulterated crap in all my life. I want to ask the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) how in the world he can stand in his place and talk about Conservative Members not bringing accountability to Government when he is a member of a political Party that, when in government just two-and-a-half short years ago, had a Post Office debt nearing $1 billion. His Party cared not a toot about whether or not the debt grew larger. It had no respect for the debt of the nation. It provided poorer service then than we have now. Yet the Hon. Member can stand in his place and somehow pretend that nothing has changed, that there has been no change in direction, when the truth of the matter is that service will not change until we get the debt under control in a complete way. Service is certainly better now than it was when his Party was in place. How can the Hon. Member pretend to be giving a speech that in any way reflects historical fact when he displays a turning aside of the facts to suit his own purposes?

Mr. Boudria: Madam Speaker, if the Hon. Member does not like it, he can take it or leave it or lump it. I do not care. The people of Glengarry—Prescott—Russell sent me here to speak on their behalf, which is what I will do so long as I am here, whether the Hon. Member opposite likes it or not.

In so far as the quality of service is concerned, I do not think that there is anyone in my riding, nor in yours, Madam Speaker, or in any other riding, who thinks that the service of Canada Post has improved since the Tories took office. If there is such a person I would sure like to meet him.

Mr. Epp (Thunder Bay—Nipigon): Madam Speaker, I appreciate this opportunity to say a few words about the points raised by the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) regarding rural postal service in particular. On Friday I had the pleasure of travelling to several rural parts of my riding with my friend, the Hon. Member for Winnipeg North Centre (Mr. Keeper), to talk to constituents about rural mail service. In one community of about 340 households, which is served presently by a small rural post office and by a rural route service, I discovered at a meeting of people gathered together with about three or four days' notice at 2.30 p.m. on a Friday afternoon that there were 42 people in the room ready to express their concerns about rural postal service. At a meeting that evening in Kakabeka Falls called with even less notice we found 75 people gathered together to ask questions and express their concerns about rural mail service.

The reality that faces these communities now is that the corporate plan which the Cabinet of the Prime Minister (Mr. Mulroney) approved last month will have Canada Post closing these post offices at the first opportunity and taking rural mail delivery away from people to replace it with one kind or another of group box. People who are used to good mail service, although they have seen various declines in it over the last few years, now see postal service being removed from their driveways and from their homes. They see a Government which is prepared to make the Canada Post reduction of deficit argument which will increase their own costs of mail service. The total cost of communicating through Canada Post is at the very basis of the situation that people face. I find it outrageous that the Hon. Member for Crowfoot (Mr. Malone) and other rural representatives on the government side who were at committee on Thursday and who cut off discussion of a postal

rate increase, which should have been part and parcel of a larger consideration of rural mail service, should be here today asking questions about the kind of service that people have received over the past couple of years. It will only get worse.

What we have to consider is the fact that the deficit in Canada Post will not be dealt with by cutting back on services. If the last Government as well as the present Government had allowed Canada Post to enter such areas of service as parcels and electronic mail—and it allowed the experiment with consumer post to go ahead—the deficit would have been covered. Then the rural inhabitants of Canada would not find themselves in a situation in which their costs of receiving mail will be rising massively. They would not find themselves facing costs of hundreds of dollars in many cases to receive mail, all because Canada Post is trying to reduce its deficit somewhat.

It is just that type of large consideration of the needs of Canada, in allowing Canada Post to expand its activities rather than cut them back, that should be at the basis of a logical corporate plan. The failure to recognize the needs of rural Canada, and instead to be preoccupied with reducing Canada Post services while profit-making enterprises in the country make money, is an attack on rural Canada which back-benchers of the governing Party seem quite prepared to support. It is simply outrageous. My constituents are not going to stand for it, regardless of what the constituents of Members opposite may think.

Mr. Boudria: Madam Speaker, first, rural mail service cannot pay its way. If we are looking to make money with rural mail service, then I tell rural Members of the House to try to sell it to their constituents if they think it will work. It cannot be a paying proposition to deliver mail in a rural area. That is why it is called a postal service as opposed to a postal business. That is what it is.

Second, in terms of rural mail service and the type of service that it provides and the necessity of it for rural residents, I refer to my meeting this afternoon with the association of postmasters and their assistants. I was told at this meeting that in rural areas a large number of senior citizens still receive such things as prescriptions, food items and clothing items in the mail. They receive COD articles of mail. Those features of Canada Post are used by our rural residents. They are people who live far from urban communities and who need these services. Receiving medicine through the mail is not just a convenience for these people. In many cases it is the only way to receive the items they need. It is time we started to think about that. Some Members opposite talk about the fact that many things have changed, as if having a postal service were mere nostalgia. It is not that. It is something that we need and it is something that the people want. They have every right to expect that they should receive it from the Government.

Mr. McKenzie: Madam Speaker, I have some comments to make. I do not know where the Hon. Member was, or other members of the Liberal Party, when they let the Post Office run down to such a degree. We inherited this mess from the Liberal Government. The corporation under the Liberal Government did not invest in capital assets, therefore creating the situation that this Government is addressing. The age of the transportation fleet is almost twice the optimum for transportation companies. No significant investment was made in sorting equipment. Some of it is 30 years old. So we have to find the money to buy new sorting equipment. Why did the Liberal Party when in government not buy new sorting equipment? This Government is making a major equity investment in this and the next fiscal year to improve capital base and consequently improve the level of postal service.

It was the Liberal Government while Canada Post was still a Department which negotiated agreements with unions that have reduced management operational efficiency and set a wage rate for union members which is out of line with wages paid in the private sector. The settlements to which they agreed are the major reason Canada Post is in financial difficulty.

I want to point out to you, Madam Speaker, that we are dealing with this. The Canada Labour Relations Board is working with the unions and Canada Post to reduce the number of unions, which has caused serious operational problems for Canada Post. There are about 29 collective agreements. I hear some mumbling from members of the NDP. The unions agree that they do not need as many collective agreements and they agree that we do not need umpteen different unions in Canada Post. We are working on that problem and we are taking decisive action. We are not ignoring the problems like the Liberals did for all the years they were in power.

• (1730)

Why was this mess created? If Liberals are so smart, know everything and have all the answers, why did they not implement all their brainwaves when they were in power? It is ludicrous for them to be criticizing Canada Post now and for them to be criticizing us for taking positive action, something they should have done but have neglected to do in the 20 years they were in power.

Mr. Boudria: I cannot respond? I would have loved to.

The Acting Speaker (Mrs. Champagne): The time is over. Resuming debate.

Mr. Les Benjamin (Regina West): Madam Speaker, I have followed today's debate very closely. I have heard a litany of complaints about the postal service for a number of years. I do not intend to spend much time talking about details. However, I would mention, after hearing the Hon. Member for Winnipeg—Assiniboine (Mr. McKenzie) complain about what the Liberals did, that over the last few years, I have been collecting envelopes. I have here a handful of envelopes, the last group I received.

If one wanted to complain about Canada Post, one could talk about these envelopes. This one took 10 days to go from

Vancouver to Ottawa, this one six days from Toronto to Ottawa, this one nine days from Winnipeg to Ottawa, this one nine days from Moose Jaw to Ottawa, and this one seven days from the main Alta Vista Post Office in Ottawa to the House of Commons. These letters were all sent since the Conservatives came into power.

I have a collection of envelopes which were sent while the Liberals were in power. I have given members of my staff standing instructions to note the date a letter was mailed and the date it was received at this post office and to keep those envelopes. I urge that practice upon all Hon. Members.

This is nothing more than a symptom of the disease. The disease is the false premise that there must be self-sufficiency in the Post Office as recommended by the commission. As the Minister said today, and I am sorry he had to step out for a moment, this objective is endorsed by the Government. This objective is in fundamental conflict with the provision of equitable postal service all across Canada. We cannot have both at the same time.

Postal service is a national requirement. It is a required public service. As a result of that fundamental principle, self-sufficiency must take second place. I do not know of more than three or four postal systems anywhere in the world that break even, let alone make money. Perhaps the postal services of Monaco and Lichtenstein make money, and I hear the British and the Swedes are doing well, but in those countries the postal system sells a great many other services as well in order to provide fast urban door-to-door and rural delivery.

It is said by those who demand self-sufficiency that we cannot have a public service, a Crown corporation, occupying territory that rightfully belongs to the private sector, territory like the delivery of mail or the provision of savings accounts and drivers' licences. I can remember registering for the national mobilization in 1942 at a post office, but in those years everything was done at the post office. I am not suggesting that the same things be done at a post office now. However, there is a national need for door-to-door delivery in urban Canada and for delivery to rural routes and rural post offices. If we are to meet the national need, we cannot have self-sufficiency. The postal service might become self-sufficient once in a while, perhaps three years out of five, but there is no imperative in the minds of taxpayers for full cost recovery at the expense of service.

I recognize that my hon. friends opposite, including the Hon. Member for Winnipeg—Assiniboine, are perfectly right. What is happening now was started by the Liberals. I am not arguing about that, I simply put a plague on both their houses. The point is we cannot have both things at the same time.

In a nation like ours with our geography, climate and distances, the Post Office will be lucky to break even and will likely lose money. That is not to suggest that it be given free rein and lose whatever amount of money it likes. Of course it must operate efficiently and in the course of providing service to Canadians in all parts of Canada, it must be efficient. There is no argument about that. However, efficiency should not be achieved at the expense of rural residents, rural post offices or urban residents.

The Prime Minister (Mr. Mulroney) has said that there are no second-class citizens. In northwest and southwest Regina, there are people who are being treated as second-class citizens. They live one street away from door-to-door delivery. The situation is the same in every city in Canada.

Of course mail service must be efficient. It should be governed by a consumer-oriented regulatory agency that does not take into account current government fiscal requirements. However, there is no question that if we are to provide an equitable postal service, the odds are that it will lose money in eight or nine out of 10 years.

I have yet to hear from a taxpayer, a Liberal, a Conservative, an NDP, a big businessman, a small businessman, a home owner, a farmer or an old age pensioner in my constituency or anywhere else in Canada who objects to the Post Office having a deficit as long as it provides the service. If we do take into account our geography, our climate and the wide scattering of our population, then obviously the nation as a whole must share in the cost of delivering the mail as it has shared in so many other areas.

I spoke to a farmer from Aylesbury, which is in the riding of my hon. friend from Moose Jaw. I am sure he is as welcome in Aylesbury as a skunk at a garden party.

Mr. Gottselig: I used to live there.

Mr. Benjamin: I am sure he is welcome there. A farmer from Aylesbury said to me: "You know, on the one hand they are going to increase my rates and on the other hand they won't deliver my mail. What are they raising my rates for, whether it be for a letter or a parcel? They are going to close the post office in Aylesbury". The same thing applies to something in the order of 1,800 hamlets, villages and small towns all across Canada. The Government has to offer service first and self-sufficiency second. At the moment, according to the Minister, it has opted for self-sufficiency first and service second.

• (1740)

I am sure my friends in the government back-benches have gotten the message from their constituents: You cannot have it both ways. You cannot have equitable service and self-sufficiency at the same time in a country like this. It is not realistic. That is why I invite my friends on all sides of the House to support a motion which does not indicate want of confidence. The motion specifically says it does not. It does not condemn the Government. It calls on the Post Office to do certain things and that is all. Every Member of this House can feel completely free to express the feelings of their constituents. It will not serve as condemnation of the Government. It will not be a condemnation of Members who might not vote with their Party. It serves only as an expression of opinion by

their constituents. If Members feel they have to vote against that opinion, they are fully entitled to do so. I have done it and gotten in a lot of trouble with my constituents on more than one occasion. However, they must make up their own minds. They cannot have it both ways, as I said.

I suggest to Members that they opt for service first and allow Canada Post to be innovative, even if it infringes on territory which the private sector thinks it is entitled to. Tough cookie. There are services the Post Office can provide at the same or less cost than that at which the private sector is presently ripping off consumers. There is a wide variety of things the Post Office can be doing in conjunction with mail delivery.

There is nothing more meaningful than the mail to individual Canadians. Whether they open their mailbox on a daily basis or three times a week, whether it is flown in or comes in on horseback, it is personal. Every person in Canada is affected by the quality and frequency of mail service. People in rural Canada do not expect daily door-to-door delivery in every village and every farm. They never have and they have not asked for it. They do expect some equity of service and surely that has to take priority over self-sufficiency.

Whether the Post Office deficit is $100 million or $500 million in a given year, give the people of Canada the service and they will agree to share the deficit. It is called a co-operative commonwealth. It is called a new democracy. It is called co-operative federalism.

The Acting Speaker (Mrs. Champagne): Order. It being 5.45 p.m. it is my duty to interrupt these proceedings and put every question necessary to dispose of the supply proceedings now before the House under the provisions of Standing Order 82(9). The question is the following one. Mr. Keeper, seconded by Mr. Riis, moved:

That this House urge the Government to require Canada Post to forgo the 2 cent postal rate increase planned for the new year, to reject the planned closure of hundreds of rural post offices, to reconsider the decision to replace door to door postal delivery in new suburban areas with reductions in urban postal services, and furthermore, that the adoption of this motion shall not be considered to be a question of confidence in the government.

All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mrs. Champagne): All those opposed will please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mrs. Champagne): In my opinion the nays have it.

And more than five Members having risen:

The Acting Speaker (Mrs. Champagne): Call in the Members.

The House divided on the motion (Mr. Keeper), which was negatived on the following division:

• (1750)

(*Division No. 37*)

YEAS

Members

Allmand
Axworthy
Benjamin
Blaikie
Boudria
Broadbent
Copps
de Jong
Dingwall
Epp
(Thunder Bay—Nipigon)
Finestone
Foster
Frith
Garneau
Gauthier
Gray
(Windsor West)
Grondin
Guilbault
(Saint-Jacques)
Heap
Hopkins
Hovdebo
Kaplan
Keeper
Langdon
MacLellan
Malépart
McCurdy
McDonald
(Broadview—Greenwood)
Mitchell
Murphy
Nicholson
(Trinity)
Nunziata
Nystrom
Orlikow
Parry
Penner
Prud'homme
Riis
Robichaud
Robinson
Rodriguez
Roman
Rompkey
Skelly
Tardif
(Richmond—Wolfe)
Waddell—46

NAYS

Members

Andre
Attewell
Belsher
Bertrand
Binns
Bissonnette
Blackburn
(Jonquière)
Blais
Blenkarn
Blouin
Bosley
Bouchard
Bourgault
Brisco
Browes
Cadieux
Cardiff
Champagne
(Champlain)
Clark
(Yellowhead)
Clinch
Cochrane
Collins
Comeau
Cossitt
Côté
(Lac-Saint-Jean)
Côté
(Langelier)
Crofton
Crosbie
(St. John's West)
Crosby
(Halifax West)
Crouse
Darling
Daubney
Domm
Dorin
Edwards
Ellis
Fennell
Ferland
Fontaine
Fraleigh
Fretz
Gagnon
Gass
Gérin
Gervais
Girard
Gormley
Gottselig
Graham
Gurbin
Gustafson
Halliday
Hardey
Hawkes
Hicks
Hnatyshyn
Holtmann
Howie
Jacques
James
Jelinek
Jepson
Johnson
(Bonavista—Trinity—Conception)
Joncas
Kelleher
Kilgour
King
Ladouceur
Landry
La Salle
Lawrence
Layton
Lewis
Lopez
MacDonald
(Kingston and the Islands)
Malone
Mantha
Martin
Mazankowski
McCain
McCrossan
McCuish
McDermid
McKenzie
McKinnon
McKnight
Nicholson
(Niagara Falls)
Nickerson
Oostrom
Peterson
Pietz
Porter
Price
Redway
Reid
Ricard
St. Germain
Schellenberger
(Wetaskiwin)
Scott
(Victoria—Haliburton)
Scott
(Hamilton—Wentworth)
Scowen
Shields
Siddon
Sparrow
Stackhouse
Stevens
Stewart

Tardif
(Charlesbourg)
Taylor
Thacker
Towers

Tremblay
(Lotbinière)
Valcourt
Van De Walle
Vincent
Warner

Wilson
(Etobicoke Centre)—117

• (1810)

[*Translation*]

The Acting Speaker (Mrs. Champagne): I declare the motion lost. It being 6:14 p.m., this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 3(1).

At 6.14 p.m., the House adjourned.

HOUSE OF COMMONS

Wednesday, December 10, 1986

The House met at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

INDIAN AFFAIRS

POST-SECONDARY EDUCATION ASSISTANCE PROGRAM—APPLICATIONS' CUT-OFF DATE

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, relations between the Government of Canada and this country's Indian people continue to be sour. To illustrate why this is so I use as an example the post-secondary assistance program. This program has enjoyed enormous success as more and more young Indian people seek advanced education. Now, almost without warning, the Government has decided to curtail its expenditures on this program.

There is always money, it seems, for failed banks or rich friends of the Government, but no new funds to help Indian youth develop careers and become self-reliant. The Department of Indian Affairs arbitrarily decided on a cut-off date of November 1 for applications under this program. Where, I ask, is the legal authority for such a decision?

Hundreds of Indian students will therefore be disqualified for assistance. Many hundreds of others who did meet the deadline have also been advised not to expect any help. Broken promises, shattered dreams, bitterness, resentment and anger—will the pattern never end?

* * *

HUMAN RIGHTS

ANNIVERSARY OF UNIVERSAL DECLARATION OF HUMAN RIGHTS

Mr. Reginald Stackhouse (Scarborough West): Mr. Speaker, on December 10, 1948, the General Assembly of the United Nations approved the first Universal Declaration of Human Rights. Each year on this date the member states of the U.N. have observed Human Rights Day. It is not an easy day to celebrate. In spite of the noble language of the Universal Declaration, the past 38 years have seen more brutal torture, political imprisonment, and ruthless repression of rights than any previous 38 years in history. Yet this remains as a day to celebrate, with the message of Mykola Rudesko, the Ukrainian poet, who spoke for all who are helpless and yet not hopeless:

They can lock up only our body.

But the spirit will fly throughout the ages.

One year ago Canada made Raoul Wallenberg an honorary citizen for his heroism to humanity during the Holocaust. The world needs his heroic spirit still, and on Human Rights day Canada and all the world honours all who share it.

* * *

• (1405)

MEMBERS OF PARLIAMENT

PROGRESSIVE CONSERVATIVE MEMBERS' VOTE ON POST OFFICE MOTION

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, as one who has been involved continuously with the parliamentary reform process which began in 1982, serving on both the Lefebvre and McGrath committees, I have had many opportunities to be pleased with the progress of reform. The present Prime Minister (Mr. Mulroney), known for not keeping his promises in many other areas, lived up to his rhetoric on parliamentary reform in several important respects and we have seen much that is good as a result, not the least of which is the process by which you, Mr. Speaker, were elected servant of this House.

However, I observe with regret that yesterday was a setback for parliamentary reform. If it could be said that the Prime Minister has made his contribution to parliamentary reform, it may also be said that Conservative backbenchers missed a big opportunity yesterday when not one of them supported a motion concerning the post office which contained nothing with which many Tory backbenchers are known to disagree. They voted as a block against their own views on a motion which was not a non-confidence motion.

Mr. Speaker: I think I must remind the Hon. Member that he is coming very close to reflecting on a vote and that may offend against the sensibilities of the House.

* * *

THE PRIME MINISTER

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, finally the marriage between the Conservative Party and the Parti Quebecois, consummated in

1984, is producing offspring. On Monday our double-talking Prime Minister (Mr. Mulroney) made a statement in Quebec designed to undermine Quebec Bills 140 and 142. These Bills were presented by the majority Bourassa Government to provide greater language equity in Quebec.

Mr. Speaker: Order, please. The Chair will allow the Hon. Member to continue but I think the Hon. Member, who is an experienced parliamentarian, would want to think carefully about some of the words he has used. I am sure he will take that into account for the rest of his statement. I think language like that does create some difficulties for the Chair.

Mr. Allmand: Thank you, Mr. Speaker. As a result, the Prime Minister was naturally applauded by Pierre Marc Johnson, Leader of the Parti Quebecois, and criticized by Liberal Minister Lise Bacon. In this respect the Prime Minister has now aligned himself with the Association of St. John Baptiste Societies and other extremist groups. This is the same Prime Minister who, in the 1984 election and in the Speech from the Throne, promised to protect minority language rights. We now know that promise is as worthless as hundreds of others. When will the Prime Minister live up to his commitments and start telling Canadians the truth?

* * *

[*Translation*]

HOUSE OF COMMONS

FRENCH LANGUAGE USAGE

Mr. Gabriel Fontaine (Lévis): Recently, Mr. Speaker, our Conservative colleague from Mégantic—Compton—Stanstead (Mr. Gérin) took the initiative of releasing figures on the use of French in the House of Commons.

Under the Liberals French was used 9 per cent of the time in this House. In October 1986, under the Conservatives, the use of French had gone up to 20 per cent.

Which political Party belittles the use of French in the House of Commons?

In October 1984 the socialist Party used French only 3.9 per cent of the time, even less in November 1986, 3.3 per cent. However these figures are misleading because most socialist Members read texts which have been translated into French especially for the Oral Question Period.

Once again the socialist Party does not show its true colours, which is why it will not gain ground in Quebec at the next election. Mr. Speaker, Quebecers will never forget the socialist Party's hypocritical approach in its advertising.

• (1410)

[*English*]

POLITICAL PARTIES

CANADA-UNITED STATES TRADE NEGOTIATIONS—POSITION OF LIBERAL PARTY

Mr. Jim Jepson (London East): Mr. Speaker, given the Liberals' penchant for book writing, I have a suggestion for the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) which might help him make the best-sellers' list and at the same time clear up some of the confusion on the trade issue.

In a letter to *The Globe and Mail* today the Liberal Party's trade critic sees no contradictions in his Party's numerous stands on trade. He says his Party's contradictory policy resolutions endorsing free trade and condemning free trade are "confirmation of a truly Liberal approach to trade". The Leader of the Opposition (Mr. Turner) has come down firmly on both sides of the issue, thus giving us the Liberals' idea of policy leadership.

Can the Hon. Member for Winnipeg—Fort Garry reconcile his stand with that of the Liberal external affairs critic? Stay tuned. The Liberal trade critic's letter to the editor is an attempt at clarifying a very muddy pond. Perhaps he should talk to his Leader and the Hon. Member for Saint-Henri—Westmount (Mr. Johnston) to make sure that they do not drown each other. All this brings one to the inevitable question: will the real Leader of the New Democratic Party please stand up?

* * *

PROVINCIAL AFFAIRS

ELECTION OF NEW DEMOCRATIC PARTY CANDIDATE IN NEWFOUNDLAND PROVINCIAL BY-ELECTION

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker—

Some Hon. Members: Hear, hear!

An Hon. Member: There he is!

Mr. Rodriguez: Mr. Speaker, yesterday was an historic day for the people of Newfoundland. The voters of St. John's East rejected the policies of provincial and federal Tories and elected a New Democrat in a riding which has been held by Conservatives since Confederation.

Some Hon. Members: Hear, hear!

Mr. Rodriguez: In a nearby riding the Conservatives were only able to hold on by their fingernails—a very narrow win. These Newfoundland voters were rejecting the Conservative policies. They were rejecting policies which have cut services and raised prices to the fishing industry. They were rejecting policies which forced confrontations between working people and their government employers. And they were rejecting

policies enunciated in both the Nielsen and Forget Reports aimed at gutting the Unemployment Insurance Program.

The people of Newfoundland, particularly those of St. John's East, will continue to reject these policies. We look forward to the day when the Prime Minister (Mr. Mulroney) will take courage in both his hands and permit them to send another New Democrat to Ottawa in the awaited federal St. John's East by-election.

Finally, we congratulate Gene Long—

Mr. Speaker: Order, please. I regret to interrupt the Hon. Member but his time has expired.

* * *

[*Translation*]

AGRICULTURE

GOVERNMENT'S FINANCIAL HELP

Mrs. Lise Bourgault (Argenteuil—Papineau): Yesterday, Mr. Speaker, for the first time in Canadian history a Prime Minister attended a conference on Canada's agricultural outlook and announced a $1 billion program for this country's grains producers. Needless to say, as a Government Member who sits on the Standing Committee on Agriculture, I am extremely proud of this program under which more than $37 million will be paid out to Quebec producers of wheat, barley, oats and other agricultural commodities.

Under this financial assistance program the average producer will receive about $5,000, and even up to $25,000 in some cases.

Mr. Speaker, world-wide the agricultural sector is experiencing difficulties and this Government has decided to step in and help our producers after listening to their representations and solutions. This is one more instance where our Government did listen and respond positively, another commitment honoured by the Progressive Conservative Government—the Canadianization of agricultural programs.

* * *

• (1415)

[*English*]

FITNESS AND AMATEUR SPORT

APPOINTMENTS TO FITNESS COMMITTEE

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, on December 9 the Minister of State for Fitness and Amateur Sport (Mr. Jelinek) issued a news release announcing a Minister's committee on fitness. This committee is to be responsible for the preparation of a report recommending a structural framework for the management and administration of fitness at the national level.

This is an absolute outrage to the people of Atlantic Canada and western Canada. Eight people were appointed to this committee and, notwithstanding the fact that the Prime Minister (Mr. Mulroney) campaigned on the theme of national reconciliation, the Government did not see fit to appoint one individual from western Canada or from Atlantic Canada.

We have been alienated by the national Government, both through its economic policies and its cultural policies. Now the process of consultation is forgetting about the regions of western and Atlantic Canada. I call upon the Prime Minister to intervene and order the Minister to review the appointments to this committee to make sure that people from Atlantic Canada and western Canada are included.

* * *

AGRICULTURE

SPECIAL CANADIAN GRAINS ASSISTANCE PROGRAM

Mr. Lee Clark (Brandon—Souris): Mr. Speaker, although I am occasionally disappointed by the quality of reporting on agricultural issues in the urban dailies, I am pleased that today's *Globe and Mail* quotes Wayne Easter, the President of NFU, as saying that the federal Government should be commended for the manner in which the $1 billion has been distributed among grain producers. As Don Knoerr, President of the Canadian Federation of Agriculture, has indicated, it was the farm organizations themselves that devised the formula and the results are satisfying.

Grain farmers know that the $1 billion payment is the largest such payment in Canadian history, and they are particularly appreciative of the fact that this is a cash payment rather than the loan which the critics had forecast. While the $1 billion payment will not in itself resolve the grain industry's financial crisis, I am delighted that over $150 million will go to Manitoba farmers, particularly in light of the fact that that is virtually the figure for which such spokesmen as the Hon. Bill Uruski have been calling. Now if only provincial Governments would match this $1 billion payment, the Canadian grain picture would be vastly improved.

* * *

LABOUR RELATIONS

KINGSTON COMPANY'S THREAT TO CLOSE PLANTS

Mr. Rod Murphy (Churchill): Mr. Speaker, I have just found out that Cancoil Thermal Corp., a Kingston company, has decided to lay off its workers and close down its plant simply because the workers decided they wanted to unionize.

This is a very objectionable practice, but what makes it even more objectionable is the fact that the former Minister of Employment and Immigration, the Member of Parliament who represents that area, just recently gave that same company $100,000 to expand its plant and to create 35 new jobs.

This is a very serious issue. I call upon the Government to investigate this matter and to ensure that federal government money is not being used to help this strikebreaker and unionbuster create jobs for himself and his family and no one else.

* * *

AGRICULTURE

SPECIAL CANADIAN GRAINS PROGRAM

Mr. Bill Gottselig (Moose Jaw): Mr. Speaker, I would like to draw to the attention of the House the fact that the Right Hon. Prime Minister of Canada (Mr. Mulroney) was the first Prime Minister ever to attend the Agricultural Outlook Conference which just concluded here in Ottawa yesterday. It was there that the details of the Special Canadian Grains Program were announced. This was very good news for agricultural producers from sea to sea who will receive the $1 billion prior to seeding their 1987 crops.

The program delivers on a commitment made by the Prime Minister in this House on October 3. It is an equitable national program that puts straight cash, new money, into the pockets of farmers, with no strings attached. The formulation of the delivery of this program marked an historic change in the attitude of Government. How different it is when a Prime Minister says: "When the farmers hurt, the Parliament of Canada should respond". It is much different from a previous Prime Minister whose response was the finger and the question: "Why should I sell your wheat?"

* * *

REFUGEES

REFUGEE DETERMINATION SYSTEM—DELAY IN INTRODUCING LEGISLATION

Mr. Sergio Marchi (York West): Mr. Speaker, as we approach the year's end, the Government has still to introduce legislation concerning a new refugee determination system. Canadians have been promised such reform for the last two years by four different Immigration Ministers. Moreover, the Speech from the Throne committed the Government to action, and the current Minister of State for Immigration (Mr. Weiner) publicly stated that the package would be before Parliament this past fall. Parliament is still waiting, as are thousands of refugees and hundreds of organizations working on their behalf. Not only has the Conservative Government failed to honour its own promise, but it also refuses to meet with major church leaders and refugee organizations before the policy is introduced.

• (1420)

The Government is turning its back on the human needs of refugees. It is not consulting with interested Canadians. It is refusing to address the new refugee phenomenon in Canadian society, which requires urgent and significant reform. Shamefully, the Government is offering neither leadership nor compassion. Come to think of it, it is ending the year in the same manner in which it started the year.

ORAL QUESTION PERIOD

[*English*]

TRADE

CANADA-UNITED STATES NEGOTIATIONS—AUTO PACT INQUIRY

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I have a question for the Prime Minister arising out of the visit yesterday of Senator Lloyd Bentsen and his other colleagues from the United States Senate.

In his press conference, and indeed in our own conversations with him, the Senator indicated that the United States expected that the Auto Pact would be an item on the table during the current negotiations with Canada. Since the Prime Minister had the opportunity of meeting with the Senators prior to our meeting with them, was the Prime Minister not able to indicate to them quite clearly that the Auto Pact is not an item for negotiation, and is not a subject of the free trade proposals?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, we did briefly touch upon it. I indicated, and I believe the Minister of International Trade indicated, that the Auto Pact had worked extremely well for some extended period of time, and we saw no reason why it ought to form the basis of any negotiation.

Reference was made to the fact that inasmuch as the automotive trade generally represents some one-third of the total traffic back and forth, if it could be improved upon then it could be looked at. But I was not aware of any statement with regard to a determination to sit down with a view to revising what has been a beneficial instrument.

[*Translation*]

Mr. Turner (Vancouver Quadra): That is what Senator Bentsen said at his press conference and when he met with Liberal Members.

CANADIAN CULTURAL INDUSTRIES—NEED TO MAINTAIN CANADIANISM

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, my question is again addressed to the Prime Minister. The United States senators visiting Ottawa yesterday also indicated that Canada's cultural industries were still on the table. Did the Prime Minister have a chance to make it clear to our American friends that our cultural industries will remain Canadian and that they are not on the table in the free trade talks?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, yesterday, there were a number of meetings but these were not negotiating sessions. The United States senators did not have a mandate to negotiate. These were meetings to provide a general overview, considering the increasing importance the committee will have starting in January. There was no question of negotiating sessions, but the Minister for International Trade, the Secretary of State, the Minister of Finance and myself again emphasized Canada's cultural issues and their vital importance to our future. To my knowledge, nothing was said that might cost doubts on this position.

SOFTWOOD LUMBER—COUNTERVAILING RIGHTS—GOVERNMENT POSITION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the subject arose in our conversations with the United States senators. We also indicated that countervailing duties of the kind used in the recent exercise involving our lumber exports were not acceptable to Canada. However, the United States senators insisted, both publicly, in speaking to the press, and to us, that these duties will remain law in the U.S. Is the Prime Minister of Canada prepared to continue these talks if the Americans reject any restrictions on these duties?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, we will have to start negotiations to find out what kind of settlement will be useful and feasible. We have not reached that stage yet. I stressed the problems this duty creates for Canada in the present circumstances, and I expressed the hope that we could find a formula or formulas that would be more favourable to Canada. I also said that if the final decision was not to our advantage, there would be no transaction. The Government would reject the decision, and I said I saw a valid transaction as one that was in the interests of both sides. I was speaking above all as the Prime Minister of Canada. I stressed the primary importance of a very good settlement for Canadians.

• (1425)

[*English*]

UNITED STATES DUTY ON CANADIAN SOFTWOOD LUMBER

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, my question is directed to the Minister for International Trade. We have just received the memo from the Minister saying that the proposed negotiations with the United States on softwood lumber have now failed. The Government has now put the country back to square one in trying to resolve the major problems with the U.S. lumber industry, which will affect 400,000 jobs. Now that the flawed and failed approach has once again been demonstrated, will the Minister do what she should have been doing right along, that is, pursue Canadian interests through the international tribunal and through the American tribunal where we have and have had a good case, and could win that case if you had not been fooling around so long?

Mr. Speaker: The Hon. Member knows that the last part of the question directed to the Minister used the personal "you". I ask Hon. Members to remember that that leads to difficulties in the Chamber. I do not like to interrupt lead questions, but I would ask the Hon. Member to be very careful.

Mr. Axworthy: I will rephrase the question.

Some Hon. Members: Oh, oh!

Mr. Axworthy: Could the Minister tell us when the Government will stop fooling around and pursue the proper course of action with international tribunals? When will the Government stop fooling around?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the Hon. Member, who has asked his first question on international trade since they failed to resolve the issue in the Liberal convention, is wrong on both counts. First, we are pursuing the matter in the GATT vigorously. We took it before the GATT, and we are fighting it vigorously before the GATT. He is wrong when he says that we are not doing that. There was a hearing on November 3, and there will be another hearing on the issue before the GATT panel on Friday.

He is also wrong when he says that negotiations have failed. I am making a statement saying that Canadians have taken to Washington a proposal, as agreed to between the Prime Minister and the Premiers. That is under intense discussion. The American administration has put forward a proposal, some elements of which are unacceptable to us. I will be informing them, after I have had a chance to review it, of those elements which are unacceptable to us.

Officials are meeting right now with the Ministers of the provinces to review developments, and further meetings are scheduled in Washington next week.

Mr. Axworthy: I say to the Minister that the statement she just made sounds very much to me like a grand, big failure on the part of the Government.

CONTINUATION OF NEGOTIATIONS

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, how does the Minister reconcile the continuation of so-called negotiations which are clearly unacceptable at the same time as she says that the Government wants to go in front of tribunals in the United States and GATT, even though

it is undermining its case by continuing the negotiations? You cannot do both things. When will the Government get its act together and start defending the lumber industry in Canada before we lose everything—the import duty, jobs, and the whole industry?

Mr. Speaker: Order, please. Some force in questioning is certainly acceptable, but I think endless argument is going too far.

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the only failure here is the failure of the Liberal Opposition to have a coherent position on free trade; they now have at least three.

Some Hon. Members: Hear, hear!

Miss Carney: I again stress to you, Mr. Speaker, and to the House, the fact that the GATT rules provide for actively pursuing an issue and trying to settle it between the parties. If he knew more about the GATT, he would understand that. However, he and his Party understand nothing about international trade.

• (1430)

UNITED STATES PROPOSAL—REASONS FOR NON-ACCEPTANCE

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, we too have just received the statement by the Minister that an American proposal has been put forward and that it is unacceptable and cannot form a basis for discussion. I want the Minister for once to take the House and the country into her confidence and tell us why the American proposal is unacceptable and why she feels that it must be rejected at this stage.

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I can best answer that by again referring, as I have many times in this House, to the statement made at the First Ministers' Conference which said that the Canadian proposal met certain objectives, which included:

> The provinces will retain their flexibility in determining stumpage pricing. A dangerous development in U.S. countervail policy will be avoided . . . Further conflict between the provinces will be avoided.

And most important, Mr. Speaker:

> The ability of the provinces to determine their own natural resource management policies will remain unimpaired—U.S. regulatory authorities will not infringe Canadian sovereignty by policing provincial management practices.

Mr. Benjamin: Now, answer the question.

Miss Carney: That is what I have said repeatedly were our objectives, and I am now telling the Hon. Member that the American proposal does not meet them.

POSITION OF BRITISH COLUMBIA PREMIER

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I would like to ask the Minister a supplementary question. Since she has followed in her recent shifts and flip-flops the lead of Mr. Vander Zalm of British Columbia, will she stand up here today and say that his efforts in this regard and his suggestions that we have now reached a tentative settlement, which could be announced almost immediately, have to be condemned as interference in the role of the federal Government in international trade?

Mr. Speaker: Order. Order, please.

Mr. Epp (Provencher): You always wanted the provinces involved.

Mr. Speaker: Order, please. The Hon. Minister.

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I never heard a question in that statement made by the Hon. Member, as I think you are aware, and I am at a loss to answer. I think the Hon. Member is referring to some press reports quoting the Premier of British Columbia. The Premier has been in Cabinet all morning. I have been unable to speak to him to find out what, in fact, he did say.

* * *

GOVERNMENT EXPENDITURES

EXPENSES INCURRED HOSTING QUEBEC SUMMIT

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is for the Prime Minister. It concerns the most expensive rendition of *When Irish Eyes Are Smiling* in the history of mankind. Can the Prime Minister tell this House why he chose to spend $2.6 million of taxpayers' money on a day and a half meeting while asking ordinary Canadians to make do with less and to pay more taxes? Is it not time that the Prime Minister stood up in this House and apologized to the people of Canada for this kind of spending orgy?

Some Hon. Members: Hear, hear!

An Hon. Member: What is the question?

Mr. Riis: Nobody wants to answer it.

Some Hon. Members: Oh, oh!

An Hon. Member: There is the butler.

Mr. Speaker: Order, please. The Right Hon. Prime Minister. He may be able to find a question in that address.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, there is no question in that, but if my hon. friend thinks that I am going to apologize for conducting Canadian foreign policy in such a way as to build positive and constructive bridges to our friends and allies, you are mistaken. I do not owe you an apology for anything.

Some Hon. Members: Hear, hear!

Mr. Speaker: I must, of course, be absolutely even-handed here today and remind the Right Hon. Prime Minister that his enthusiasm also must be held in check. He should not refer to other Hon. Members with the word "you" or in the other language "vous".

Some Hon. Members: Oh, oh!

Mr. Speaker: The Hon. Member for Glengarry—Prescott—Russell.

REQUEST THAT PROGRESSIVE CONSERVATIVE PARTY PAY EXPENSES

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, the Prime Minister may not owe me an apology but he owes the people of Canada an apology.

Some Hon. Members: Hear, hear!

Mr. Boudria: This behaviour would make Marie Antoinette envious. Can the Prime Minister tell this House here and now whether the Conservative Party is going to reimburse the taxpayers of Canada for what was nothing less than a giant photo opportunity for him and his friend Ronald Reagan?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the honourable—

An Hon. Member: I see the Irish are smiling.

Mr. Mulroney: If you are going to speak ill of the Irish, I am telling you—

Mr. Speaker: I want to assure the Right Hon. Prime Minister that I do not think anybody wishes to speak ill of anybody in this Chamber. Perhaps the Right Hon. Prime Minister will have another go at answering the Hon. Member.

Mr. Mulroney: Mr. Speaker, if my hon. friend is suggesting that, indeed, we have friendly relationships with the President of the United States, he is quite right. That is the way it ought to be. As he will see, we hope in January to have the—

[*Translation*]

Prime Minister of France, Mr. Chirac, visit Ottawa and we intend to give him the same cordial welcome we give all our friends and allies, all heads of state who visit Canada.

We do not act like clowns or idiots, we behave in a mature and dignified way, like any country with the least bit of self-respect.

[*English*]

AGRICULTURE

SPECIAL CANADIAN GRAINS PROGRAM—AMOUNT OF ASSISTANCE FOR GRAIN PRODUCERS

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, my question is for the Minister of Agriculture. It is about yesterday's announcement of the farm aid program.

Some Hon. Members: Hear, hear!

Mr. Hnatyshyn: Thank you for your question last week.

Mr. Nystrom: I did not realize I was that popular with the Prime Minister, Mr. Speaker.

An Hon. Member: You are not.

Some Hon. Members: Oh, oh!

Mr. Nystrom: At least I was.

Canadians should realize that even with the billion dollars that we appreciate—

Some Hon. Members: Hear, hear!

Mr. Nystrom: —Canadians should be aware that our farmers will still be receiving some $2.50 a bushel less than farmers in the United States. In light of that, does the Minister of Agriculture consider that the billion dollars are sufficient for Canadian farmers when they will still receive $2.50 a bushel less than American farmers? Is it sufficient in view of the fact that this is a long-term problem?

Hon. John Wise (Minister of Agriculture): Mr. Speaker, I appreciate the Hon. Member's comments and representations. We certainly recognize that there is a very significant short-fall between the income of the U.S. farmer and the income of the Canadian farmer. I think what is important is that this Government recognizes there is a problem. Our Government made a commitment to do everything possible to make up that short-fall. We made that commitment, and yesterday we delivered on that commitment.

Some Hon. Members: Hear, hear!

TIMING OF PAYMENTS

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, I would like to ask the Minister of Agriculture why this payment is being spread over two fiscal years? There is some concern in the west that this procedure may preclude a payment next year if the problem remains the same. Can we have, in other words, a commitment from the Minister of continuing support as long as the farmers are being ravaged by the international grain war situation in which we are now?

Hon. John Wise (Minister of Agriculture): Obviously, Mr. Speaker, I am sure that the Hon. Member would not want to be irresponsible and mislead Canadian farmers into thinking

that we have the financial resources in Canada to take on Washington, because the reality is that we do not.

We have calendar years and we have fiscal years. I want to remind the Hon. Member that the most important year is the cropping year. Perhaps the Member will bear that in mind. The policy of our Government and the commitment we delivered yesterday are that if farmers respond with their applications with accuracy and on time, that will place us in a position to deliver the full billion dollar cash payment into their hands prior to the seeding of the 1987 crop.

• (1440)

INTERNATIONAL GRAIN AGREEMENT INQUIRY

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, I know the Minister realizes the real problem is the trade war with the ECM and the U.S. Farm Bill which amount to massive subsidies to farmers in those two areas. In light of that is the Government planning any new initiatives to renegotiate once again a meaningful international grain agreement whereby the price of grain is based on the cost of production?

Hon. John Wise (Minister of Agriculture): Mr. Speaker, there is no question that has a very high priority. That is why the Prime Minister took the leadership role that he did in the world community. That is why the Secretary of State for External Affairs continues to play a lead role there, along with the Minister of Finance and my colleague, the Minister responsible for the Canadian Wheat Board. We will keep right on pushing because the Hon. Member is absolutely right, that is important.

The Hon. Member should realize as well that we will be reconvening meetings with leaders of the farm commodity groups across the country to work together to chart a course and develop—

Mr. Speaker: Order, please.

* * *

[*Translation*]

THE ADMINISTRATION

EXPENSES INCURRED RECEIVING IMPORTANT VISITORS—GOVERNMENT POSITION

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, my question is directed to the Right Hon. Prime Minister and this is just to remind him that in 1985, he organized a superbash to improve his image in the eyes of the U.S. president. This cost $2.6 million in taxpayers' money. Could the Prime Minister explain to Canadians why he wasted their money in this way, while, at the same time, his Government was getting ready to cut unemployment insurance benefits for thousands of pre-retirees who were still looking for a job?

[*English*]

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, the Hon. Member should realize that the Prime Minister has already stated that the Government of Canada will follow the policies he has directed. I do not think any Canadian should take a back seat in terms of the very best that Canada can put forward for its allies and friends. I think that is important.

Secondly, the relationship the Member assumes in his question simply does not stand up to any scrutiny whatsoever.

[*Translation*]

SITUATION OF EARLY RETIREES

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): I have a supplementary, Mr. Speaker. Perhaps the Prime Minister would care to defend his policy on pre-retirees.

Some Hon. Members: Order, order.

Mr. Malépart: Is the Prime Minister, who is quite willing to talk to foreign visitors from the United States and France, willing to be as cordial with his pre-retirees whose benefits were cut off, and do so by immediately reimbursing the 34,000 people whose unemployment insurance benefits were cut by his Government? Can he treat Canadians with respect as well?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the Hon. Member for Montreal—Sainte-Marie has changed his mind since last Friday, when he was congratulating the Government and the Minister—

Mr. Malépart: The Minister cheated us!

Mr. Bouchard: Mr. Speaker, anyone who read the information properly does not feel cheated. But people who are in a hurry to accuse the Government of backtracking were disappointed when they noticed the Government did not backtrack. In fact, it has simply applied the principles it upheld in the first place, but since applying these principes meant that a remedy was necessary in the case of people who were looking for employment, we provided that remedy.

Mr. Malépart: Tell the truth!

Mr. Bouchard: We listened to the Hon. Member earlier, and now I wish he would let me answer.

Mr. Malépart: Just tell the truth!

Mr. Speaker: Order. The Hon. Member for Humboldt—Lake Centre.

[*English*]

AGRICULTURE

LONG-TERM PROGRAMS TO HELP FARMERS

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, my question is directed to the Minister of Agriculture. He knows that under the U.S. Farm Bill U.S. farmers will get even more subsidies next crop year while the Europeans show no sign of backing off in their subsidies. Given the likelihood of the international grain subsidy wars continuing, what long-term programs is the Government contemplating to get grain producers in Canada through the next three to five years?

Hon. John Wise (Minister of Agriculture): Mr. Speaker, I answered part of that question a few moments ago. We will continue doing exactly what we have been doing in the last six or eight months. We will be convening meetings in February, in co-operation with farmers, to chart a course that will get us through these very difficult times.

SPECIAL CANADIAN GRAINS PROGRAM

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, in light of the pay-out yesterday would the Minister assure the House that it continues to be government policy to view this $1 billion pay-out as new money separate from any future grain income so it will not reduce pay-outs under the stabilization programs now in effect?

Hon. John Wise (Minister of Agriculture): Mr. Speaker, when the program was announced we said it would be $1 billion of new money in the pockets of Canadian farmers, and that no existing funding of any agricultural program would be reduced. The announcement was, as usual, consistent with the policy enunciated by this Government.

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TARIFFS

CRITICISMS MADE BY BOOKSELLERS AND PUBLISHERS

Hon. John W. Bosley (Don Valley West): Mr. Speaker—

Some Hon. Members: Hear, hear!

Mr. Bosley: Mr. Speaker, there are in this House a number of present and future authors who will always be concerned about publishers' questions. My question is directed to the Minister of Communications. I would like to know whether she accepts as legitimate the deeply serious and deeply concerned criticisms which have been made of federal policy by Canada's booksellers and publishers and, if she does, what is she going to do about them?

Some Hon. Members: Hear, hear!

Hon. Flora MacDonald (Minister of Communications): Mr. Speaker, may I thank the Hon. Member for Don Valley West for the very succinct and proper way in which he presents his question.

Some Hon. Members: Hear, hear!

Some Hon. Members: Answer it!

Miss MacDonald: Obviously he had a certain length of time to learn how to present questions and he has learned well. May I say to—

Mr. Speaker: Order, please. The question was succinct and I would ask the Hon. Minister to be equally succinct.

Some Hon. Members: Hear, hear!

Miss MacDonald: Mr. Speaker, we all learn in this place. May I say to him that I had the opportunity to meet yesterday with representatives of the industry and listened to their concerns. Some of them were legitimate and some were unfounded. I think I had the opportunity to allay some of the fears and point out that we had already taken steps to show our good faith and interest in the book publishing industry by adding substantially to the funding of the book publishing development fund and setting up of a fund for the public use of literary works.

Mr. Speaker: The Hon. Member for Mount Royal.

MINISTER'S STATEMENT—UNITED STATES DUTY ON CANADIAN SHAKES AND SHINGLES

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, the short-sighted initiative taken by the Minister who just spoke is going to have terrible repercussions on this House. The entire book industry in Canada is appealing to the Government to remove the tariff on imported books. The Minister of Finance stubbornly clings to the absurd notion that we are retaliating against the American shakes and shingles—

Mr. Speaker: Order, please. Will the Hon. Member put her question?

Mrs. Finestone: My question is directed to the Minister of Finance. How can he explain the contradictions in the statement made yesterday to the Coalition of Canadian Book Publishers that the book tariff would be removed in exchange for concessions on the shakes and shingles duty with his Government's previous statement that cultural industries would be not a bargaining chip on the free trade table?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I do not know that there is anything inconsistent in those two statements. The question of shakes and shingles arose last May. The response this Government made to that action had nothing at all to do with free trade talks. We said it was in the national interest for the Government to respond, and respond firmly, to the action taken by the U.S. Government. We did that. As I said at that time, we were not happy with the action

but it was important to demonstrate the firmness with which we would respond to what we felt were unfair and unnecessary actions by the U.S. Government.

Mrs. Finestone: Mr. Speaker, it stretches the imagination to find a link between that tariff and the tariff on books.

• (1450)

REQUEST THAT TARIFF BE RESCINDED

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, with the evidence mounting that it is not the Americans who are being punished but Canadian book readers, with book prices escalating and book sales falling, and with Canadian book publishers losing millions of dollars, will the Government come to its senses and act now to rescind that unintelligent, regressive tax on reading?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I have indicated on this and many other occasions in the House that we are sensitive to the impact that this has had on the book publishing industry.

Mr. Riis: What are you doing about it?

Mr. Wilson (Etobicoke Centre): I have met with representatives of the industry, as has my colleague, the Minister of Communications. It is very important. I am sure that the Hon. Member or her colleagues would be hammering us for not taking action against the United States Government on the shakes and shingles issue if we had not done this. We know that it has had an impact in Washington and that the U.S. Government is very concerned about further actions. That is why we took the action we did.

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[*Translation*]

AIR TRANSPORT

INQUIRY WHETHER DECISION ON DORVAL AND MIRABEL AIRPORTS IS FINAL

Mr. Mike Cassidy (Ottawa Centre): For the Minister of State (Transport), Mr. Speaker, another question concerning Dorval and Mirabel as well as the meetings and briefings I had in Montreal yesterday. Is the Minister aware that a consensus has developed in the Greater Montreal region in favour of concentrating air passenger services in Dorval and seeking alternative vocations for Mirabel airport, a position which is in total contradiction with the federal Government decision? Can he tell us whether the decision to maintain both Dorval and Mirabel airports is final? Or is the Government still prepared to entertain the views of municipalities and associations representing Greater Montreal residents?

Hon. André Bissonnette (Minister of State (Transport)): To begin with, Mr. Speaker, the Mirabel-Dorval issue was the subject of two-year consultations, and the one thing I am aware of is that 1,000 jobs will be saved, not to mention 1,000 more which will probably be created. As a result of this sound Government decision, both airports will be improved and Greater Montreal residents can only be better off.

OPINIONS EXPRESSED—GOVERNMENT POSITION

Mr. Mike Cassidy (Ottawa Centre): A supplementary question, Mr. Speaker. Is the Minister aware of the fact that, and I quote the President of the Chamber of Commerce:

> Montreal business leaders totally disagree with the federal Government decision—

They would know something about jobs.

Does the Minister ignore the consultations with and reject the opinions expressed by the City of Montreal, the Montreal Urban Community, the Montreal Board of Trade, the Chamber of Commerce, Air Canada, the Association of Machinists, and 17 other organizations? Does he reject all these opinions? Is this the kind of consultations he had with the people of Montreal?

Mr. Speaker: Order, please. The Minister has the floor.

Hon. André Bissonnette (Minister of State (Transport)): Mr. Speaker, perhaps the socialist Member forgot something about the briefing he was given: to my mind, Mirabel and the residents of the Laurentians are part of the Greater Montreal region. This significant correction should be kept in mind, and I think that the Chamber of Commerce will become ever more aware of the economic impact of the Laurentians on the Greater Montreal region.

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[*English*]

CANADIAN WHEAT BOARD

HIGH QUALITY SPRING WHEAT—REQUEST FOR FINAL PAYMENT FOR GROWERS

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is directed to the Minister responsible for the Canadian Wheat Board. It concerns the final payment for No. 1 and No. 2 wheat in the past crop year. Is the Minister prepared to take the necessary action today to ensure that the producers of No. 1 and No. 2 Red Spring wheat will get their full final payment to which they are entitled for this past crop year, and for which the Saskatchewan Wheat Pool and other responsible farm organizations have been asking?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, the Hon. Member will know that the formal closing of the Wheat Pools are just taking place now and that the final calculations are not complete. We also know that the Canadian Wheat Board has said that if there is to be a payment it does not expect it to be a very large payment for

No. 1 and No. 2 Pools. Basically, the Hon. Member is asking a very hypothetical question.

REQUEST FOR COMMITMENT

Mr. Maurice Foster (Algoma): Mr. Speaker, the Minister knows that unless the Government makes a commitment to do this, it will cost these producers some $200 million. A decision was made in 1970 to do the same thing for Durum wheat to ensure that they got the full final payment. Why is the Minister so reluctant to make that commitment today, in view of the difficult times experienced by agricultural producers on the Prairies?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, the Hon. Member talks about commitments. The Prime Minister made a commitment on October 3 to deliver a billion dollars. First the Opposition said that we would not fulfil the commitment, then it said it would not be in cash, and then said it would be a loan guarantee. We fulfilled the commitment and the Prime Minister, in doing so yesterday, set a precedent. For the first time ever we saw a Prime Minister address an Agriculture Outlook conference in this country. Our commitment to agriculture is well known.

Some Hon. Members: Hear, hear!

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LABOUR RELATIONS

CANADIAN NATIONAL RAILWAYS DISPUTE—REQUEST FOR APPOINTMENT OF CONCILIATOR

Mr. Les Benjamin (Regina West): Mr. Speaker, my question is directed to the Minister of Labour. He will know that talks have broken off between Canadian National and its employees as CN was unwilling to negotiate a moratorium on lay-offs at the Moncton shops. The employees will be in a legal position to strike in approximately three weeks and the unions have requested the assistance of the Minister. Will he immediately appoint a conciliator in order to avoid a CN national railway strike and speed up the negotiation process by which the issue at the Moncton shops can be resolved?

Hon. Pierre H. Cadieux (Minister of Labour): Mr. Speaker, this morning we received the request to which the Hon. Member is referring. We are considering it.

LAY-OFFS AT MONCTON

Mr. Les Benjamin (Regina West): Mr. Speaker, my supplementary question is directed to the Minister of Transport. Since CN has been carrying on systematic economic terrorism through lay-offs at Moncton in October, November, and December, all of which are under grievance, will the Minister request or direct Canadian National not to delay arbitration hearings on the legality of these lay-offs so that there will be no delaying tactics by CN?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I am sure the Hon. Member realizes that a large part of the solution to the difficult situation at Moncton was refused by two of the unions, including the machinists union, which had signed a memorandum on October 3, I believe, by which a generous offer made by CN was accepted but later repudiated by those unions.

Mr. Benjamin: By the membership.

Mr. Crosbie: I hope the Hon. Member could use his influence with those unions to get them to change their position.

* * *

FERRIES

NEWFOUNDLAND—NOVA SCOTIA SERVICE—PROPOSED CHANGE IN SCHEDULE

Mr. George Baker (Gander—Twillingate): Mr. Speaker, one of the biggest insults ever issued to Newfoundland since Confederation was the announcement the day before yesterday by CN Marine, alias Marine Atlantic, that it was changing its schedule for ferry boats to and from Newfoundland. Is the Minister of Transport aware that now it will take three days from the time someone gets off the CN bus at Port-aux-Basques until they get on the CN train, VIA Rail, in Sydney, Nova Scotia? It will take three days now when previously it normally took nine hours. Is this the new freedom to move policy of the federal Government? We know that we are half an hour behind, but surely three days is a bit much.

Some Hon. Members: Oh, oh!

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I always enjoy receiving an intelligent question. Of course, I am still waiting to receive one.

Some Hon. Members: Oh, oh!

Mr. Crosbie: I might say to the hon. gentleman that his performance was the greatest since King Kong climbed the Empire State Building.

Some Hon. Members: Oh, oh!

Mr. Crosbie: Marine Atlantic has published a new suggested schedule, one that it wishes to put into operation on January 3, that will be in effect from early September to late June. Unfortunately, this will badly affect 3 per cent of the passengers, those who go by bus or take VIA Rail. It will be very much favoured by the 97 per cent who travel in their motor vehicles. There is an average of 12 passengers a day who use the other mode of transportation.

It is eliminating the overnight crossing because, although not everyone likes to see clearly like the Hon. Member, most passengers like to travel in the daylight. Finally, I have asked

Marine Atlantic to meet with the Newfoundland Department of Transportation and Tourism to review the situation and see if other connecting services can change their schedules as well to alleviate the time period the Hon. Member is complaining about.

• (1500)

Mr. Baker: Mr. Speaker, the Minister's response to Newfoundlanders this morning is that he keeps Crown corporations at arm's length. He is going to need to be farther away from Newfoundlanders than arm's length when they find out what has been done by this Crown corporation.

ARRIVAL AND DEPARTURE TIMES

Mr. George Baker (Gander—Twillingate): The Minister talks about motorists. All right. Motorists going to Newfoundland will arrive in Newfoundland in the middle of the night in darkness when everything is closed. When they leave they will have to drive all night in order to catch the one ferry boat at dawn. What is the Government trying to do, keep the travelling public in Newfoundland in perpetual darkness?

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, that is why we are eliminating the overnight crossings.

Some Hon. Members: Oh, oh!

Mr. Crosbie: It would be simpler if we could have 24 hours of daylight, of course.

Some Hon. Members: Oh, oh!

Mr. Crosbie: I might add there is a greater gulf in the Hon. Member's head than there is in the Cabot Strait.

Some Hon. Members: Oh, oh!

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ENERGY

HIBERNIA OIL FIELD DEVELOPMENT

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, my question is also directed to the Minister of Transport. He will be aware that the New Democratic Party in St. John's can trounce the Tories even with one hand tied behind our back and with our Leader in jail.

Some Hon. Members: Oh, oh!

An Hon. Member: Where is Broadbent?

Mr. Blackburn (Brant): There is a message here.

Mr. Axworthy: Where is he?

Mr. Speaker: Order. The Hon. Member for Vancouver—Kingsway will put his question.

Mr. Waddell: I am getting carried away with the Newfoundlanders. I am talking about our provincial leader.

Some Hon. Members: Oh, oh!

Mr. Waddell: Mr. Speaker, I want to ask the Minister a serious question. He announced the Atlantic Accord on February 11, 1985, promising development in Hibernia. There has not been one barrel of oil taken out of Hibernia. When is the Government going to get the lead out and start developing the Hibernia oil field?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, the hon. gentleman has announced a new secret weapon of the NDP— they are going to jail Broadbent—

Some Hon. Members: Oh, Oh!

Mr. Crosbie: —and give themselves a great chance for another moral victory.

Some Hon. Members: Oh, oh!

Mr. Crosbie: Negotiations are still under way between the Government, Mobil Oil and their partners, and the Government of Newfoundland on that subject and we hope the new year will bring the news that some agreement has been reached. We can assure the Hon. Member we are doing everything we can to facilitate that.

Mr. Speaker: The Hon. Member for Vancouver—Kingsway on a short supplementary question.

GRAND BANKS—HUSKY OIL PROPOSAL

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, has the Minister looked at the proposal of Husky Oil to develop a 100 million barrel floating production field in the Grand Banks? And when will the Government be in a position to respond to this proposal and get the development going?

Hon. John C. Crosbie (Minister of Transport): This is not my portfolio, Mr. Speaker, and I have no right to answer that question. However, I am delighted to have the opportunity to say we have received that proposal from Husky and the Department of my hon. friend—I cannot mention his name; it shall be unmentionable—has looked at it as well. The main hope and concentration are on the discussions with Mobil Oil.

TRADE

UNITED STATES DUTY ON CANADIAN SOFTWOOD LUMBER—RESIGNATION OF FORESTRY INDUSTRY COUNCIL VICE-CHAIRMAN

Mr. Robert Wenman (Fraser Valley West): Mr. Speaker, my question is directed to the Minister for International Trade. John Kerr has resigned as the Vice-Chairman of the Canadian Forestry Industry Council. Has the Minister been able to determine if this clarifies a shift of consensus in the forest industry policy? And what effect will this have on the negotiations?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I have spoken to Mr. Kerr who has told me he has resigned as the Vice-Chairman of that industry group because he does not support the views or the strategy of Adam Zimmerman, the President. He does not feel, in his words to me, that "Fed bashing" is a useful strategy to solve this dispute.

Mr. Axworthy: Did they hurt your feelings, Pat?

Miss Carney: He has also assured me that he feels industry has a role to play in any negotiations to resolve the lumber dispute and that he and other members of the industry are willing to work with us—

Mr. Axworthy: Why don't you join them?

Miss Carney: —to try to seek a solution to this problem.

Mr. Speaker: Order, please. I should advise Hon. Members that we got started later than I would have preferred today. I will take one more question. The Hon. Member for Cape Breton—East Richmond.

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NATURAL RESOURCES

UTILIZATION OF NOVA SCOTIA AND NEW BRUNSWICK COAL IN ONTARIO—REQUEST FOR STUDY

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my question is directed to the Deputy Prime Minister. It concerns the issue of the utilization of western coal. As he is well aware, three federal Departments have participated along with provincial governments in the task force. Could the Deputy Prime Minister explain to the House why a similar study has not been initiated by his Government with regard to the utilization of coal from eastern Nova Scotia and New Brunswick for shipment to the Province of Ontario?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, that is a very good question. As the Hon. Member knows, there is some coal from western Canada being used in Ontario at the present time. This study was initiated to determine whether in fact

that capacity could be increased. I will certainly take the representations of the Hon. Member and consider the action he suggested.

REQUEST FOR GOVERNMENT CONSIDERATION

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, on the issue of fairness, I would ask the Deputy Prime Minister to give us an undertaking that he will ensure that coal from eastern Nova Scotia and the Province of New Brunswick will be given the same serious consideration presently being given to western coal utilization in the Province of Ontario. Would he give us that undertaking today?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am sure the Hon. Member knows there are a lot of factors which have to be considered in such an initiative. I am not fully aware of all of those factors. However, as I indicated, I would certainly be prepared to take the Hon. Member's representations seriously and look into the matter.

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PRIVILEGE

ALLEGED PREMATURE DISCLOSURE OF COMMITTEE REPORT

Mr. Felix Holtmann (Selkirk—Interlake): I rise on what I believe to be a serious matter of privilege, Mr. Speaker, and I invite your ruling. I refer to a front page news story by the Canadian Press which is carried in today's "Canada Section" of *The Montreal Gazette*. Similar stories, of course, were carried by other Canadian daily newspapers, including *The Ottawa Citizen*. The story headline reads: "MP says panel wants rewrite of Post Office plan". The lead paragraph reads:

> A Commons committee studying the future of the post office will urge a major rewrite of the agency's new business plan, but Tory MPs want to retain a controversial proposal to turn most rural post offices over to private operators, a committee member told Canadian Press yesterday.

Here we have a member of the committee who is clearly breaching a basic privilege of the House and the committee, which is to make its report to the House and no one else until the House receives the report. This ensures what Beauchesne calls "the orderly conduct of parliamentary business".

Beauchesne is absolutely clear on this point. He speaks of the "power", to use his words, of the House to enforce its rules. The House Leader of the New Democratic Party reminded us of this very power here in the House on November 21 when he raised a point of privilege alleging prior knowledge of the content of legislation. He quoted Citation 22 of Beauchesne's Fifth Edition:

> The power of the House to enforce its rules extends not only to Members and others admitted within the precincts of Parliament, but also to members of the general public who may interfere with the orderly conduct of parliamentary business.

The House Leader of the New Democratic Party reminded us of how leaked information, albeit on a Bill rather than a committee report, led swiftly to the resignation of the Chancellor of the Exchequer in Britain in 1974 after he made an off-hand comment to a journalist about a detail in his budget.

The Liberal House Leader (Mr. Gray) on the same point of privilege, said:

> —the final word has not been said on what constitutes parliamentary privilege for the Canadian House of Commons, that it would be open for it to be held that this tradition should be *extended* to leaks of information involving legislation other than budget statements or budgetary legislation.

• (1510)

I do not think I have to ask the Chair to extend the privilege to speak against leaks from committees. That privilege, as we know, is established. It has been breached in the present incident and it is for the House to take the appropriate action, with which the Speaker is familiar, pursuant to our rules and practices.

Mr. Speaker, I would like to assure you and the House that I did not breach the confidentiality of that meeting. I say that to all Members assembled here. I also indicate to the Chair that I chaired that meeting and prior to commencing our duties I informed committee members that what was taking place at the meeting was confidential and of the highest regard.

I have asked my committee colleagues on this side of the House if they have knowledge of this leak. I expect they may wish to indicate to the House directly their positions on this alleged breach. I would ask you, Sir, to allow all committee members who wish to speak to this point of privilege to speak to it.

I do not say committee members cannot remark on committee business arising from open, public meetings. But *in camera* meetings, such as were involved in this case, exist to protect Members' privileges, especially when a report is under preparation. I submit that this privilege has been breached rather spectacularly in the present case.

The reason Beauchesne's speaks of the concept of interference is exactly to prevent the situation we have in the fourth paragraph of the Canadian Press story. Here some members are pointed to by other members before the House can know the reality through obtaining the report from the *in camera* work of the committee.

The story reads:

> But Tory MPs on the committee like the idea of letting local businessmen run rural post offices, and seem determined to push for its adoption, the MP said. The committee meets behind closed doors again today.

The privileges of these Members are violated by such a statement from a member of the committee disclosing alleged *in camera* proceedings. On the face of them, such comments simply impede the committee in doing its work; and they simply impede the House in its right to enjoy an orderly presentation and conduct of proposals from its committees.

Over the years the House has not been without comments or rulings from the Chair on alleged breaches of privilege arising from premature disclosure of committee reports. All Members here are taught very early that contents of such reports are confidential until they are tabled.

I would refer you, Sir, to a few rulings or observations from the Chair on earlier instances of alleged premature disclosure of committee reports. I refer to the *Journals* for September 6 in which there was a similar situation. There were some rulings by the Chair on that day and I would like to relate them very briefly to Your Honour.

First, the Chair refers to a citation found in the May 17 edition at page 119. The author states that by the ancient custom of Parliament, no act done at any committee should be divulged before the same is reported to the House. Further, it is stated that this principle clearly deals with *in camera* sessions. I suggest to Members here that when we have proceeded *in camera* it should be just that.

I hear some gaggling and waggling from members of the Opposition, but they would not want it any other way, I am sure.

Before I conclude, I would like to add that more recently on November 21, 1986 a discussion of privilege was carried on by the Hon. Member for Kamloops—Shuswap (Mr. Riis). He quoted Citation 22 of Beauchesne's Fifth Edition which states as follows:

> The power of the House to enforce its rules extends not only to Members and others admitted within the precincts of Parliament, but also to members of the general public who may interfere with the orderly conduct of parliamentary business.

I rest my case, Mr. Speaker.

Mr. J. M. Forrestall (Parliamentary Secretary to Minister of Regional Industrial Expansion): Mr. Speaker, I wish to rise and associate myself with the remarks just put forward for your consideration. I was present at that particular meeting, not in my capacity as a member of that committee but in my capacity as Parliamentary Secretary. I enjoy the privilege of sitting in and listening to the deliberations of the committee. At no time did I communicate with any member of the press with respect to the content of that particular meeting. I want to reassure Your Honour and my colleagues that in fact is the case.

Mr. Girve Fretz (Erie): Mr. Speaker, I would like the record to show that I was a member of the Government Operations Committee which sat on Tuesday, December 9, 1986, to help draft a report on Canada Post. In my opinion committee reports are confidential until presented in the House. In my opinion it is an absolute breach of privilege for a member of a committee to breach that confidence. I want to assure the House and you, Mr. Speaker, that I did not speak to any member of the Canadian Press on Tuesday, December 9, 1986.

Mr. Dan McKenzie (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, I was a member of the Government Operations Committee which sat last Tuesday to draft a report on Canada Post. I want to assure the House that I gave no interviews to anyone in the media whatsoever. It was fully understood at this committee meeting that our report was to be confidential. So there was a definite breach of privilege by a member of that committee.

Mr. Stan Graham (Kootenay East—Revelstoke): Mr. Speaker, I was a member of the Government Operations Committee which sat on Tuesday, December 9, 1986 to draft a report on Canada Post. Committee reports are confidential until presented in the House. It is an absolute breach of privilege for a member of a committee to breach that confidence. I want to assure the House that I personally did not speak to any member of the Canadian Press on Tuesday, December 9, 1986.

Hon. Herb Gray (Windsor West): Mr. Speaker, the Hon. Member for Selkirk—Interlake (Mr. Holtmann) has attempted to put before you what he calls a breach of privilege. I only want to observe, with the utmost of respect, that the Hon. Member has presented a grievance since he has not indicated any intention to move a motion if a prima facie case of privilege is found. If that is the case then, I repeat, he has at most expressed a grievance.

Furthermore, while I attempted to listen carefully to what the Hon. Member was saying, he did not clearly state that the committee had prepared a report. He seemed to be saying that there was some kind of discussion at an *in camera* meeting of the committee. To the extent that there are precedents on this matter, they deal with the premature disclosure of a report formally voted upon and decided upon by a committee. Unless I did not hear the Hon. Member clearly, he did not say that a report had been finally decided and voted upon.

Also, with respect to the precedents in this regard I note that at page 203 of Beauchesne's one will see Citation 647 which deals with this type of matter which came up in 1977. The Speaker ruled that the matter could not be resolved. He did not appear to make any final ruling in as much as the British practice, which I think was cited by my hon. friend, was not found to apply to what is going on in Canada.

Finally, I suggest and, in fact, I strongly submit that the attempt of the Hon. Member and his colleagues to introduce into this House something quite contrary to the British concept of justice should be firmly rejected. We have a situation in which people stand condemned of any alleged wrong-doing unless they stand up and plead their innocence. This is totally contrary to the traditions of Canadian and British justice. I think the House and you, Sir, should reject any attempt to bring into this House any discredited concept of star chamber proceedings. This concept was firmly rejected by the British people over 300 years ago. There is no way Canadians will want to see the process of this House distorted so that those who did not rise to profess a particular view which had been urged upon them would stand convicted of some alleged wrongdoing. I think the Hon. Member should be ashamed of himself, as should his colleagues, for trying to introduce into the House a concept so un-British and, even more, so un-Canadian. They should stand condemned for this reason—

• (1520)

Mr. Speaker: Order, please. I listened with great care to the Hon. Member for Windsor West (Mr. Gray) because he pleads a case well. I would not want the Hon. Member to stray too far into imputing motives to Hon. Members in the House. I think the Hon. Member for Windsor West has made his point. The Chair does not for one minute take it that Hon. Members who have not risen are, as a consequence, condemned or even under suspicion.

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I hesitate to rise to say that I did not speak to the press with regard to what went on in the committee. I must make it clear that I did not talk to the press about what went on in the committee, but the reason I hesitate to say so is that I do not want to feed suspicious minds and I do not wish to feed the notion that there is a rule that whatever happens in Steering Committee meetings is confidential and privileged.

I would contend that the confidentiality of what goes on in a Steering Committee depends upon the trust and agreement of members and is a matter of honour and choice. If a member of a committee speaks to the press, it does not stop us from functioning as Members of Parliament.

I would like to make another point. Just because Canadian Press says that an MP said something, does that mean that an MP said that? I would like to make my main point without revealing what went on in the discussions. To my knowledge, no report has been drafted and I would therefore ask what it is that has been revealed to the public.

Ms. Sheila Copps (Hamilton East): Mr. Speaker, I am not a member of the committee and I need not plead the fifth. However, I would like to add my point of view to the discussion. What seems to be at stake is a suggestion by a Member of Parliament that our conversations should be censored, whether we are talking to someone from Canadian Press or to our constituents. Whether we do so or not is our business. For other committee members to start censoring our conversations is unparliamentary and I wish the Speaker would so rule.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, I am not a member of this committee but I am Chairman of a Standing Committee and I understand the problems involved when Standing Committees prepare confidential reports to be tabled in the House. It has always been my understanding as a Chairman of a Standing Committee that committees often deal with very sensitive matters that reflect on discussions between members as to recommendations to the Government. Often the discussions and consensus of members can affect the market, the way public servants react and the way government departments operate. As a consequence, it is essential that the

private discussions of a parliamentary committee and its members remain *in camera* and remain with the members. It is essential that the reports of parliamentary committees remain the property of the committee until they are released to the public. They should not be the property of the press or the public in general, nor should there be speculation about what a member of the committee or a group of members of the committee said.

Later today I will be tabling a report of the Standing Committee on Finance and Economic Affairs. That report was prepared *in camera* and has not been leaked to the press or distributed to anyone. That report will become public when it is released.

It is important that the House Committee on Privileges and Elections hold public hearings on this issue so that the House can determine where it stands with respect to *in camera* meetings, how members should conduct themselves and, indeed, how the press should conduct itself when dealing with matters of this sensitivity.

Mr. Fred McCain (Carleton—Charlotte): Mr. Speaker, I find it incredible that the Hon. Member for Windsor West (Mr. Gray) would suggest to the House and the public at large that an *in camera* meeting should be anything but *in camera*. The purpose of such a meeting is to allow Members of the House, regardless of political faith, to try to arrive at a consensus, if possible, or at least make plans for the committee. It is not necessarily in the best interests of the committee or of the nation for these plans to become the property of the press immediately.

The Hon. Member for Windsor West has participated in *in camera* meeitngs unless he is an exception. As a Minister, items with which he had dealt had been before *in camera* committee meetings. If Members of the House cannot meet in good faith *in camera*, then the system will not work. The matter which has been placed before us by the Chairman of the Committee is one to which we must give very, very serious consideration in the interests of all Parties and all Canadians.

Mr. Gerry St. Germain (Mission—Port Moody): Mr. Speaker, I think it is a question of a lack of respect for the confidentiality of Steering Committees or meetings held *in camera*. Since I have been here, there have been numerous breaches of that confidence by members of the Opposition and it is disgusting—

Mr. Speaker: The Hon. Member for Mission—Port Moody (Mr. St. Germain) has made a statement but has not named an Hon. Member. However, I would ask the Hon. Member to walk carefully around danger and not to make charges in the Chamber. I would ask him to continue his remarks, which I always find helpful.

Mr. St. Germain: Mr. Speaker, I can cite an example. Regarding de Havilland, members of the Opposition actually had to apologize for breaches of confidentiality in regard to meetings that were held *in camera* and this is why I bring the subject forward.

Mr. Speaker: I think in the interest of getting to the point, I would ask the Hon. Member for Mission—Port Moody to address the particular item that is before the Chair. As the Chair understands it, the Hon. Member for Selkirk—Interlake (Mr. Holtmann) has raised a question of privilege which is that something that went on in an *in camera* committee has turned up in the press. I understand that is the allegation. What goes with that allegation is the question of whether this is a breach of privilege because it is an *in camera* meeting.

• (1530)

Other Members have been concerned that because some Members have risen and said that they did not talk to the press, that was an invitation for the Speaker to perhaps look with disfavour on other Members who do not rise. I have made it quite clear that I have no intention of doing that. I do not take that as the intention. It is important to keep to the point. I treat the issue as a serious one. I would ask the Hon. Member to continue.

Mr. St. Germain: I will be guided by the wisdom of the Chair.

The question is this. Will Steering Committee meetings or meetings held *in camera* be kept in total confidentiality? If they are not, I think it is important that we have a ruling. It comes down to basic respect for this very institution; not the Hon. Members, not myself, the Member for Mission—Port Moody, but the institution. This is what we are concerned about. There have been breaches.

I urge you, Sir, to come forward with a decision on this issue. As standing committees meet daily, it is very important that there is a resolution to this issue so we can operate with a feeling of self-confidence.

Ms. Copps: You are afraid of the truth.

Mr. John Nunziata (York South—Weston): Mr. Speaker, I am not rising to plead *mea culpa, mea culpa*. I was not a member of the committee, or present at that particular meeting. I would like to make a few comments.

I take exception to the method by which this particular point of privilege has been raised. The Hon. Member rose as the Chairman of the Committee and indicated that there was a breach of privilege. He also indicated that he was not responsible for speaking to the media. Following that particular Member, a number of other Members of the Conservative Party, and Members of the committee, indicated that they were not responsible for the leak. That is unfortunate, because by process of elimination, the Conservative Party is pointing fingers in the direction of the Opposition. The previous speaker, the Hon. Member for Mission—Port Moody (Mr. St. Germain), has suggested that the leak came from this side of the House.

The issue is whether there was a breach of privilege. The Hon. Member who raised the point did not accuse any particular Member of Parliament as being the source of the leak. Leaks are a way of political life in this institution, and in institutions across Canada at the provincial level. As members of the opposition, we are often in receipt of so-called leaks, or brown envelopes from civil servants, Conservative Members of Parliament, and elsewhere, regarding the confidential activities of either the Government or Ministers of the Crown. When the Conservative Party was in opposition it too was a recipient of leaks, or brown envelopes.

Mr. Speaker: The Hon. Member for York South—Weston (Mr. Nunziata) has said something that all Hon. Members are very well aware of, that there is constant communication between Members of Parliament, those in the public service, the media and others. The Hon. Member for York South-Weston put his finger on the point when he stated that the issue is whether, under these circumstances, there has been a breach of privilege. This afternoon a lot of time could be spent casting around, going back in history, some of which would be factual, and some of which might be fanciful.

I wish to ask the Hon. Member to come back to the point he so excellently made, that is, that under these circumstances, as the Hon. Member for Selkirk—Interlake put them to the Chair, and the Hon. Member for York South—Weston is absolutely right, the Hon. Member who brought the point of privilege did not accuse anyone, has there been a breach of privilege. The point is a narrow one, but it is important. That is, if there was an *in camera* meeting, and if all Hon. Members entered into that *in camera* meeting understanding that that was the situation, what is the obligation then on Hon. Members? That is the point. The Hon. Member for York South—Weston has perceived that point perfectly well, and I ask him to continue.

Mr. Nunziata: By raising the point of privilege the Chairman of the committee has confirmed the contents of the particular media report, and he has not denied that the media report was inaccurate. By so raising the point, he has confirmed the accuracy of the report.

Mr. McCain: I rise on a point of order.

Mr. Speaker: The Hon. Member for York South—Weston (Mr. Nunziata) is speaking on a point of privilege. Unless the point of order you are raising is of very great importance, I would prefer that the Hon. Member be allowed to finish his comments.

Mr. Nunziata: As I indicated, by raising the point, there is a confirmation of the accuracy of the Canadian Press report. Be that as it may, the question is whether there has been a breach of privilege. There is no question that if there was a leak there has been a breach of trust; the trust that exists between Members of Parliament, whether they are Conservative, New Democratic, or Liberal.

In certain cases there is a need to have *in camera* meetings of committees. In my view, only in very extreme circumstances should there be *in camera* meetings of committees. There must be compelling reasons why there should be an *in camera* meeting. In this particular case, there was obviously a need for an *in camera* meeting because members of the committee were trying to develop and articulate a committee position on the issue in question.

There is precious little that the Chair can do, if you conclude, as I have concluded, that there was a leak. Was there a breach of privilege? If there was, what does the Chair do? The matter is referred to committee. Do the Hon. Members opposite, and the Member who raised the particular point of privilege, suggest that we should have a type of Senate subcommittee investigation, call in a special investigator, call people before the bar, under oath, and go through a process of cross-examination and investigate each and every Member of Parliament and determine where the leak came from? We cannot do that. In the House we are all considered to be honourable members. An investigation would serve no useful purpose. If a member of the committee stood up and pleaded *mea culpa, mea culpa*, then we could wrap that person's knuckles, and that would be the end of the matter.

If the Member who raised the particular point of privilege wishes to accuse a Member of Parliament of breaching the privilege, then it should be done up front, and the person should be named. There are consequences that follow if he is wrong in terms of his allegations. But I regret the method by which the Hon. Member, and Conservative Members, by a process of elimination have chosen to point fingers towards the opposition benches.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, should you find that there has been a breach of privilege, I would move, seconded by the Hon. Member for Selkirk—Interlake (Mr. Holtmann):

That the matter of the breach of confidence or trust by a Member of the Government Operations Committee in communicating the contents of the committee report to a member of the media prior to its presentation in the House be considered by the committee on Elections, Privileges and Procedure.

Mr. Speaker: I wish to assist Hon. Members when I feel that it is appropriate to do so. In these circumstances it is appropriate that the Hon. Member who raised the point of privilege be the Member to actually move the motion. I am sure that all Hon. Members do not mind if the Chair makes sure that what is being done is procedurally sound. If it is the disposition of the House, we can take it that we agree that that is the case.

• (1540)

Ms. Copps: Everyone agrees.

Mr. Keeper: On what are we agreeing?

Mr. Speaker: Perhaps I should explain. The Hon. Member is asking on what we are agreeing. The Hon. Parliamentary Secretary rose and made the usual motion in these cases. It actually should have been done by the Hon. Member for Selkirk—Interlake. The Hon. Member is in his seat. I see him nodding. I will take it that he has proposed the motion. I thank Hon. Members for their courtesy.

The Hon. Member for Carleton—Charlotte (Mr. McCain) was seeking the floor a moment ago. I asked him—and he very kindly agreed—to keep his remarks until later because I did not want to interrupt the Hon. Member for York South—Weston (Mr. Nunziata). I will now recognize the Hon. Member for Carleton—Charlotte.

Mr. McCain: Mr. Speaker, if we as Members of the House cannot trust one another to meet *in camera*, how can we expect the nation to trust us? If we do not find this to be a subject matter worthy of further consideration in some form which would give us the security of confidentiality, in the eyes of the public we are remiss in our duties.

I find it incredible that we are referring in some instances to brown envelopes which may be received from other sources. That is not at all relevant; it is not to be excused either. I do not admire it, but it is not relevant to the trust which Hon. Members should be able to place in their fellow colleagues, regardless of the Party to which colleagues may belong.

It has been my privilege to be in this sphere of life for quite some time. I must say with pride that at no time have I ever breached the confidentiality of an *in camera* meeting.

Mr. Nunziata: What about caucus?

Mr. McCain: At no time have I breached the confidentiality of caucus. You mentioned something about press and its accuracy—

Mr. Speaker: Order, please.

Mr. McCain: I say through you, Mr. Speaker—

Mr. Speaker: That is much better.

Mr. McCain: —that I can make exactly the same claim, regardless of how it may have been printed.

Mr. Marchi: That is not what we heard.

Mr. McCain: The gentleman who is interjecting made some comments in respect of the press. I would be inclined to confirm that comment. Therefore, I think he is being rather irrelevant and irascible in his approach to this subject matter.

Mr. Speaker: Hon. Members are sometimes irascible and irrelevant. However, I am sure all Hon. Members are conscientiously putting forward points of interest to the Chair.

Mr. Jim Hawkes (Calgary West): Mr. Speaker, I rise on the same question of privilege. I will try to be brief. The fact that so many Hon. Members have risen underlines the sense of importance which they attach to agreements freely entered into by Members of the House. An agreement to enter into an *in camera* meeting and to keep the report confidential until it is presented to the House is an important commitment. It enables us to conduct public business in a very efficient and effective fashion.

The grounds raised in this question of privilege are well founded, but perhaps narrower than they might have been. In examining the precedents of this and similar chambers, I think Your Honour will find that historically there is some sense of responsibility on the public press to report accurately the doings of a public body such as the House of Commons.

For instance, an article was presented to the House which alleges that an unnamed Member of Parliament provided the particular reporter with information about what went on in an *in camera* meeting. Indeed, it may be true that that is what happened. However, it is possible that someone who is not a Member of Parliament passed himself off as a Member of Parliament in dealing with the particular reporter. It is also possible, but unlikely, that a reporter uses the words "Member of Parliament" without indeed having attempted to talk to a Member of Parliament. These things are possibilities. Unless we have a motion which would go forward to the appropriate committee to examine the responsibilities of Hon. Members when they freely enter into an agreement to participate in an *in camera* session of this kind, we have no mechanism which would enable us to sort it out.

It may be that the press has violated the privileges of the House. It may be that a member of the staff, a translator or someone in the room violated the privileges of the House. It may be that indeed a Member of Parliament violated the privileges of the House. If we do not have an affirmative motion and we do not have an inquiry, we are left with those three possibilities, none of which is particularly pleasant to anyone who belongs to any one of the three groups. It cannot be a pleasant situation for the reporter. It cannot be a pleasant situation for members of the committee. It cannot be pleasant for members of the staff who serve so well that and other committees.

In order to clarify the matter and to take off the heads of those three groups the thought of suspicion, Your Honour might be well advised to permit a motion, along the lines indicated by the Hon. Member, to come forward.

Mr. Keeper: Mr. Speaker, I hesitate to enter into the debate again. However, I should like to make one point. To raise the matter of a leak from the Steering Committee as a matter of privilege assumes that in order to draft the report we had to go *in camera*. In fact I was surprised that the meeting that morning was an *in camera* one. I am confident that we can and could have drafted the report without going *in camera*. I just ask Your Honour to consider that point when you are considering the question of privilege.

Mr. Speaker: I want to thank all Hon. Members. Of course I will reserve on the matter because the Chair certainly views

it as an important point. Hon. Members on all sides are obviously treating it as an important point.

I remind Hon. Members that the Hon. Member for York South—Weston, whom I earlier complimented on getting to the point, also said that it may or may not be a question of privilege but that it most certainly was a breach of trust. The Hon. Member for Carleton—Charlotte who has spent many years in the House and many previous years in a provincial legislature is a very experienced parliamentarian. He made exactly the same point.

It seems Hon. Members are asking me to decide—and I think we can agree it is a breach of trust—whether or not the breach of trust under these circumstances is a breach of privilege. I assure all Hon. Members that I will give the matter very careful consideration.

I also want to assure all Hon. Members that I do not take what has been said here as the beginnings of any kind of witch-hunt. I think some concern was expressed by some Hon. Members that that is what might come out of this discussion. I want to assure all Hon. Members that I do not take that view at all. I certainly would not encourage that kind of reaction from a debate like this one.

I think all Members are in agreement that when Hon. Members enter into a good faith arrangement to hold the information they have in an *in camera* meeting, they place themselves in a situation of trust, one with the other. Of course that ought not to be breached. This is why we are called "Honourable Members". We must be able to depend upon the word of an Hon. Member without, as they say, having it signed, sealed and delivered. The Hon. Member's word should be enough.

The Chair will look carefully at the situation and report back to the House as soon as is convenient.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I draw to your attention a piece of information which might make your deliberations somewhat easier. I refer to a decision of Speaker Jerome on October 22, 1975. A draft report of a parliamentary committee on immigration was leaked or made public presumably by one of the participants. It was sent to the appropriate committee for evaluation and came back to Speaker Jerome. He in fact ruled that, because the original motion did not contain the name of an individual person or set of persons, he could not rule that there had been a breach of privilege.

• (1550)

Mr. Speaker: I thank the Hon. Member for Kamloops—Shuswap (Mr. Riis) for the additional information. The Hon. Parliamentary Secretary. I think this is on another matter?

Mr. Lewis: Yes, it is, Mr. Speaker.

Point of Order—Mr. Lewis

POINT OF ORDER

ALLEGED USE OF UNPARLIAMENTARY LANGUAGE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, during Question Period I gave you notice—

Mr. Speaker: Order, for a moment, please. Could I ask the indulgence of the Parliamentary Secretary to advise the House that it was my intention to give certain rulings this afternoon. In view of the hour, I will adjourn that and advise the Hon. Members who were involved. The Parliamentary Secretary.

Mr. Lewis: Mr. Speaker, for the same reason I will make my remarks brief on this question of privilege. I do not want to impede the opposition day either.

I gave you notice of my intention to raise a question of privilege as a result of the remarks of the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart) during a question that he addressed to the Prime Minister during Question Period today. The Hon. Member made the comment "if he has the courage". I submit that his remarks provoked an uproar and disruption in this House which was undignified and disruptive of the proceedings of the House.

Yesterday the same Member made the comment:

I am sure that, unlike the Prime Minister, he could be sincere.

Which also raised the outcry: "Order! order!"

Mr. Speaker: Order, please. I would ask the Parliamentary Secretary to confine his remarks to events that happened today. The Chair is aware of the exchange with the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart) yesterday. The Chair examined the blues. The Chair was aware that some Hon. Members were not happy with the exchange, but I must advise that the Chair did not feel, strong as the language and the suggestion might have been, that there was any need to interfere.

We are dealing with another matter today and I will hear the Hon. Parliamentary Secretary and other Hon. Members.

Mr. Lewis: Mr. Speaker, to continue. Today, the Hon. Member used the words: "if he has the courage." I draw your attention to Beauchesne in two instances. First, Citation 319(3):

In the House of Commons a Member will not be permitted by the Speaker to indulge in any reflections on the House itself as a political institution; or to impute to any Member or Members unworthy motives for their actions in a particular case;—

I also draw your attention, Mr. Speaker, to Beauchesne, Citation 324(1). It reads:

It is impossible to lay down any specific rules in regard to injurious reflections uttered in debate against particular Members, or to declare beforehand what expressions are or are not contrary to order;—

I wanted to read the entire quote, but this point I want to draw to your attention:

—much depends upon the tone and manner, and intention, of the person speaking; sometimes upon the person to whom the words are addressed, as, whether he is a public officer, or a private Member not in office, or whether the words are meant to be applied to his public conduct, or to his private character; and sometimes upon the degree of provocation, which the Member speaking had received from the person he alludes to; and all these considerations must be attended to at the moment, as they are infinitely various and cannot possibly be foreseen in such a manner that precise rules can be adopted with respect to them.

Decorum in this House, Mr. Speaker, is the responsibility of all of us. The first check on decorum is the Member himself or herself and how he or she regards this institution and what respect he or she has for it. That is the first check on decorum.

Mr. Marchi: Respect the opposition.

Mr. Speaker: The Parliamentary Secretary is making an argument. I am sure that all Hon. Members would want to give him the courtesy of completing the argument without interruption. The Hon. Parliamentary Secretary.

Mr. Lewis: Mr. Speaker, second, failing the responsibility of the Member himself or herself, decorum is the responsibility of the officers of that particular caucus. Each of us has a responsibility to check the decorum of the House. I can tell you without imputing any motives to the Hon. Member that we find no opposition Members' remarks as offensive as the remarks and the conduct of the Hon. Member for Montreal—Sainte-Marie. I say that to Members of the opposition sitting here and I say it to those colleagues who are not here. We find no conduct of any Member of the opposition as offensive as the Hon. Member for Montreal—Sainte-Marie.

Lastly, decorum in the House, if it breaks down at the Member's level, if it breaks down at the caucus officers level, is the responsibility of yourself, Sir.

I suggest that today there was a good-natured exchange between the Hon. Member for Gander—Twillingate (Mr. Baker) and the Minister of Transport (Mr. Crosbie). It was a good-natured exchange. Each Member went at one another and I think there was a lessening of tension, tension precipitated by the Member for Montreal—Sainte-Marie.

An Hon. Member: You are ragging the puck.

Mr. Lewis: I am closing now. These remarks were drafted. I am not ragging the puck on anybody.

Mr. Rossi: On opposition day, are you obliged to listen to the opposition?

Mr. Lewis: I say that the atmosphere in this House is poisoned when that kind of conduct is allowed to continue, Mr. Speaker. I say the relationships between the Parties are poisoned when that kind of conduct is allowed to continue; I say to you that Parliament is poisoned when that kind of conduct is allowed to continue.

This is a place for healthy debate. We are trying to build a country. We do not do it by slandering the reputations of other Members, our Prime Ministers, Cabinet Ministers, leaders of the opposition Parties or anybody. We do it by healthy debate. It is time that the conduct of this particular Member was examined in detail, that we get back to healthy debate in this place and get rid of slander and slandering reputations.

Hon. Herb Gray (Windsor West): Mr. Speaker, I want to be very brief. Unlike the Hon. Member I, and I think the country, want to hear the debate on the motion set down by the Liberal Party today with respect to conditions in Alberta. I want to say to the Hon. Member that it is a strange new proposition to suggest to the Speaker that the tone of voice used in debate can be found so offensive by an Hon. Member, can frighten or upset an Hon. Member, that the tone of voice is contrary to the privileges of the House. I am surprised that Members of the Conservative Party are so thin skinned. I do not know what it is that has so disturbed them that if an Hon. Member says: "if you have the courage" in a particular tone of voice it should send the Hon. Parliamentary Secretary into such paroxisms of outrage and concern.

As you yourself said, Mr. Speaker, I think in your first words as Speaker in this House, this is a place for strong and vigorous debate and for strong feelings. I am paraphrasing my recollection of your words, Sir. It would certainly be a very great and serious change in the customs and traditions of this House if it were proper grounds for an acceptable question of privilege to be found on the suggestion that there is something wrong with the tone of voice in which an Hon. Member expressed a point of view. I realize that the Parliamentary Secretary and his colleagues have a lot at the present time to be sensitive and concerned about. I submit, with the utmost respect, that to try to say that the tone of voice in which remarks are made is a fit subject for a ruling, that the words thereby become unparliamentary, is to extend the concept of unparliamentary language far beyond what has been the case in this House or other parliamentary institutions. I cannot understand how the Parliamentary Secretary could in any way be upset about another Hon. Member, in this case the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart) putting into his question the interjection "if you have the courage". All you have to do, Mr. Speaker, is to look at Beauchesne and see the words that have been ruled parliamentary: dishonest, false, coward, pig, obscene, untrue.

• (1600)

Mr. Speaker: I hope that in the reading of all those words there will be no encouragement to use any of them.

Mr. Gray (Windsor West): Thank you for your admonition, Mr. Speaker. I have used them in the abstract, quoting from Beauchesne, whatever temptation I may have to apply them in discussions in this House from time to time.

The point I am trying to make is that surely the word "courage" used in the way the Hon. Member did could not possibly be considered unparliamentary if one compares it with the words actually found to be parliamentary.

I conclude by saying it is very strange for the Hon. Parliamentary Secretary to get up and make his point today and end

it with what can only be a personal attack upon a very distinguished Member of this House, the Hon. Member for Montreal—Sainte Marie, a former Member of the Quebec Assembly, in light of the words he read from Beauchesne's, Section 319(3), where he said a Member of the House will not be permitted:

—to impute to any Member or Members unworthy motives for their actions in a particular case;

Surely he is doing the very thing he has incorrectly complained about with respect to the Hon. Member for Montreal—Sainte Marie in his unworthy and unwarranted personal attack.

Therefore I respectfully ask you to reject his point of order as being totally unfounded, and perhaps equally, if not more importantly, to call upon the Parliamentary Secretary to apologize for his unworthy, undeserving and totally wrong personal attack on the Hon. Member for Montreal—Sainte Marie.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I want to simply add what I think is a very important point. The Parliamentary Secretary stood in his place and went on at some length about the need for decorum and respect from Members. Then he looked across at the opposition and said the Hon. Member in question was the most offensive Member of all of them. When I look in Beauchesne I find that the use of the word "offensive" is unparliamentary. In other words, in his effort to make the House of Commons a more parliamentary place the Parliamentary Secretary was himself using unparliamentary language as defined in Beauchesne. I simply make that point to put the quality of the argument in perspective.

Mr. Speaker: The Hon. Parliamentary Secretary has raised a point of order concerning the use of a word today by the Hon. Member from Montreal—Sainte Marie (Mr. Malépart). The point the Chair has to decide is whether or not that word is unparliamentary. The Hon. Parliamentary Secretary said that the Chair should consider the context in which the word was used. The Hon. Member for Windsor West (Mr. Gray) has pointed out that there is a long list of words which perhaps none of us would want thrown at us and which have been ruled as unparliamentary.

I am not going to rule at the moment. I will look very carefully at the "blues". I want Hon. Members to know that the point I am taking is the single and narrow point of whether or not the use of the word "courage" in the context in which it was used is parliamentary or unparliamentary. However, I will say this. Sometimes the difficulty in the Chamber comes not from the use of unparliamentary words at all, but from the use of words in the heat of debate which hurt another person's feelings. When those words are used it invites some kind of retaliation. Sometimes the retaliation is wit, sometimes it is sarcasm, sometimes it is the use of the same kind of word or worse.

I think all Hon. Members will know that decorum in the House depends, not just on staying on the fine line of what is parliamentary, but also on Hon. Members using their best efforts at all times to not use language which they in their common sense ought to know will hurt or wound the feelings of another Hon. Member.

The Chair will carefully consider the matter and come back to the Chamber at an appropriate time. I have not called upon the Hon. Member for Montreal—Sainte Marie because the House Leader for the Official Opposition spoke eloquently on his behalf. Unless the Hon. Member has some great feeling that he needs to get into the debate, perhaps that will now conclude the debate. I see the Hon. Member signifying his acceptance of the Chair's suggestion.

Mr. Riis: Mr. Speaker, in the true spirit of the House of Commons, the Parliamentary Secretary did refer to the Hon. Member as being offensive. I think it would only be appropriate that he now be asked to withdraw that remark.

Mr. Lewis: Mr. Speaker, I believe I said the tactics of the Hon. Member were the most offensive of any Member in the House. That is what I meant to say. If my friend, who has come to his rescue, wishes me to withdraw my remarks that he is the most offensive member of the opposition, I will withdraw my remarks that he is the most offensive member of the Opposition. I will instead suggest that the tactics used by the Hon. Member for Montreal—Sainte Marie are the most offensive of any tactics used by members of the opposition.

Mr. Speaker: I think it might be helpful if the Chair takes the representations made and considers them carefully and we close off the debate. Unless some Member has a specific charge to make, I do not think this will advance the cause of good conduct in this Chamber and it probably is not going to help the Chair very much either.

ROUTINE PROCEEDINGS

[*English*]

HUMAN RIGHTS

THIRTY-EIGHTH ANNIVERSARY OF UNIVERSAL DECLARATION

Hon. Ray Hnatyshyn (Minister of Justice and Attorney General of Canada): Mr. Speaker, I rise to draw to the attention of all Hon. Members that today is the day we commemorate the Universal Declaration of Human Rights. Thirty-eight years ago, on December 10, 1948 the UN General Assembly set out a comprehensive framework for the rights and freedoms of all people around the world.

[*Translation*]

Mr. Speaker, the celebration of Human Rights Day has a special meaning this year since 1986 is the International Year of Peace.

[*English*]

The inevitable link which exists between human rights and peace is highlighted in the first paragraph of the Universal

Declaration of Human Rights. It states that recognition of the inherent dignity, and the equal and inalienable rights of all members of the human family, is the foundation of freedom, justice and peace in the world.

I am glad that 40 years after the creation of the UN, the International Year of Peace has offered us an opportunity to reflect on the conditions for the survival of our rights, and our survival as human beings. On behalf of all Canadians I want to say that we remain as committed to the Universal Declaration now as we were 38 years ago.

Last month Governor General Jeanne Sauvé accepted the Nansen Medal from the UN High Commissioner for Refugees, Jean-Pierre Hocké. The award was not made to any one citizen of Canada but to the people of Canada in, "recognition of their major and sustained contribution to the cause of refugees."

• (1610)

The Nansen Medal was created in 1954 and this was the first time it has ever been awarded to a country. I think that says a lot for the freedom loving spirit for which we are recognized and respected throughout the world. When we talk of human rights in Canada, we mean equality for all Canadians irrespective of gender, language, race, religion, economic status or disability. We in Canada realize the value of a multicultural and multiracial community and the strength it gives to our citizenship and Canadian identity.

[*Translation*]

For example, Canada's respect for its two main language groups is reflected in the Official Languages Act, which is under intensive review at the moment by the Department of Justice. As well, the Government is considering several very significant improvements to the use of both official languages in our dealings with the provinces, volunteer associations, and the private sector. The President of the Treasury Board is also developing a full range of initiatives to further enhance the profile of our official languages within federal institutions.

In addition to English and French, dozens of other heritage languages are spoken across the nation. In recognition of the cultural wealth that lies in a multilingual identity, the Government supports studies in languages and cultural retention.

[*English*]

We have made commendable strides during the last four decades, but we must go on achieving if we are to expand our concepts of equality and freedom. Although we entrenched our Charter of Rights and Freedoms four years ago in the Constitution of Canada, this was just one major stepping stone of others to come.

As you know, the Secretary of State (Mr. Crombie) is funding the Charter Challenge Program through the Canada Council on Social Development. The resolution of specific Charter cases in the courts will further change and improve our notions of equality and what we have to do to get there.

This is a significant move forward for Canadians. The Government has made a firm commitment to full implementation of the Charter. Clearly, our readiness to confront challenges in matters of fundamental human rights, and to provide the means of ensuring full access to the courts, demonstrates our commitment to one of the key elements of the Universal Declaration of Human Rights, the right to an effective remedy for violations of rights.

Defending an increasing respect for human rights also extends beyond Canada's institutions. This respect must continue to form the solid basis of individual and community life. No greater protection can be granted to human rights than an aware and enlightened public.

The role of the voluntary sector, our hundreds of dedicated non-profit organizations, is especially important in this regard. These groups touch the heart of local communities and directly involve millions of Canadians in their efforts.

[*Translation*]

On this day, we celebrate the proclamation of the universal declaration of Human Rights. I think it is fitting that we celebrate the many forward steps that we have taken over the last four decades.

I think it is also important that we acknowledge and support the tremendous contributions made by Canadian individuals and organizations in making that progress possible.

Finally, we must use this opportunity to acknowledge that we have a long way to go before we can be completely satisfied with our progress. Our record is good—actually very good—but there is yet some room to grow.

We must therefore maintain our vigilance at home, and continue to exert our influence abroad. We have to think of more creative ways to encourage the human rights cause in countries where they are now merely empty expressions.

[*English*]

Canada's devotion to equality was given even greater credence last March when our Prime Minister (Mr. Mulroney) signed a proclamation committing Canada to a program of action over the next decade to unite in a stand against racial discrimination. Although this took place quite appropriately during the current International Year of Peace, we are also in the second United Nations Decade to Combat Racism.

Let us hope, therefore, that the fair-minded hearts and souls of Canadians will grow stronger throughout the land, and then influence the global community so that no third such decade need ever be declared.

Some Hon. Members: Hear, hear!

Mr. Roland de Corneille (Eglinton—Lawrence): Mr. Speaker, if December 7, 1971 was to go down in history as a day of infamy, then December 10, 1948 was a day of hope. On

that day, the Untied Nations proclaimed the Universal Declaration of Human Rights. Written by René Cassin, a Frenchman who, with his family, personally suffered from Nazi tyranny and understood poignantly the importance of human rights, the Declaration became an ideal and an objective for all nations to seek to attain.

Since that time, Canada has in countless ways shown its desire to conform to those ideals. We have signed the International Human Rights Covenants. We have signed many United Nations special covenants. In fact, we have passed laws and set up human rights commissions across the country. We have proclaimed our opposition to racism and discrimination.

After a prolonged legislative battle in the House, we enshrined these rights in the Charter which now all political parties support and uphold. We are a nation of minorities and, for that reason, we know that human rights are important now to everyone because everyone belongs to a minority. We have not one, but two official languages, both of them equal.

By comparison with most other nations on earth, we have had a superb record of liberty and equality. For this reason we have not been inhibited from speaking out on behalf of oppressed individuals or groups in other countries. That is why it was fitting that we honoured, as the first person ever to become an honorary Canadian citizen, not a person who was great because of his brains, money, power or fame. Last year on this day we honoured Raoul Wallenburg because of his heroism in upholding human rights. That tells us where we have our hearts as Canadians. That is why we have begun to examine our past and try to atone for wrongs imposed on such minority communities in Canada as our native people, Japanese Canadians, those innocent people who have been executed by error, and those who have been persecuted because of their faith or origins.

We know that we have much for which to atone but we must also admit that there is still a long way to go. We must remind the Government that words do not heal the hurt of discrimination and poverty and lack of opportunity. Words will not do. We must remind the Government of its stalling and its lack of political will to root out systemic discrimination, of which the Government's so-called equality Bill is the most obvious cynical example.

Let this human rights day ring in the ears of the Secretary of State (Mr. Crombie), the Minister responsible for multiculturalism, the Ministers responsible for the status of women and youth, the Minister of Indian Affairs and Northern Development (Mr. McKnight), the Secretary of State for External Affairs (Mr. Clark) and the Minister of Employment and Immigration (Mr. Bouchard). In fact, let it ring in the ears of the Prime Minister (Mr. Mulroney) and all members of his cabinet. This day should ring loudly in their ears as they are reminded of the inequality of access to jobs, to training, to post-secondary education for women, handicapped, native peoples, those who are minority groups.

• (1620)

We have a built-in systemic barrier because of the structural barriers to equality which this Government has skirted and evaded. The Government talks of reform by education rather than by law. It is counting on the goodwill of Canadians to do the right thing. That is the Government's alibi for inaction; it is going to count on Canadians to do the right thing. That is just the trouble. The Government has a hands-off approach to human rights rather than a hands-on approach. The reason injustice still exists is because the Government has relied on other people to do the right thing instead of doing the right thing itself.

As the Official Opposition, we pledge to support the Government in whatever measures it brings forward to give everyone in every region a sense of dignity. We will not support its failure to do this. We will also support Canada's efforts throughout the world when our country champions human rights in the face of oppression and tyranny. Canada has a responsibility to the world community of nations. We are proud of Canada's record, yet we realize we have a long way to go.

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, it is a pleasure to join with my colleagues today as we recognize the thirty-eighth anniversary of the adoption of the Universal Declaration of Human Rights by the General Assembly of the United Nations. In 1948 each and every delegate representing the nations of the world committed themselves to guaranteeing for their citizens all the basic rights and freedoms that centuries have taught us are fundamental to civilization, peace and progress for humankind.

Although progress has been made in achieving the goals set in 1948, most notably in the struggle for decolonization, it must nevertheless be recognized that the grandchildren of those who were the authors of that noble declaration have inherited a world which for many falls far short of the dream. I am talking about that mighty dream of Martin Luther King. It is a costly dream, dreamed until death in the Soviet Union by Anatoly Marchenko. It is a dream dearer than freedom itself for Nelson Mandela, and it is a dream that, to Mahatma Ghandi, represented the culmination of a love shared for all mankind, achievable only by the power of love.

It is not a part of that dream that 128 countries can still be characterized by Amnesty International as being involved in the systematic violation of human rights. It is not part of that dream that children would be imprisoned in South Africa for merely sharing it. It was not part of that dream that the people of Latvia, Estonia, Lithuania and the people of the Ukraine could dream that dream freely only on foreign shores, or that Afghanistan, Nicaragua, Lebanon, Angola and other third world nations should have their right to self-determination compromised by the national interests of others.

However proud we may be as Canadians in accepting the Nansen medal, the refugees arriving on our shores in such numbers are evidence of that unfulfilled dream. When Martin

Luther King said: "I have a dream. Oh, I have a dream", that dream did not mean that people would starve to provide the weapons of war which can destroy the earth.

When I reflect upon human rights in the context of my country, I recognize that here too we fall short of that dream. I find no source of pride in our treatment of the aboriginal peoples, rooted as it is all too often in racism.

However, even though Canada does not represent perfection, I am very proud to be a Canadian. We are a nation only beginning to measure our potential greatness. As a boy I grew up in a different Canada, as someone who was different, but I learned that change is possible in our country when one is determined to be a part of it. That I am now a member of this place is the measure of the extent of the change which has occurred.

[*Translation*]

As a nation, we are unique in our focus not only on property rights but also, and more fundamentally, on social justice as reflected in the range and humanistic approach of our social programs, and, more obviously, in our Official Languages Act, our Canadian Charter of Rights and Freedoms, and our provincial laws that prohibit discrimination on the grounds of race, religion, sex, language and physical or other handicaps.

[*English*]

This is a nation which has changed since my childhood into a multiracial and multiethnic nation. We have the potential to be the greatest nation in the world, not because of our might but because we have accepted our diversity and because we will release, through our commitment to social justice, the yet untapped but magnificent potential of our many peoples. We shall be as devoted to the right to freedom, equality and self-determination for other nations as we are for ourselves. This is the kind of greatness to be shared with other nations and the kind of leadership this world so desperately needs if that common dream of 1948 is ever to be fulfilled.

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COMMITTEES OF THE HOUSE

FINANCE AND ECONOMIC AFFAIRS—SECOND REPORT OF STANDING COMMITTEE

Hon. Bob Layton (Lachine): Mr. Speaker, on behalf of the Chairman, I have the honour to present, in both official languages, the second report of the Standing Committee on Finance and Economic Affairs.

[*Editor's Note: See today's Votes and Proceedings.*]

RESEARCH, SCIENCE AND TECHNOLOGY—FIRST REPORT OF STANDING COMMITTEE

Mr. Bill Tupper (Nepean—Carleton): Mr. Speaker, I am pleased today as Chairman of the Standing Committee on Research Science and Technology to present the first report of the Standing Committee, in both official languages.

The committee has considered the Order in Council appointment of Bruce Howe to the post of Secretary to the Minister of State for Science and Technology (Mr. Oberle) which was referred on October 16, 1986. Your committee has examined the qualifications of the appointee and finds him competent to perform the duties of the post.

Mr. Berger: Mr. Speaker, I just want to state at this point that I dissent in the report of the committee.

Mr. Deputy Speaker: I regret to inform the Hon. Member that it is our of order for him to do this at this stage.

Mr. Berger: If I may, on a point of order, I would like to share with the Chair my concern about this procedure and with the hearing which was held into the appointment of Mr. Howe to Secretary to the Minister of State for Science and Technology (Mr. Oberle).

Mr. Deputy Speaker: I regret I cannot allow the Hon. Member to continue. The rules do not allow the Hon. Member to comment on a committee report at this stage. However, if the Hon. Member wants to consult with the Table there may be other means by which to do so.

Mr. Berger: Again on a point of order, Mr. Speaker, if I could explain to the Chair the nature of my concern, I think the Chair might agree that this is a point of order.

The committees of the House, as I understand it, have the opportunity to review an Order in Council appointment within 30 days of the date of the Order in Council appointment. However, it so happens that in this particular case the nominee has not yet taken up his duties as Secretary to the Minister of State for Science and Technology. Therefore, when he appeared before our committee, he was unable to answer any of the questions which were put to him regarding—

• (1630)

Mr. Deputy Speaker: I regret I cannot allow the Hon. Member to continue. I do not think he has raised a point of order. However, if the Hon. Member has a grievance, the Chair would be willing to consider it if the Hon. Member would be willing to put it in writing. I cannot allow the Hon. Member to comment about the committee. I rule that he has not raised a point of order at this time.

* * *

PETITIONS

OPPOSITION TO CUT-BACKS TO RESEARCH

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is my pleasure to present a petition on behalf of a number of residents of western Canada who are concerned about the

disruption of scientific activity which threatens the economic future as well as the health and safety of Canadians as a result of severe funding cuts to the National Research Council.

OPPOSITION TO PROPOSED CHANGE TO PATENT ACT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I am pleased to present a petition on behalf of a number of western Canadians who urge the Government to reconsider its plans to proceed with amendments to the Patent Act that will result in increased drug prices to Canadian citizens.

* * *

CRIMINAL CODE

MEASURE TO AMEND

Hon. Ray Hnatyshyn (Minister of Justice and Attorney General of Canada) moved for leave to introduce Bill C-28, an Act to amend the Criminal Code (torture).

Mr. Deputy Speaker: Shall the Hon. Member have leave to introduce the Bill?

Some Hon. Members: Agreed.

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

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Deputy Speaker: Shall all questions on the Order Paper be allowed to stand?

Some Hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all motions for the production of papers be allowed to stand.

Mr. Deputy Speaker: Shall all motions for the production of papers be allowed to stand?

Some Hon. Members: Agreed.

Mr. Deputy Speaker: I wish to inform the House that because of the ministerial statement this day's sitting will be extended by 18 minutes.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 82—STATE OF WESTERN ECONOMY

Mr. Deputy Speaker: Before putting the motion in the name of the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy), since today is the final allotted day the House will go through the usual procedures to consider and dispose of the supply Bill. In view of recent practices, do Hon. Members agree that the supply Bill be distributed now?

Some Hon. Members: Agreed.

Hon. Lloyd Axworthy (Winnipeg—Fort Garry) moved:

That this House notes with deep concern the drastic decline in the oil and gas sector of western Canada, leading to over 25,000 unemployed workers and over 100,000 social welfare cases in Alberta alone; and the serious reduction in farm income and the lack of federal support for manufacturing industries in the western provices; and

Therefore calls upon the Government to institute an immediate meeting of western provincial Governments, farmers, industries and labour to formulate an economic action plan designed to revive western resource, agricultural and manufacturing industries and to put western Canadians back to work.

He said: Mr. Speaker, I would like to say at the outset that due to the vagaries of the parliamentary process I deeply regret that this very important and essential debate will be shortened to less than an hour-and-a-half which, unfortunately, does not allow the full range of debate that is required to give proper expression to these concerns.

We bring this resolution forward to draw to the attention of the House and to the country the tragic and desperate circumstances being faced by western Canadians in a wide range of energy, agricultural and manufacturing sectors. From time to time newspaper reports may appear in the eastern press in this regard, but I do not think anyone fully understands the dimension of the personal tragedy being experienced by so many people, nor the terrible undermining of very fundmental and important industries to Canada.

I would like to begin by recounting to the House by way of example some indications of the depth of despair and the depth of economic tragedy that is beginning to occur. The Government of Alberta recently published a report put out by its Employment Department which indicates that by the end of 1986 over 25,000 workers in the oil and gas sector will be out of jobs. The oil association reports that by 1987 some 70 per cent of the oil-drilling rigs will be idle. The report goes on to indicate that a meagre 28 per cent of employment is forecast on the rigs, the lowest rate in 10 years. It is the worst slump in the development of exploration in the oil and gas industry experienced in the last decade.

The way in which these serious downfalls in the industry translate is perhaps best expressed in personal terms. We know that in Alberta there are over 100,000 people who are unemployed, and the numbers grow by the thousands every month. The exhaustees, those people who will be running out of unemployment insurance benefits, are increasing at the rate of 5,000 per month, and the crunch has not yet occurred. It will not occur until spring, at which time these people will no longer have any form of support. This is, of course, at a time at which the Government has before it the report of the Forget Commission which presents Draconian measures to reduce unemployment benefits even further.

There are over 147,000 people on social assistance in the Province of Alberta. That figure increased at a rate of over 12,000 families in the last year and grows by 600 families a month. By any of these indicators it is very clear that in this one province alone we are facing a kind of drastic and terrible erosion of a once vibrant economy. The question is: What is being done? The answer is: Virtually nothing at all.

That same type of tragedy is being reflected in other sectors of the western economy. At the recent Outlook Conference which took place last week in Ottawa the Government's own economists indicated that the fall in farm income in the Province of Alberta will be 60 per cent. In the Province of Manitoba it will be over 50 per cent, and over 40 per cent in the Province of Saskatchewan. While the Prime Minister (Mr. Mulroney) was making his $1 billion statement the fact of the matter is that that money will only begin to make up a small percentage of the drastic loss in family income that the Government's own economists were projecting back into 1987.

In the area of industrial development and diversification we again know what the facts are. The decision by the Government to go against the clear recommendation based upon the criteria of supply and service on the CF-18 contract took away from western Canada a major opportunity for development of high technology. That incident has caused much anger and indignation right across the West. The results of recent polls show that the people of British Columbia and Alberta share just as deeply the anger and frustration against the federal Government as do the people of Manitoba. A recent report released by DRIE shows that when it comes to providing industrial assistance the Province of Saskatchewan receives $18 million. Assistance to Alberta last year was $16 million. The Province of Manitoba received $30 million. The Province of Quebec received $430 million and the Province of Ontario received $267 million.

• (1640)

The fact of the matter is that westerners are beginning to feel bereft of support by the Government. They feel betrayed by the Government. It is interesting that even members of the Government's own Party are saying this. The Government of Alberta, never known to shy away from supporting its brethren, is now making a variety of statements in the press which indicate that it feels betrayed.

The Prime Minister went to Calgary and said: "Yes, we will help you with the Syncrude plant". A week later, the Minister of Energy, Mines and Resources (Mr. Masse) said: "I don't think we will help you at all, I have to reconsider it". This led to an angry chorus heard throughout the Province of Alberta and the other oil and gas-producing provinces about a Government that says one thing one day and something very different the next.

What has been the response of the Government? The response can only be described in one word: deception. Rather than responding to those cries for help, the Government is engaging in public relations puffery and, with audacity beyond belief, is trying to incorporate in its accomplishments in western Canada a whole series of initiatives undertaken by the previous Government.

I refer you, Mr. Speaker, to the *Calgary Herald* issues of December 5 and December 6. The newspaper indicates that a statement was made by the Deputy Prime Minister (Mr. Mazankowski) defending the Conservative record in the West. It makes interesting reading because a great many of the accomplishments listed were initiatives undertaken by the previous Government. Regarding my own province, the Deputy Prime Minister said that his Government is participating in the Winnipeg Core Area agreement. That was initiated in 1981. We got that whole thing started. The newspaper talks about the transportation agreement. We initiated and continued that agreement. Then the Minister of Transport (Mr. Crosbie) showed up in Winnipeg on Friday and called a big press conference with coffee, tea, danish, bran muffins and the whole works to announce a transportation agreement that we had signed back in 1983. He said that he would do wonderful things and that he would set up a transport institute. That was announced in 1983. He said that he would help with Churchill. That was announced and carried out in 1983. Every single statement of the Minister of Transport was based upon legal, binding agreements signed and sealed by the previous federal Government.

Anyone who has read the *Calgary Herald* over the years knows that its sympathy lies generally with the Conservative Party. What does the *Calgary Herald* say in its editorial comment of December 6? It says:

> Nevertheless, Mazankowski misleads in many ways with his rosy version of the Tory western record—
>
> Mazankowski misleads by claiming credit for Liberal programs such as the decision to put up $200 million for the 1988 Winter Olympics—
>
> He misleads by suggesting, without proof, that jobs created in western Canada stemmed directly from federal policies. Would he admit unemployment in western Canada is solely the fault of the federal Government?

The editorial concludes by saying:

> Despite Mazankowski's lengthy written submission—

Mr. Deputy Speaker: Even though I understand the Hon. Member is reading a document, could I ask him to refer to the Hon. Deputy Prime Minister (Mr. Mazankowski) by his title of Deputy Prime Minister?

Mr. Axworthy: I am simply quoting directly from the editorial. If you wish me to translate that, I will say that despite the Deputy Prime Minister's lengthy written submission:

—the actions of the federal Government—in the crunch— suggest that the West has been, if not written off, at least, as the accountants would say, written down.

That is the position taken by those who write for the *Calgary Herald*. It is informative to note that a newspaper that was once a strong supporter of the Conservative Party is now accusing the senior Minister from Alberta of deception and of misleading the public through the statements he made.

The problem is that westerners do not want that kind of public relations puffery. They do not want the Prime Minister making promises he will not keep. They want some kind of action. They realize very clearly that unless some direct action is taken immediately, the oil and gas industry will be in serious trouble.

I ask you to consider, Mr. Speaker, today's National Energy Board report which indicates that the present reserves in Canada's conventional oil fields may have a life of only seven to 10 years. Yet all the programs under the Western Accord were cancelled. All the incentives provided for frontier exploration and heavy oil upgrading were cancelled.

Where is Lloydminster? Where is Syncrude? What is happening in the frontier? Everything is closed down in the Beaufort and nothing is happening in Hibernia. There is no assistance being given. Yet at the same time, I read in today's *Globe and Mail* that the cabinet document that was leaked indicates that the Government is prepared to give a loan guarantee of $200 million to General Motors of Canada, the wealthiest corporation in the world. However, the Government cannot provide loans for western Canadians so that they may go ahead with Syncrude.

What is the difference? Why is it that loan guarantees can be given to General Motors but somehow the oil and gas industry cannot get the same kind of consideration? This is occurring at a time when we have a report indicating that we do not have the proper reserves in our conventional oil and gas fields. We must recognize that within a few years, the countries on the Arabian coast, knowing that countries like Canada have short-changed themselves, will then be able to start raising prices and we will be helpless to respond.

How is it that we can tolerate a downturn in capital investment in this year alone of $4.5 billion? This is particularly surprising because under the Western Accord signed by the Government and the oil-producing provinces, there is a very clear statement in Part I, Clause 9, indicating that if a sharp change in oil prices occurs, a mechanism will be triggered to provide for additional consultation and action. It seems that the Government was prepared to recognize that eventuality since it wrote it into the Accord but it is not prepared to recognize it when it comes to taking action on it.

We are faced with an incredible vacuum in government initiative causing an incredible growth in welfare and unemployment rates and a lack of investment in the commodities of western Canada. The Minister of Energy has said that he is now taking a hands-off approach.

There is a model that should be followed, one that I applaud in part. The Government recognized that there was a serious economic problem in the City of Montreal, so it put together a blue-ribbon committee involving lots of Ministers. They came up with an economic blueprint to concentrate aerospace, high technology and petrochemicals in Montreal. There is nothing at all wrong with that. There is nothing wrong with the Government of Canada sitting down with the private sector to work out an economic blueprint and to concentrate and focus resources. However, why is this happening only in one region? Why is the Government singling out one area when there are the same kinds of problems being faced in western Canada? There has been not nearly the same effort or commitment there.

What is the difference? In western Canada, there is a recession of incredible depth. Industries are being brought to their knees. Yet we cannot get the same kind of action as Montreal got. That is a question westerners are beginning to ask themselves time and time again.

We know that there are opportunities for development. We know that action could be taken. In the last two or three days, Crow's Nest Pass coal producers have been in Ottawa putting forward a proposal for shipping clean western coal to Ontario. That is a good idea. On both sides of the House, we would support a national economic project. Because of the fact that the Government is negotiating a free trade deal with the United States which incorporates the principle of national treatment that states that there can be no formal program, particularly on freight rates that give a preference to Canadian industry that is not given to industry on the other side of the border, the prospect of bringing that type of coal project to fruition is virtually nil. On the one hand the Government is negotiating with the Americans for economic development, but it is putting a barrier in the way of a $4 billion capital investment which would create 13,000 jobs and give hope to an important energy sector of Alberta because the Prime Minister and his technical advisers have said that we have this principle of national treatment that we must honour. I am sure that the Americans will hold their feet to the fire, because they will not let the Government of Canada introduce a program that will displace their exports.

• (1650)

We know that there is the need for a development framework in the oil and gas industry, and a new set of revenue-sharing developments. There must be price stability in that industry. An industry cannot be knocked around like a ball on a squash court and have any hope of development in the future. The Government has refused to act in that area. It is taking no initiative to sit down with the oil producing provinces

and come up with some answers. It says that the Western Accord is enough. The Western Accord is out of date. It is obsolescent. It no longer has any meaning. In fact, it is part of the problem. Is it any wonder that westerners ask, what will we do about it? Is it any wonder that the 25,000 people who are unemployed in the oil and gas sector should not ask, where are the special government programs that will put us back to work until there is a revival in the oil and gas industry?

I remind the House of the period of 1980-81 when the automobile industry was in the same type of crunch, and the previous Government introduced ILAP which provided for job creation and industrial investment in those communities that were badly affected by the downturn in the oil industry. The skilled workers and the industry employees were kept in place, and those communities were kept alive until there was an upturn in that industry. Now the automobile industry is leading the economic growth of this country.

I would say that this is the type of response that could be applied to help those unemployed people, and those people who are going on welfare. This would be direct commitment in the short term, combined with a longer term development that would give stability and prospects of growth back to the oil and gas industry. Again, we have absolutely nothing.

In this resolution we are putting forward a call for coming together under the leadership of the federal Government, provincial Governments, business, labour, and farm groups to work out an action plan for that economy that shows that we are prepared to come to grips with the issues, that we are prepared to recognize that it is an emergency that requires serious and effective application by all levels of Government and by the private sector to work out solutions. That is what westerners expect and demand. That is what we are representing in this resolution.

I hope it is the type of positive suggestion that can be supported by all Members of the House. We are not saying, do not do anything; we are saying that here is a perfectly constructive initiative that is proposed in this House that will give some hope and meaning to the people of the western sector. It will say to them that the Parliament of Canada is responding to their needs; it recognizes the depth of their problems, and the type of energy and focus that is required. This Parliament is making a serious recommendation for the Government to follow. Surely that is the type of recommendation and proposal that all Members of this House can support. It will show westerners that indeed all Parties in Parliament will aid and assist a vital region and put those economies back on their feet, so that once again they can provide leadership and dynamics for economic develpment.

Mr. Deputy Speaker: The Hon. Member for Wetaskiwin (Mr. Schellenberger) on a question or comment.

Mr. Schellenberger: The Member who just spoke made the charge that on the CF-18 contract there was no opportunity for a technology update to western Canada. Would the Hon. Member advise me how he can state that when $300 million of that contract is going to Edmonton, to a firm in my riding, namely, Northwest Industries, which will be dealing with all the work on the CF-18s out of western Canada in the large plant that it has in Edmonton? This will create up to 100 jobs in that area over the lifetime of the contract. It will allow the professional people of Edmonton and the area to have that technology update. It will allow them to continue to participate in the modern repairing of aircraft. Western Canada is participating in this contract in a significant way, except that it is in Edmonton rather than Winnipeg.

Mr. Axworthy: If that remark is symptomatic of the approach taken by Conservative Members of Parliament from Alberta, then God help Alberta and western Canada. If they are prepared to accept some crumbs because the pot of porridge that was on the table was missed, then it is no wonder that we have this type of tragedy taking place in that province. It is no wonder that the Province of Alberta is not being well served by its Members of Parliament, if that is symptomatic of the attitude. Here we have a western Canadian consortium that won a contract based upon the criteria of competence, cost, and technology, and with political interference it was taken away from them. That process was distorted. Then a small, piddling portion, 5 per cent of that project, is given to another company in another province. It is that type of disunity and fractionalism that hurts and injures western Canada. It is that unwillingness to come together in unison to defend the rights of western Canada and defend its prerogative that is our downfall. The Hon. Member should be ashamed for even standing up in the House and suggesting that that was somehow a fair trade-off. It is an embarrassment to hear that from a Member of Parliament from western Canada.

An Hon. Member: Tell that to his constituents.

Mr. Schellenberger: I asked the Hon. Member whether he would justify his statement that there was no transfer of technology to Edmonton. In reply I received a large, protracted statement defending his position.

I would like to ask another question. The Member for Winnipeg—Fort Garry (Mr. Axworthy) made a long statement about the weakness of the oil industry. I agree with him that due to international prices, the oil industry in western Canada is suffering dramatically. The oil industry would have been better prepared to handle this downturn in oil prices if approximately $50 billion had not been sucked out of it by the National Energy Program, which that Member and his Cabinet put in place. Now that it is in a weakened state and recovering after the National Energy Program was removed, world prices have intervened. In the meantime, this Government has put in place a number of programs to alleviate those discriminatory taxes. Would the Hon. Member comment on whether he agrees with me that the oil industry would be in far better shape if it had been able to retain that money and not lost it from the western Canadian business sector to general revenue in Ottawa?

Mr. Axworthy: The Member's facts are wrong. He does not know what he is talking about.

Mr. Mazankowski: He sure does.

Mr. Axworthy: Under the National Energy Program there was a three-way split. Alberta received the biggest cut. Let us talk about who was taking royalties off at a time when oil prices were over $35 a barrel.

Mr. Mazankowski: Now we hear the real Liberal line.

Mr. Axworthy: Also the provinces were attempting to share the rents that were being demanded.

• (1700)

Mr. Mazankowski: You are looking pretty silly now.

Mr. Axworthy: Are they arguing that they will not recapture any of the incredible rent increases for the people of Alberta? Will it all be given to the corporations? Is that what they are arguing? Is the former Minister of Transport saying that he would turn down the money which is now being invested in western grain transportation?

Mr. Mazankowski: You are waffling.

Mr. Axworthy: When he was Minister of Transport, as mouthy as he is, he did not cancel the program. He did not give the money back at that time. He was the Minister of Transport. He could have said: "Hey, this is no good, folks; I will cancel the program and give it back". He had two and a half years in which to give it back. What did he do? He kept the program in place.

Mr. Mazankowski: Answer the question.

Mr. Axworthy: They should not tell us what we were up to; they should tell us what they are up to. We turned that money around for the economic development of western Canada. He had a chance to do something about it if he did not like it. He did not do it, so he should quit copping out.

Mr. Blaikie: Mr. Speaker, my comment relates to the speech of the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy). It is also relevant to what the Hon. Member for Wetaskiwin (Mr. Schellenberger) had to say. It concerns the attitude of the Government, not so much toward western Canada as a whole. Obviously from our point of view that is in question as well. However, I am referring to its attitude particularly in respect of Winnipeg. Within the Progressive Conservative caucus there is a tendency to equate the interests of Alberta with the interests of western Canada. Since the 1984 election, the result for Winnipeg has been that we have suffered unfairly in our relationship with central Canada, the latest example being the awarding of the CF-18 contract to Canadair when it should have been awarded to Bristol Aerospace in Winnipeg. Also the Hon. Member for Winnipeg—Fort Garry will remember only too well when we had to stand side by side in the summer of 1985 with other Manitoba politicians, who were mostly New Democrats, to prevent the disappearance of the CN prairie regional headquarters in Winnipeg, to prevent everything in the Prairies from being amalgamated and situated in Edmonton.

Winnipeg is being hit in two different directions. The first is in a national sense in that it is suffering from the politics of Manitoba not having enough clout, or whatever the case may be, and thus losing contracts which should have gone to that city. Also, within the mind-set of the Progressive Conservative Party, Winnipeg is losing out to Edmonton, often for the sake of the kinds of crumbs for which the Hon. Member for Wetaskiwin seems ready to settle, in the bowing and scraping attitude of Alberta and Manitoba Tory Members of Parliament toward whoever is calling the shots in the Tory caucus. I invite the Hon. Member for Winnipeg—Fort Garry to comment on these points.

Mr. Axworthy: Mr. Speaker, I could not have said it better myself. The Conservatives have failed to realize that at the end of 1983-84 we put in place the IRDA program which allowed development of economic blueprints in each province. It was negotiated with business, labour and the provincial Government of each province. It was to provide for a co-operative form of economic development across the country and to ensure specialization for regions so that they could do things better and provide certain advantages. That was to be complemented by development in other provinces. It was negotiated carefully with every provincial Government. All things for which the Deputy Prime Minister took credit were initiated under the IRDA program.

That has been abandoned. There is no regional development program. The Conservative Government is going on the question, as the Hon. Member for Wetaskiwin (Mr. Schellenberger) said, of who can muscle whom or who can out-hustle whom in these areas. That is what it is doing rather than trying to provide for a concept of regional development, worked out in co-operation with the private sector and provincial Government of each region, and using federal funds to do it. What do the Conservatives do? They cut back in research and development. They cut back investments in research centres. They cut back the transfer of technology. They have a new research and development program which discriminates against those areas with large corporations that could contribute large amounts of private capital. They do not have a regional development program. They cut back DRIE itself. As a result, the capacity of the federal Government to act as an investor and to work co-operatively has been dismantled, and it comes down to the political shenanigans which the Hon. Member for Wetaskiwin is advocating.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I welcome the opportunity to participate in this debate. It certainly provides us with an opportunity to explore some of the serious difficulties affecting western Canada. However, I must say that it

takes a lot of gall for the Liberal Party to introduce such a motion. It particularly takes a lot of gall for the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) to introduce such a motion, given the kind of attention which he and his Liberal colleagues paid to western Canada, in particular the attack in which they engaged upon the West in terms of the imposition of the National Energy Program. I will get to that a little later.

For the record and to be a little objective, I should like to quote some sources other than the expert from Fort Garry, who probably knows as much about the oil patch as I do about flying to the moon.

On September 8, 1986 the Independent Petroleum Association of Canada indicated that it was very encouraged by the announcement of the federal Minister of Energy that the petroleum and gas revenue tax would be eliminated on October 1, 1986. "The removal of the PGRT is a very positive step in a sequence of events that will restore viability and investor confidence in the oil and gas industry", said John Howard, Chairman of IPAC. Those people know what they are talking about.

Also, the Independent Petroleum Association of Canada, which represents the heart and soul of the Canadian energy sector, indicated that on October 30, the Minister of Energy, Mines and Resources (Mr. Masse) and the Alberta Energy Minister, Neil Webber, confirmed a major milestone in the deregulation of the natural gas industry in Canada. It indicated that natural gas price decontrol would proceed on November 1, 1986, and went on to outline the importance of that particular initiative.

The Petroleum Resources Communications Foundation also indicated that the announcement of the Minister of Energy that the PGRT would be gone, effective October 1, was most positive, and that the decision would add about $45 million per month to the industry's reinvestment.

I could talk about federal government procurement. The Hon. Member talked about the Liberal record in that regard. Federal government procurement between the fall of 1984 when we assumed office until October of this year increased by almost 20 per cent. The fact of the matter is that improvements are taking place. Much more needs to be done. We recognize that there are difficulties in the energy sector. We recognize that there are difficulties in the agricultural sector.

However, I repeat that the gall of the Liberals in bringing forth this motion as experts on the subject is appalling. Their vindictive policies, hodgepodge of contradictions, and dead-end solutions, supported by the NDP, left the country a legacy of failure and broken dreams. They left the country in a state of anxiety and despair. They left the country divided, a country where the regions felt they were attacked, not supported by the central Government, and a country which was floundering and reeling from crippling interest rates, weak growth, massive unemployment, a burdensome debt, a weak dollar, and a lack of business and investor confidence. That is the kind of legacy the Liberals left for western Canada, and that is what we are trying to correct.

Some Hon. Members: Hear, hear!

Mr. Mazankowski: It was the Liberal Government and that western Member who imposed the National Energy Program, the natural gas and gas liquids tax, the incremental oil revenue tax, the PGRT, the oil export tax, the Canadian ownership service charge, the petroleum compensation charge, and there may have been others which I may not remember. However, that myriad of taxes stole or extracted $60 billion from western Canada, from Alberta in particular, and he had the gall to say that we were not looking after the West. We have cut that off. In the last two years they were in office, they extracted $9.25 billion from the Province of Alberta under these taxes. Do you know what, Mr. Speaker? They are all gone now; they are not there any more.

• (1710)

With the phase-out of the PGRT in 1986 the federal Government will get some $500 million from the energy industry. With the complete phase-out, it will be next to nothing. That is what we have been doing. That is what we have to do. The Liberal Government imposed the 25 per cent retroactive back-in. What did this do to the oil industry?

The Hon. Member is talking about a loss of 25,000 jobs. Yes, indeed, we are very concerned about that. But do you know what this man-made Liberal political crisis did to western Canada, Mr. Speaker? There was a loss of 50,000 jobs and half of the oil rigs left the country and went south of the border. Yes, the Liberals ripped $60 billion off the Province of Alberta. It was they who drove investment from Canada, and in 150 days after the National Energy Program it was they who caused the loss of 35,000 jobs. As a result of the National Energy Program, $10.2 billion of direct capital investment left Canada. In 1981, that was made up of $5.3 billion in foreign capital and $4.9 billion in domestic capital. If that $10.2 billion had stayed in Canada and had been invested here, it would have created 409,000 jobs. That is the situation we inherited.

It was the Liberal Government that imposed upon Canada the Foreign Investment Review Agency, which also contributed to de-investment in Canada. It was that group of gangsters over there who managed to allow interest rates to creep up to 22.75 per cent. That is what the prime rate was in August, 1981. That hurt farmers, small businessmen, the oil sector, everyone.

This Member now poses as the great saviour of western Canada. I have in my hand a copy of the Winnipeg paper, *The Tribune*, for Wednesday, March 19, 1980. It reads:

Axworthy aims to make Government a force in West.

He said that he was going to spell out a clear industrial strategy for the West in the next four years. Some strategy, Mr. Speaker. The strategy was to transfer billions of dollars

from western Canada to the federal coffers. He used western Canada as a cash cow. That is what we have been used for in Alberta. The Liberals talk about their new-found awareness of western Canada. The Liberal Party has just had a convention. They talked about addressing the regional needs of Canada. But there is no Member on the Liberal national executive from Manitoba, no Member from Alberta, and no Member from Atlantic Canada. That is a real national party. I say it takes a lot of gall for Liberals to pose as the experts on western Canada.

Mr. Mulroney: No wonder there is only one Liberal in the House.

Mr. Mazankowski: No wonder there is only one Liberal in the House. The Liberals ran this country for 20 years and ran it into the ground.

Mr. Riis: Mr. Speaker, I rise on a point of order. I am listening to my delightful colleague's presentation and enjoying most of it. I just want to bring to his attention that he referred to the lack of presence of Members in the House of Commons which he knows, as we all know, is inappropriate during a speech. Regardless of all the ohs and ahs, we look to leadership from the Government House Leader. I ask him to continue as we always do.

Mr. Mazankowski: Mr. Speaker, the point is well taken. I was not referring to any specific Member. I will repeat once again: There is one Liberal Member and one New Democratic Party Member in the House, and that should be on the record.

Some Hon. Members: Hear, hear!

Mr. Deputy Speaker: I presume that the Hon. Member for Kamloops—Shuswap (Mr. Riis) is coming back to the same point of order to the effect that the Deputy Prime Minister (Mr. Mazankowski) is referring to the presence of absence of Members.

Mr. Riis: I am also going to serve notice—

Mr. Deputy Speaker: I understand that the Deputy Prime Minister did not refer to the specific absence of a specific Member.

Mr. Riis: Mr. Speaker, I believe by your observation, and we will examine *Hansard* tomorrow, that the Deputy Prime Minister did not refer to any specific Member but did, in fact, indicate there was only a specific Member in the House of Commons. By implication that means there are no others, that there were no other New Democrats and no other Liberals. I want to serve notice that I will be raising this matter as a question of privilege.

Again, Mr. Speaker, I do not want to prolong this point because I want to hear the Hon. Member's speech. By and large it was a good speech. He is the Government House Leader. It is he to whom we look for leadership and guidance, and I ask him to give it.

Mr. Mazankowski: You will certainly get that, Mr. Speaker.

Mr. Prud'homme: Mr. Speaker, I will be very brief. I want to take strong objection to the point made because I am here.

Some Hon. Members: Oh, oh!

Mr. Mazankowski: The point that I think we all want to make is that there has to be a certain amount of give and take and a certain amount of sincerity. There are now two Liberals and two New Democrats in the Chamber.

Some Hon. Members: Oh, oh!

Mr. McCurdy: We double every 10 minutes. Watch yourself.

Mr. Prud'homme: Mr. Speaker, I am not the one to lecture the Deputy Prime Minister (Mr. Mazankowski), but if the Deputy Prime Minister is to start that ball game, he knows me well enough to know that, being here as I am five days a week at any time, I can start counting. It is a game that is very bad for the spirit of the House. May I kindly ask the Deputy Prime Minister, through you, Mr. Speaker, to stop referring to how many Members are here at a particular time. There are plenty of Members having coffee in the lobby.

Some Hon. Members: Oh, oh!

Mr. Prud'homme: It is not the Minister's style of debating. We will be lowering the style of debating in the House by counting Members. He knows that we will be here for at least two more years and there will be plenty of occasions when this could backfire. I wish that the Minister would proceed with debate.

Mr. Deputy Speaker: We will resume debate with the Hon. Deputy Prime Minister (Mr. Mazankowski).

Mr. Mazankowski: Mr. Speaker, I always appreciate the interventions of the Hon. Member for Montreal—Sainte-Marie (Mr. Prud'homme), particularly his lecture. This is an important debate and I think it should command the presence of a lot of Hon. Members.

Mr. Riis: Maybe it is a reflection of what we think of your speech.

Mr. Mazankowski: I suspect that if it were not for Members on the Conservative side we would probably have difficulty maintaining a quorum.

Mr. Riis: Maybe it is what you are saying, Don.

Mr. Mazankowski: I think it should be put in that context because the Hon. Member who introduced the motion had a perfectly legitimate reason for doing it. We are happy to debate the issue and are happy to set the record straight.

During the course of the Liberal Government which was in power for 20 years, it did nothing to help diversify the western economy. Hon. colleagues will remember one time back in November, 1980 when there was something known as the western economic development fund which was worth $4 billion. It was supposed to be worth that. It was a vanishing $4 billion. The Hon. Member who introduced this motion said this, as appears at page 4417 of *Hansard* for November 4, 1980:

> Further, we would like to point to the introduction in the Budget of the western development fund. It is designed to take the proper profits and revenues deriving from resources and recycle them back into western Canada to provide a much more diversified economic base.

The Liberals took the revenue and they recycled it back here, but it never got back to western Canada. The $4 billion western economic development fund just vanished into thin air. So much for the commitment of the hon. gentleman.

We had a further reminder of that. At page 5128 of *Hansard* for November 27, 1980 the Hon. Member for Winnipeg—Fort Garry said:

> We are talking an economic and industrial strategy for western Canada—

The Liberals had 20 years, not four years or two years, but 20 years, to diversify the economic base of western Canada.

We are taking steps to do that. There was a commitment in the Speech from the Throne and we are going to do that. Liberal policies created high inflation and high interest rates. Let us talk about farm prices. In 1984 when we were fighting the election campaign, farm prices were at the lowest level since 1938. That is the Liberal record. They failed to respond.

• (1720)

What the Hon. Member is suggesting in his motion is that we should have some meetings and a conference. The Liberals had a Western Economic Conference with a lot of fanfare and hoopla. There were a lot of recommendations but nothing was done. Under the LIFT program they were paying western farmers not to grow wheat. Can you imagine anything so absurd? The National Energy Program crippled western Canada. The Liberals dismantled the Crow. As a matter of fact, if they were in office today rates would probably be around $11 per tonne. We rolled them back and froze them at $6 a tonne. Neither can we forget what else they did with the NEP. They defeated our Government in 1980 over 18 cent gas. Rather than getting 18 cents from the Conservatives we get $1.13, mainly in taxes from the Liberals. They destroyed co-operative federalism in this country. Remember the statement back in 1980? "Co-operative federalism is dead". Who made that statement? Mr. Pierre Elliott Trudeau. The Hon. Member who moved this motion was a member of that Government.

He talked about the coal deal. They had 20 years to put together a deal to move coal from western Canada to Ontario. We now have a Liberal Government in Ontario, and I would hope the Right Hon. Leader of the Opposition (Mr. Turner) would use his good offices to encourage Mr. Peterson to co-operate with us in order to facilitate the movement of coal from western Canada to Ontario. It is a good deal for Canada. It is a good deal for western Canada, Ontario, and the environment. Yet we are not getting any co-operation from the NDP or the Liberals in moving ahead with the National Transportation Act. That is vital. If we are going to bring down the unit cost of transportation, that is a must. I hope the House Leader for the NDP will consider that.

The motion before us is interesting for what it says, but more interesting for what it does not say. There is absolutely nothing constructive. It proposes nothing but asks for an immediate meeting. I just went through some of the resolutions bandied about at the Liberal convention. There certainly is nothing there which might be helpful either. They want deficiency payments for agriculture. We have delivered. They want policies developed to reduce the cost of fertilizer, chemicals and other farm inputs. One of the first things we did was to remove the farm fuel tax. We have probably the cheapest farm fuel of any producing nation in the world, thanks to the initiative of the Prime Minister (Mr. Mulroney). The reason we are doing things in the agricultural industry is that this Prime Minister, unlike the two previous Prime Ministers, cares about agriculture.

Some Hon. Members: Hear, hear!

Mr. Mazankowski: That was evidenced by his visit to the Outlook Conference. He was the first Prime Minister in the history of this country to attend an agriculture outlook conference. I see sadness among the NDP because they said, "Oh, no, Mulroney won't deliver. Wise won't deliver." Then they said, "Yes, he will deliver but only in the form of a loan. It would have to be tied to some diversion of acreage or another LIFT program". Then it was going to be an interest-free loan. They tried to mislead, perhaps not intentionally, the farmers of Canada. They tried to create anxiety and fear. Then they tried to attack the credibility of the Prime Minister. I will tell you that this Prime Minister has delivered on agriculture just as he has delivered on energy. He has delivered for the West. He will continue to deliver because he cares about the West and he cares about Canada.

Some Hon. Members: Hear, hear!

Mr. Mazankowski: Let us talk about unemployment in western Canada. Let us look at the record. The Hon. Member promotes his Leader as "Honest John", a great guy, builds on the Liberal record. Here is the Liberal record on unemployment in western Canada. In Manitoba in 1980 when they last took office, the unemployment rate was 6 per cent. When they were kicked out in September, 1984, it was 9 per cent. In Saskatchewan it rose from 3.9 per cent to 8.5 per cent. In Alberta it rose from 3.9 per cent to 12 per cent. Four years of Liberal rule gave Alberta an increase in unemployment from 3.9 per cent to 12 per cent. In B.C. it doubled from 7.5 per cent to 15.2 per cent.

Let us now look at the Conservative government record. In Manitoba the rate fell from 9 per cent to 8.4 per cent. In Saskatchewan it fell from 8.5 per cent to 7.5 per cent. In Alberta it fell from 12 per cent to 10 per cent. In B.C. it fell from 15.2 per cent to 13.3 per cent. Some 135,000 new jobs were created, not by the Government, but because we created a climate conducive to the private sector creating new jobs and new opportunities.

Some Hon. Members: Hear, hear!

Mr. Mazankowski: I will tell you what else the Liberals did in those last four years. This is the root cause of all the problems we face in this country: they chalked up $126.7 billion worth of deficits. It was $13.5 billion in 1980, $14.8 billion in 1981, $27.7 billion in 1982, $32.4 billion in 1983, and $38.3 billion in 1984. How is that for a record? You know what we are doing? We are turning it around.

Some Hon. Members: Hear, hear!

Mr. Mazankowski: It has been brought down from $38 billion to $32 billion, and it will be down to $30 billion next year. As a result, interest rates dropped by 4 percentage points.

I will conclude with this comment from the C. D. Howe Institute. They said that "In the first two years of its electoral mandate, the federal Government has made progress on many economic issues and has begun to face some of the fundamental and long-standing problems of the Canadian economy. Staying on course offers the best opportunities for long-term growth of the Canadian economy". It will work in Canada, Mr. Speaker. It will work in the West. We will create jobs and opportunities and a satisfying future for all Canadians.

Some Hon. Members: Hear, hear!

Mr. Deputy Speaker: Questions or comments.

Mr. MacLellan: Mr. Speaker, we just heard the Deputy Prime Minister (Mr. Mazankowski) for approximately 20 minutes but we did not hear one recommendation, one idea or one intention of the Government with regard to the energy sector in western Canada. All we heard was a 20-minute attack on Liberals, past and present. If the Government has any intention of doing anything for the energy sector, it has had plenty of time today to say what it was going to do.

The Prime Minister (Mr. Mulroney) agrees that further help is necessary for the energy sector. He said on November 24 that the federal Government is "going back to the drawing board to help Canada's oil industry". The drawing board must be in the Himalayas because we have not seen any action or initiative. The Government backed away from the Husky upgrader. In its Supplementary Estimates the Government had allocated $20,400,000 for the upgrader in Regina. Some $9,400,000 was for development engineering, preliminary studies and other work. Some $11 million of that $20,400,000 was a contingency fund in case the project did not go ahead.

What about Syncrude? It has been talked about so intensely in western Canada in the last few months. The Government said it is going to get involved. The Premier of Alberta said that he expected an answer by Tuesday. Now he says he is going to get an answer by Christmas. This is a good time. Why not tell the people in western Canada, particularly in Alberta, what he will do to help the Syncrude project?

• (1730)

Mr. Mazankowski: I am sorry that the Hon. Member missed the point. We have been trying to undo the damage the Liberals did while they were in office, particularly in the last four years. It has been a very serious matter.

The fact is that by putting together the Western Accord and dismantling the National Energy Program, in 1985 we established record energy activity in western Canada with some 11,273 wells drilled. There was $10.5 billion worth of new investment put into that sector.

The rapid decline in oil prices was not created as a result of this Government's policies, but as a result of the economic and pricing discipline half-way around the world. Of course, we must respond and, as a result, the PGRT removal was accelerated. It is estimated that this alone will activate some 540 wells. In total, some $3 billion in tax relief has been provided to the energy sector.

I indicated that the Liberals extracted $9.25 billion in the last two years of their regime. We have cut that to almost nothing. The 25 per cent retroactive claim that the Liberals put in place was very offensive to the oil industry. It is gone.

One need only look to IPAC or the Canadian Petroleum Association to see that we are fulfilling the kinds of policies that they suggest will reactivate and re-energize the energy sector. We are providing support for the Husky upgrader. The engineering studies and the determination of the final estimates process is proceeding and we have contributed $36 million in direct aid.

We have not backed away from Syncrude. The negotiations are continuing and we are studying the proposal that we received only a week ago today, or tomorrow.

We have deregulated the gas industry, which not only helps consumers but gives the gas producers in western Canada an opportunity to explore markets which they did not have. This is good for farmers because it will eventually reduce the price of fertilizer. It is good for Canada, the industry and consumers.

Most important, we have created a positive investment climate. We have brought down the interest rate, which was the major killer in the energy and agricultural sectors. Not only is there business confidence, but investor confidence is at an all-time high. This global influence is very important and does not apply only to the energy sector but affects also the economic well-being of Canada as a whole.

Mr. Riis: Mr. Speaker, in his speech, the Deputy Prime Minister (Mr. Mazankowski) indicated a real concern about resolving the problems of unemployment in western Canada and doing whatever is possible to encourage economic development and expansion. He referred specifically to the Liberal proposal, which had existed for probably their entire mandate of 20 years, to move western Canadian low sulphur coal to central Canada to be used both by Ontario Hydro and the steel companies. Has the Government decided whether it will take some initiative in this regard and discuss it with the Ontario Government, by implication Ontario Hydro, and specifically with the steel companies throughout Ontario?

Mr. Mazankowski: Mr. Speaker, I appreciate the question. Yes, we have met with officials of Ontario Hydro. I was to meet with senior officials last week but as a result of a storm, they were unable to attend. The meeting has been rescheduled for December 17.

Premier Peterson has agreed to meet and we are looking for an appropriate date. I have not discussed the matter with the steel industry. We sense that there is at least a willingness on the part of Ontario Hydro to explore the matter, which we are certainly doing.

I have personally taken an interest in this and we hope to cover all of its aspects, not only from a surface transportation point of view. I see the Member's colleague, the Hon. Member for Thunder Bay—Atikokan (Mr. Angus). He would also be very interested because this would clearly be a way to encourage and increase traffic on the Great Lakes water system. That is another spin-off aspect that would be beneficial to the whole country.

There is no question that there are some obstacles, but it is certainly the kind of project that I think deserves the support and co-operation of all. I appreciate the Hon. Member's support in that regard.

Mr. Brisco: Mr. Speaker, perhaps the Deputy Prime Minister (Mr. Mazankowski) will comment on the context of a portion of the motion which calls upon the Government to institute an immediate meeting of western provincial Governments, farmers, industries and labour. As recently as the end of last month there was a First Ministers conference which certainly provided the opportunity for western Ministers to express their concerns. We should not forget that the Prime Minister has annualized the First Ministers conferences so that there is little value in proposing something that has already taken place, except to point out that the Liberals have failed to recognize it.

Furthermore, the Deputy Prime Minister pointed out that for the first time in history a Prime Minister of Canada appeared before and addressed the three major agricultural groups of Canada. He gave a very positive message that was positively received by the agricultural community, with the only negative response coming from the CBC.

Will the Deputy Prime Minister comment on the introduction to a book entitled *The Sorcerer's Apprentices* written by Peter Foster. Let me quote the following passage from the introduction:

> When the Liberals defeated the short-lived Government of Joe Clark in February, 1980, they promised lower petroleum prices than the Conservatives, Canadianization of the oil industry, and energy security through self-sufficiency in oil. Two and a half years later, they had delivered the highest petroleum price increases in Canadian history, a financially crippled Canadian sector of the oil business, and a more uncertain supply future than at any time since the first OPEC crisis of 1973-74.

He went on to say that in the shape of energy megaprojects they held to ransom and injured the Canadian-U.S. relations more than any other policy in living memory. He went on:

> Why did the public provide such overwhelming support for such a disastrous policy?—beause they did not understand—and were misled—about its true nature; second, because they supported the principle, but had no idea of the implications of the Canadianization of the oil business as proposed by the NEP—

Would the Deputy Prime Minister care to comment?

Mr. Mazankowski: Mr. Speaker, I appreciate the Hon. Member raising those questions. The first one concerned the substance of the motion and the recommendation that a meeting should be convened. I believe that all Hon. Members and all Canadians are aware that the style and substance of the Government has been to consult and work together with provincial Governments and industry. I do not believe that there are any other areas that illustrate this more than in the two areas of agriculture and energy that we are discussing here.

When the Prime Minister announced that the billion-dollar assistance package would be worked out with the provinces and the producers of Canada, he meant it. This was carried out. The Minister of Agriculture (Mr. Wise) and the Minister of State for the Canadian Wheat Board (Mr. Mayer) met on numerous occasions with their counterparts from provincial Governments and met on numerous occasions with the farmers. That is why we see the program that was announced yesterday so widely accepted by the producers. I care what the producers say about it, not the CBC. It is widely accepted by the producers because they have played a role in developing the package. I believe that is very important.

Members opposite, particularly the Liberals, have criticized the Government for consulting too much. We recognize that this process may take somewhat longer, but at least the right solutions are found. When we addressed the problems of energy in Alberta we did not do it unilaterally. We did not unilaterally impose a national energy program, we worked out the Western Accord with the Provinces of Alberta, British Columbia and Saskatchewan, and the industry.

Mr. Orlikow: What is happening now?

Mr. Mazankowski: The Hon. Member is asking me what is happening now. If he had been in the House he would know because I gave a complete exposé of what is happening.

• (1740)

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I am pleased to have an opportunity to rise to speak in this debate concerning western Canada. This is the time of year when the people of western Canada are buoyed up. They are feeling good about the world and themselves. It is the time of year when one thinks about the holiday season. However, I must say that in western Canada today people are feeling rather grim. There is a feeling of pessimism and in some quarters, I would say, it touches on resentment. There is a feeling of despair as a result of the economic tragedy which has struck western Canada. They look forward to the next two or three years and wonder about their children and their friends. There is a sense of uncertainty, of frustration and a certain fear of the future. Over the last little while, despite a number of actions taken by the Government, there has been nothing done to really set those fears and frustrations aside.

I must say that I could apply my speech to the former Liberal Government as well considering what it did to western Canada. My constituency, unfortunately, was the part of Canada which received the index finger from the then Prime Minister. We have never forgotten that. It was symbolic throughout all of western Canada of a betrayal. It showed how the Liberal Government actually felt about western Canadians. We recall with horror the 22 per cent interest rates which existed for western Canadian businesses, homeowners, farmers and ranchers. We remember the western development fund which was heralded as the $4 billion initiative fund to encourage business in western Canada. It evaporated into thin air. We never saw the western development fund. We never heard about it after it was first introduced in this House as a concept. That again showed just to what extent the Liberal Government of the day was committed to the people of western Canada and their concerns.

I find it incredible when I consider the plight of western Canadians and the fact that the Liberals had virtually 20 years in public office to meet many of their concerns and to respond to them. Quite frankly, that Government did very little. I think it would be too simplistic to say that it did nothing; it must have done something, but the treatment western Canadians received at the hands of the former Liberal Government was rather pathetic. Things have not changed very much.

Mr. Hopkins: Can you not write a new speech?

An Hon. Member: We've heard that one before.

Mr. Riis: My Liberal friends say it sounds as if I had said this before. Indeed I have, and I will say it again. For the next two years, up until the next federal election, I plan to say it at every opportunity I get just to remind people that a swing back to the Liberals means going back in time to the old days, which were not the good old days. Those times were very tough for western Canadians, and I want to make that perfectly clear.

Mr. Hawkes: The dark ages.

Mr. Riis: But let us talk about the present Government. Has it provided leadership in terms of changing things for the better in western Canada? No.

Some Hon. Members: Yes.

Mr. Riis: Has it shown a new sense of commitment? No.

Some Hon. Members: Yes.

Mr. Hopkins: Wrong questions, wrong answers.

Mr. Riis: It is getting late in the day and obviously there are opposing views to those questions. Let us consider what the Government has done. There was an aid package for farmers. There was an aid package for the ranchers in western Canada who experienced drought conditions. There was a rescue package for the banks which collapsed. In other words, the actions taken by the Government for western Canadians have been bail-outs, rescue packages or programs in terms of disaster funds. It has tried to cut the losses of western Canadian producers in one commodity or another. These are rescue packages; bail-outs. They are reactive programs, not proactive programs.

Western Canadians do not want hand-outs. They do not want to receive welfare from the federal Government. They do not want giveaways. They want a strong economy on which they can build for the future of their children and their children's children. They want to see some leadership from the Government. They want to see some action instead of reaction, which is all they have seen so far. The Government reacted to a troubled banking industry, to a troubled farming industry, to a troubled forest sector and fisheries sector.

Where is the leadership? Where are the programs which will help western Canadians carry on and contribute to the development of Canada? We have seen that action in other parts of our country. I want to be very specific because I realize that often we can describe situations and people will ask: "What is your factual information to substantiate that allegation?" I simply have to look at one of the most important arms of Government in assisting economic industrial development, and that is DRIE.

When one looks at the amount of funds which have been distributed since the Conservative Government took office, a very interesting picture is revealed. For example, the amount of industrial assistance between September, 1984, and March, 1986, for British Columbia was $47 million. Saskatchewan received $18 million; Alberta received $16 million; Manitoba received $30 million; the Yukon received $3 million. Those amounts total $114 million. Interestingly enough, an area of similar population, Quebec, received not $114 million but $430 million. Ontario received $260 million. When we consider areas of relatively equal population, that is setting apart any discussion about the difficult economic times these various regions face, western Canada has received significantly less of the DRIE funds than either Ontario or Quebec. I want to use that very specific example as a criterion upon which we can

decide for ourselves whether the Government is committed to the western region of Canada.

There have been rumours lately. In fact, a document was leaked from Cabinet just a few hours ago which indicated that the Cabinet is considering giving special help to another industry, namely, General Motors. I wonder to what extent General Motors needs financial help from the Government of Canada? The leaked document indicates that the Government is planning to give perhaps $200 million to General Motors. I would like to remind Hon. Members that all of western Canada combined, including the territory of Yukon, received $114 million over the last two years. The Government is now considering giving General Motors $200 million. That puts the whole issue of western Canada into perspective in terms of how the Government is treating western Canada.

Let us look at some of the actions the Government has taken in western Canada. It has come up with $1 billion to bail out the two western banks which failed. I suggest that had proper and appropriate consideration been given to that region, those two banks would not have collapsed and that bail-out would not have been necessary. Rather than giving $1 billion to the uninsured depositors of the Canadian Commercial Bank and the Northland Bank, if the same financial commitment had been given to the farmers, the small oil and gas companies, the forest sector, the mining sector and the small business sector in western Canada, those banks would not have collapsed and that bail-out would not have been necessary.

• (1750)

When we consider the CF-18 maintenance contract we see that 75 out of 75 experts who advised the Government on the company and, by implication, the area to which it should be awarded, agreed that it should go to Bristol Aerospace in western Canada. Did that $1.5 billion contract go to western Canada? No, it went to Montreal. It went to Canadair. The other day we learned that one of the reasons it did go to Canadair was to sweeten the pot so that when the Government sold off Canadair to Bombardier, Bombardier would be more interested in making the deal.

Mr. Bissonnette: Montrealers will remember that.

Mr. Riis: There we go again. That indicates relatively clearly the bias in terms of where the Government's focus really is.

Let us consider the forest industry. We are now up against the wall in the industry. The Americans want to impose a countervailing tariff on our lumber industry. What did the Government do in cahoots with the Premier of British Columbia? It said: "Listen. We have subsidized our industry. We do not have adequate stumpage rates". Therefore, by implication, we are involved in unfair trading practices as interpreted by the American administration and by the American lumber interests. So the Americans slapped on a countervail, and what did we do? Did we fight that before the ITC? Did we fight it before the Department of Commerce? Did we fight it before GATT? No. We fell to our knees and said: "Listen. We are guilty as accused. Can we buy off, can we negotiate some compromise?" Consequently, tens of thousands of jobs in the forest sector right across Canada, but primarily in British Columbia, were put at risk. That is the reality. That is what the Government actually did.

Let us consider for example the Polar 8 ice-breaker contract. As all my friends from British Columbia are well aware, we have been trying to grab the Minister of Transport (Mr. Crosbie), the Minister of Regional Industrial Expansion (Mr. Côté) and the Deputy Prime Minister (Mr. Mazankowski) to shake them and tell them that we have the lowest bid. We have said: "Western Canada needs the business. Our western shipyards need the business. We need the help in terms of our high levels of unemployment. This is what the federal Government can do". Yet we have now waited month after month after month, and received no answer. We are still waiting to hear whether that contract will be let. If the Government cared about the plight of the far-western Canadians it would say: "Let's get on and award right now that ice-breaker contract so that we can put hundreds and hundreds of people in our shipyards in western Canada to work". But no, we do not hear anything.

To be somewhat more upbeat for the moment I would like to say that I am encouraged by what the Deputy Prime Minister said about the willingness to entertain the Government's support of the notion of using western low-sulphur coal in both the industries of central Canada that use coal as well as the largest coal-user, that is, Ontario Hydro. I am very encouraged by the support that the Deputy Prime Minister gives to that idea. I only hope that we will see some action. After years and years of Liberal Government, we did not see even any interest in the topic. At least we now have a commitment that the Government is interested. We will be looking to see that it take steps because, here again, it would be an ideal opportunity to demonstrate conclusively to Canadians, particularly western Canadians, that indeed the Government is prepared to act. Again, we wait with bated breath for such an initiative.

Now let us consider the situation in the oil and gas industry. It is perfectly clear that things have deteriorated recently. One can say that it has done so as a result of a complex set of factors, not the least of which is the collapse of the oil-producing cartel and the disastrous situation that we now see in Alberta. As of today, 127,000 people are unemployed in Alberta. This number will grow by 50,000 by the end of the year. That is a statistic released by the Alberta Government on December 5. Alberta has 147,000 people on welfare, which number is increasing by 600 families per month. The Edmonton food bank was used 180,000 times this year, up by 15 per cent over the same period last year. When we look at the disastrous situation in that province, particularly as it impacts on the oil and gas sector, we wonder why the Government is not playing a more pro-active role. We have called time and time again for a return to a made-in-Canada oil pricing situation. Yet the decision was to deregulate the industry,

which left it virtually at the mercy of the free market forces. That is where we are now. We now have provincial Governments, large oil companies, small oil companies and exploration companies crying out saying: "Let us do away with this notion of the free market. We want help, intervention and support".

We as New Democrats have been consistent. We have said that we support the establishment of a floor price to be paid to producers for their first 500 barrels of production, a policy which would primarily benefit, not the large multinational integrated oil companies, but the independent Canadian-owned sector and result in only very modest price increases. This particular pro-active move would give a strong support base and send a very clear signal that the Government of Canada is interested in supporting the small producer and the small exploration companies in this critical sector.

We have seen an interesting government initiative in the Province of Manitoba. I refer to the CF-18 maintenance contract not being delivered to that province, with a small token going to the Edmonton area. I emphasize that it is but a token. We do not want to get too caught up in enthusiasm simply because we in western Canada were tossed out a bone.

Last week we heard about the close-down of a packing plant in Winnipeg with a resulting loss of 475 jobs. This company was given a federal government grant recently to assist in the opening of a hog-slaughtering plant which will employ 110 workers in total. So we see a net loss then in that industry of 365 jobs. On the one hand the Government is creating competition here and on the other it is closing down plants there. We saw the same thing in western Canada with the federal Government providing all types of assistance and tens of millions of dollars to develop the northeast coal fields in British Columbia. It did so only to find out later that the mine had been developed in the wrong place. Nevertheless, after a great deal of infrastructure was put in place and tens of millions of dollars were allocated, what the Government did was to put the northest coal fields of British Columbia in direct competition with the southeast coal fields of British Columbia and the southwestern coal fields of Alberta. I believe the Government now has virtually a moral obligation because of its actions in terms of northeastern British Columbia to do whatever it can to help the industry in southeastern British Columbia and southwestern Alberta get back on its feet. The movement of coal to central Canada on an expanded basis would be one way to show its good intentions in that respect.

I wish to close my comments by saying that when we look at the economy in western Canada today we see a very serious economic tragedy occurring in the Province of Alberta. Just the other day the Alberta Government announced its solution to the whole problem. Its solution as announced on November 17 is to bring about drastic cuts in provincial government expenditures. It is asking various Departments to cut back by 25 per cent in terms of expenditures. Again, that is the typical Conservative response to difficult times. I have never seen a business or a farmer yet who was able to expand into new productive areas by cutting back on investment. What the Government must do in western Canada is to start investing in western Canada. It must consider the introduction of agri-bonds and parity pricing to help the hard-pressed agricultural sector. It must provide more assistance to the forest sector in terms of silviculture and reforestation projects. It must provide more support to the municipalities to allow the large and small ones in western Canada to get on with the development of urban infrastructures by putting large numbers of Canadians back to work. It must get on in terms of the Polar 8 ice-breaker contract. It must consider ways and means of putting money into the hands of small businesses, primarily through improvements in federal government procurement programs.

When we look at federal government procurement programs we see that in terms of goods and services the federal Government's needs are filled almost exclusively by central Canada. While there have been marginal improvements in the last two years, a great deal more is needed. Premier Vander Zalm of British Columbia has been crying out, as have British Columbians for many, many years, that now is the time for the federal Government to show its support by sourcing more goods and supplies from western Canadian producers and suppliers.

• (1800)

There are many things the federal Government can do. There are many programs that could be implemented and steps that could be taken. Considering the very difficult times that are being experienced by the four western provinces and the northern Territories, the Government ought to turn its full attention to that part of Canada. It simply ought to treat western Canada with the same kind of commitment and enthusiasm with which it has treated other regions. All we ask is for fair treatment, nothing more but certainly nothing less.

Premier Getty of Alberta, Premier Vander Zalm of British Columbia, the whole list of Socred candidates who were running for leadership and Premier Pawley of Manitoba all have the same theme. It is time the Government listened to them. They are saying that they feel betrayed and let down. They are saying that the federal Government has turned its back on them.

[*Translation*]

Mr. Gérin: On a point of order, Mr. Speaker.

Mr. Deputy Speaker: The Hon. Member for Mégantic—Compton—Stanstead (Mr. Gérin), on a point of order.

Mr. Gérin: Mr. Speaker, I would like to point out that the Hon. Member's speaking time expired a while ago, and he is now trying to take up extra time so we won't have a chance to comment and correct a number of erroneous statements he made since he started his speech.

[*English*]

Mr. Deputy Speaker: I would ask the Hon. Member to conclude.

Mr. Riis: Mr. Speaker, I would certainly want to provide the House with ample time. I noticed that I began my speech just after 21 minutes to six. It seems now that in a matter of seconds, my 20 minutes will be up. Perhaps I will take my seat and provide the Hon. Member an opportunity to ask me a question.

Mr. Lewis: Mr. Speaker, since it is well known that the NDP Party was a willing accomplice in the rape of the West by the Liberal Party—

Mr. McCurdy: Mr. Speaker, I rise on a point of order. I have made reference on previous occasions to the offensive use of references to the NDP Party. We are not having a party here, we are engaged in the business of Parliament. If the Hon. Member wants to refer to my caucus, I suggest that he be directed to refer to the New Democratic Party.

Mr. Deputy Speaker: Order, please.

[*Translation*]

Order. It being 6:03 p.m., it is my duty to interrupt proceedings and to put forthwith every question necessary to dispose of the supply proceedings now before the House under the provisions of Standing Order 82(10).

[*English*]

Accordingly, the question is on the motion of Mr. Axworthy, seconded by Mr. Rossi:

That this House notes with deep concern the drastic decline in the oil and gas sector of western Canada, leading to over 25,000 unemployed workers and over 100,000 social welfare cases in Alberta alone; and the serious reduction in farm income and the lack of federal support for manufacturing industries in the western provinces; and

Therefore calls upon the Government to institute an immediate meeting of western provincial governments, farmers, industries and labour to formulate an economic action plan designed to revive western resource, agricultural and manufacturing industries and to put western Canadians back to work.

• (1810)

Is it the pleasure of the House to adopt the said motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five Members having risen:

Mr. Deputy Speaker: Call in the Members.

The House divided on the motion (Mr. Axworthy) which was negatived on the following division:

(Division No. 38)

YEAS

Members

Allmand
Althouse
Angus
Axworthy
Benjamin
Berger
Blackburn (Brant)
Blaikie
Boudria
Copps
de Corneille
Finestone
Foster
Frith
Gagliano
Garneau
Gauthier
Gray (Windsor West)
Grondin
Guilbault (Saint-Jacques)
Heap
Hopkins
Hovdebo
Kaplan
Keeper
Killens
MacLellan
Malépart
Marchi
McCurdy
McDonald (Broadview—Greenwood)
Mitchell
Murphy
Nunziata
Nystrom
Orlikow
Parry
Penner
Pépin
Prud'homme
Riis
Robichaud
Rompkey
Rossi
Skelly
Tardif (Richmond—Wolfe)
Waddell—47

NAYS

Members

Andre
Attewell
Belsher
Bernier
Bertrand
Binns
Bissonnette
Blackburn (Jonquière)
Blais
Blenkarn
Bouchard
Bourgault
Boyer
Bradley
Brightwell
Brisco
Browes
Caldwell
Cardiff
Carney
Champagne (Champlain)
Charest
Chartrand
Clark (Brandon—Souris)
Clinch
Cochrane
Collins
Comeau
Cossitt
Côté (Lac-Saint-Jean)
Crouse
Darling
Daubney
de Cotret
Dick
Domm
Dorin
Duguay
Duplessis
Edwards
Ellis
Fennell
Ferland
Fontaine
Forrestall
Fraleigh
Fretz
Gagnon
Gass
Gérin
Gervais
Gormley
Gottselig
Graham
Gray (Bonaventure—Îles-de-la-Madeleine)
Grisé
Gurbin
Gustafson
Halliday
Hardey
Harvey
Hawkes
Hicks
Holtmann
Horner
Howie
Jacques
Jelinek
Johnson (Bonavista—Trinity—Conception)
Joncas
Jourdenais
Kelleher
Kilgour
King
Ladouceur
La Salle
Lawrence
Layton
Lewis
Lopez
MacDonald (Kingston and the Islands)
MacDougall (Timiskaming)
MacKay
Mailly
Malone
Mantha
Marin
Martin
Mazankowski
McCain
McCrossan
McDermid
McKenzie
McKinnon
Minaker
Mitges
Mulroney
Murta
Nicholson (Niagara Falls)
Nickerson
O'Neil
Oostrom
Paproski
Pennock
Peterson
Pietz
Plourde
Porter
Price
Redway
Reid

Ricard
St. Germain
St-Julien
Schellenberg
(Nanaimo—Alberni)
Schellenberger
(Wetaskiwin)
Scott
(Hamilton—Wentworth)
Scowen
Shields
Siddon
Sparrow
Stevens
Stewart
Tardif
(Charlesbourg)
Taylor
Thacker
Towers
Tremblay
(Lotbinière)
Tupper
Turner
(Ottawa—Carleton)
Valcourt
Van De Walle
Vankoughnet
Vézina
Vincent
Warner
Wenman
White
Wilson
(Swift Current—
Maple Creek)
Witer—140

• (1820)

Mr. Speaker: I declare the motion lost.

* * *

SUPPLY

CONCURRENCE IN SUPPLEMENTARY ESTIMATES (A), 1986-87

Hon. Robert de Cotret (President of the Treasury Board) moved:

That Supplementary Estimates (A) for the fiscal year ending March 31, 1987 laid upon the Table Tuesday, November 18, 1986, be concurred in.

Mr. Speaker: Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: On division.

Motion agreed to.

Mr. de Cotret thereupon moved that Bill C-29, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1987, be read the first time and printed.

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

Mr. de Cotret thereupon moved that Bill C-29, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1987, be read the second time and referred to the Committee of the Whole.

Motion agreed to, Bill read the second time and the House went into committee thereon, Mr. Danis in the Chair.

On Clause 2—

• (1830)

Mr. Gray (Windsor West): Mr. Chairman, I want to ask the President of the Treasury Board whether he can assure the House that this Bill is in the usual and proper form. Can he give us that assurance now?

[*Translation*]

Mr. de Cotret: Mr. Speaker, the Bill is presented in the same form as the Bills adopted in previous years.

[*English*]

Mr. Benjamin: Mr. Chairman, I am sorry but I forgot to bring a copy of the Supplementary Estimates with me. May I ask the President of the Treasury Board whether there is anything at all in the Supplementary Estimates about the ordering of new transcontinental railway passenger cars.

The Chairman: The Chair must rule the question out of order. Is it the pleasure of the House to adopt the clause?

Some Hon. Members: Agreed.

Some Hon. Members: On division.

Clause agreed to.

Clauses 3 to 6 inclusive agreed to on division.

The Chairman: Shall the Schedule carry?

Some Hon. Members: Agreed.

Some Hon. Members: On division.

Schedule agreed to.

The Chairman: Shall Clause 1 carry?

Some Hon. Members: Agreed.

Some Hon. Members: On division.

Clause 1 agreed to.

The Chairman: Shall the Preamble carry?

Some Hon. Members: Agreed.

Some Hon. Members: On division.

Preamble agreed to.

The Chairman: Shall the Title carry?

Some Hon. Members: Agreed.

Some Hon. Members: On division.

Title agreed to.

The Chairman: Shall I report the Bill?

Some Hon. Members: Agreed.

Some Hon. Members: On division.

Bill reported.

Mr. Speaker: When shall the Bill be read a third time? By leave now?

Some Hon. Members: Agreed.

Mr. de Cotret moved that the Bill be read the third time and do pass.

Motion agreed to and Bill read the third time and passed.

Mr. Speaker: It being after six o'clock p.m., the House stands adjourned until tomorrow at 11 a.m. pursuant to Standing Order 3(1).

At 6.38 p.m. the House adjourned.

HOUSE OF COMMONS

Thursday, December 11, 1986

The House met at 11 a.m.

ROUTINE PROCEEDINGS

[*Translation*]

NUCLEAR REACTOR STATIONS

TABLING OF REPORT ON CONSEQUENCES FOR CANADA OF NUCLEAR ACCIDENT AT CHERNOBYL

Mrs. Monique B. Tardif (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, pursuant to the provisions of Standing Order 67(2), I have the honour to table, in both official languages, a report entitled *The Consequences for Canada of the Nuclear Accident at Chernobyl.*

* * *

COMMITTEES OF THE HOUSE

BILL C-7—PRESENTATION OF REPORT OF LEGISLATIVE COMMITTEE

Mrs. Lise Bourgault (Argenteuil—Papineau): Mr. Speaker, as chairman of the Committee, I have the honour to present the report of the legislative committee on Bill C-7, an Act respecting the Archives of Canada and records of Government institutions of Canada and to amend the Copyright Act, with amendments.

[*English*]

BILL C-14—PRESENTATION OF REPORT OF LEGISLATIVE COMMITTEE

Mr. Anthony Roman (York North): Mr. Speaker, as Chairman of the Legislative Committee on Bill C-14, an Act to amend the Excise Tax Act and the Excise Act, I have the honour to present its report to the House without amendment.

[*Editor's Note: See today's Votes and Proceedings.*]

* * *

PETITIONS

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have several petitions today. These petitions are signed by people all across the country. Most of them are signed by residents of my riding and from the Ottawa East area. Whereas the Government of Canada has imposed a retaliatory tariff on imported books in the English language which has limited the access of Canadians to literature and information, and whereas the tariff has had little negative effect on the publishing industry of the United States, yet penalizes Canada's consumers, book publishers, booksellers, distributors and Canada's culture, and whereas rising book prices have placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries, the undersigned petitioners humbly pray and call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries with respect to the free trade negotiations. I have about eight of those petitions this morning, Mr. Speaker.

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, I bring to your attention petitions to yourself and to the Honourable House of Commons. These petitions are signed by hundreds of Canadian citizens who wish to humbly show that the Government has imposed a retaliatory tariff on imported books in the English language which is discriminatory and which has limited the access of Canadians to literature and information. The tariff has little negative effect on the publishing industry in the United States, yet penalizes Canada's consumers, book publishers, booksellers, distributors and Canada's culture. Rising book prices have placed a strain on book acquisition programs and policies of our nation's public and specialized libraries. In fact, the 10 per cent increase has decreased sales by 25 per cent. The undersigned, your petitioners, humbly pray and call upon Parliament to rescind this negative and ill-conceived tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on our cultural industries with respect to free trade negotiations.

There is a very serious feeling that reading must be terribly taxing on the part of our Minister of Finance (Mr. Wilson). The petitioners humbly ask Parliament to push that Minister to start reading a little more constructively. These petitions come from Ontario, Saskatchewan, Alberta, British Columbia, the Northwest Territories, Quebec and the maritime provinces, including Newfoundland, Nova Scotia, New Brunswick and Prince Edward Island. There is not one part of Canada which is not reflected in the hundreds of names on this large number of petitions which I will be depositing with the Chair today. We have now deposited hundreds and hundreds of petitions which include thousands of names. I hope, through you, Mr. Speaker, that the Minister of Finance will pay some attention to them.

Introduction of Bills

• (1110)

PROPOSED INCREASE IN POSTAGE RATES

Mr. Bruce Halliday (Oxford): Mr. Speaker, I am pleased to present a petition signed by 32 members of the Oxford Philatelic Society who humbly pray and call upon Parliament not to allow the proposed increase in postage rates to be implemented. In so doing they draw to our attention the fact that since 1979, when the first class letter rate was 17 cents, there have been multiple increases accompanied by promises of improved service and in their opinion that service has not improved.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, it is my honour to present a petition to the House to the effect that the Government's Patent Act relating to prescription drugs will cause an increase in drug prices for Canadian consumers and will very severely restrict the ability of average Canadians to buy necessary prescription drugs. In particular, the petitioners point out that it will unfairly hurt those Canadians whose health needs require the purchase of prescription drugs on an ongoing basis. The petitioners who come from many parts of Ontario such as Campbellford, Trenton, Brighton, and Warkworth call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, pursuant to Standing Order 106 I have the honour to present a petition, which has been certified correct as to form and content. It is a petition in which many Canadians join with constituents of mine whose petitions I have already presented from Transcona, East Elmwood, East Kildonan, North Kildonan, East St. Paul and the Town of Birds Hill in protesting the federal Government's proposals to change the Patent Act relating to prescription drugs which will increase drug prices for Canadian consumers and severely restrict the ability of average Canadians to buy necessary prescription drugs.

Mr. Rod Murphy (Churchill): Mr. Speaker, pursuant to Standing Order 106 I have the honour to present a petition, which has been certified correct by the Clerk of Petitions. In the petition the petitioners indicate that they are opposed to the Government's attempt to change the Patent Act. They believe that the changes to the Patent Act will result in prescription drugs increasing in price, which will severely restrict the ability of average Canadians to buy necessary drugs. They humbly call upon Parliament to reject these proposals which will, of course, increase the cost of drugs to many Canadians.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I have the honour to present a petition pursuant to Standing Order 106, which has been certified as being correct. It comes from a group of citizens in Winnipeg who say that the federal Government's proposal to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers and severely restrict the ability of average Canadians to buy necessary prescription drugs. Therefore, they humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

* * *

NATIONAL PARKS ACT

MEASURE TO AMEND

Hon. Tom McMillan (Minister of the Environment) moved for leave to introduce Bill C-30, an Act to amend the National Parks Act and to amend An Act to amend the National Parks Act.

Mr. Speaker: Shall the Hon. Minister have leave to introduce the Bill?

Some Hon. Members: Agreed.

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

* * *

FARM IMPROVEMENT LOANS ACT

MEASURE TO AMEND

Hon. John Wise (Minister of Agriculture) moved for leave to introduce Bill C-31, an Act to amend the Farm Improvement Loans Act.

Mr. Speaker: Shall the Hon. Minister have leave to introduce the Bill?

Some Hon. Members: Agreed.

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

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 44 and 45.

[*Text*]

INQUIRY ON FEDERAL WATER POLICY

Question No. 44—**Mr. Caccia:**

Did the Interdepartmental Water Policy Task Force in response to the report of the Inquiry on Federal Water Policy make any recommendations and, if so, what were they?

Hon. Tom McMillan (Minister of the Environment): Yes. The recommendations will be made public shortly.

SUMMER EMPLOYMENT PROJECTS IN VICTORIA—HALIBURTON

Question No. 45—**Mr. Scott (Victoria—Haliburton):**

In (*a*) 1985 (*b*) 1986 to date, were any projects approved to create summer employment for summer students in the constituency of Victoria—Haliburton and, if so (i) how many (ii) how many jobs were created and what was the total amount spent to create these jobs?

Hon. Benoît Bouchard (Minister of Employment and Immigration): (a) Yes. (i) Contracts signed, 75; (ii) jobs created, 200; federal funds contracted, $386,569.

(b) Yes. (i) Contracts signed, 120*; (ii) jobs created, 224*; federal funds contracted, $391,224*.

* As of November 26, 1986.

[*Translation*]

Mr. Lewis: Mr. Speaker, I would ask that the remaining questions be allowed to stand.

Mr. Speaker: The questions enumerated by the Parliamentary Secretary have been answered. Shall the remaining questions stand?

Some Hon. Members: Agreed.

* * *

[*English*]

POINTS OF ORDER

PETITIONS—ALLEGED MISREPRESENTATION BY MEMBERS—SPEAKER'S RULING

Mr. Speaker: This is my ruling as a consequence of an intervention by the Hon. Member for Victoria (Mr. McKinnon) on November 6, 1986, who rose on a point of order to object to the remarks of the Hon. Member for Windsor—Walkerville (Mr. McCurdy) on presenting a petition. The Hon. Member for Victoria alleged that the Hon. Member for Windsor—Walkerville had gone far beyond the content of the petition, thereby misleading the House and misrepresenting the petitioners. The Hon. Parliamentary Secretary to the Deputy Prime Minister and President of the Privy Council (Mr. Lewis) made the same allegations about the petitions presented by the Hon. Member for Spadina (Mr. Heap), the Hon. Member for Winnipeg North Centre (Mr. Keeper), as well as the Hon. Member for Comox—Powell River (Mr. Skelly).

The Chair heard arguments from several Members on both sides of the House, including the Hon. Members for Windsor—Walkerville and Winnipeg North Centre, who counter-argued that their remarks were merely an attempt to paraphrase the contents of the petitions.

First, let me remind the House that since February 24, 1986, the rules regarding the presentation of petitions have changed considerably. The major change is that Members are now required to obtain certification from the Clerk of Petitions that their petitions meet the requirements of our Standing Orders and of our practices.

On presenting their petitions Members are permitted to give a brief summary of the content of the petition and, when Members have not been brief, my predecessors and myself have not hesitated to call Members to order and insist that they shorten their remarks. Members have been consistently reminded to keep their remarks short and pertinent. I refer Hon. Members to such interventions by Speaker Francis on January 24, 1984, as reported at page 702 of *Hansard*, and by Speaker Bosley on November 5, 1985, as reported at page 8376 of *Hansard*. I will spare the House all such references for they are too numerous to list here. There has been some indication that there has been, and perhaps continues to be, a problem.

May I also remind the House that, as reported in *Hansard* at page 1131 on November 6, the Chair intervened while the Hon. Member for Windsor—Walkerville was presenting his petition, particularly when he used the words "American blackmail". In my opinion he was going beyond the thrust of the petition and entering into a debate about a matter for which he obviously had strong feelings.

The issue of whether some Members have "unwittingly misled the House and misrepresented petitioners" is a more difficult one. The Hon. Member for Victoria has not charged that any Member has intentionally misled the House. His complaint is that the language used exceeds the language of the petitioners. As I have pointed out, the Chair interrupted the Hon. Member for Windsor—Walkerville on exactly this point.

• (1120)

I can assure the House that I will continue to be diligent and will remind Hon. Members that they are to describe only the substance of the petitions when presenting them to this House. I would like to thank especially the Hon. Member for Victoria for bringing this matter to the attention of the Chair and the Chamber.

PETITIONS—APPROPRIATENESS OF QUESTIONS—MATTERS BEFORE COMMITTEE—SPEAKER'S RULING

Mr. Speaker: On November 6, 1986, the Hon. Deputy Prime Minister (Mr. Mazankowski) rose on a point of order relating to the appropriateness of questions asked during Question Period relating to Order in Council appointments which are currently before standing committees pursuant to

Standing Order 103. The specific point the Hon. Deputy Prime Minister made was that such questions might be out of order when the matter is before, or has the opportunity of being before, a committee.

The Hon. Member for Kamloops—Shuswap (Mr. Riis) expressed some concerns about the contention that Beauchesne's Citation 357 might be made to apply in this case and more particularly about the view that if such matters have the opportunity to be before a committee, they ought not to be raised in the House during Question Period.

[*Translation*]

Although the Hon. Member for Ottawa—Vanier (Mr. Gauthier) acknowledged the possibility of duplication, he pointed out that certain questions regarding the behaviour and conduct of delegates were in the public domain and could thus appropriately be raised during Question Period.

[*English*]

In the report of the Special Committee on the Reform of the House of June, 1985 at page 34 is the following somewhat prophetic and relevant sentence:

> In making recommendations regarding scrutiny and confirmation of certain appointments we are heading into uncharted waters.

The Chair fully agrees with that statement and believes it would be useful at the outset of this ruling to review the content of Standing Orders 103 and 104.

[*Translation*]

Standing Order 103 provides that a Minister of the Crown shall lay upon the Table a copy of appointments made by Order in Council not later than five sitting days after the Order in Council is published in the *Canada Gazette*. At the time of tabling, they are referred to a specified committee for a period not exceeding thirty sitting days.

[*English*]

Standing Order 104 provides that a specified committee shall, if it deems it appropriate, call appointees or nominees for a period not exceeding 10 sitting days. That same Standing Order clearly states that the committee shall examine the qualifications and the competence of the appointees. It is the opinion of the Chair that the committee's powers of examination are narrowly limited to the qualifications and competence to perform the duties of the post, and questions in committee and reports thereon ought to be strictly relevant to such qualifications, competence and performance of duties.

[*Translation*]

The Chair should add that it is not imperative for a committee to review Order in Council appointments that have been referred to it, since Standing Order 104 specifies it is up to the committee to decide which Order in Council appointments will be reviewed, if any.

[*English*]

In attempting to address the issue of questions relating to Order in Council appointees or nominees being allowed in Question Period, I believe it is useful to make an analogy with the specific mandates of two other committees. Standing Order 96(3)(f) provides for the referral of all reports of the Auditor General to be deemed permanently referred to the Public Accounts Committee immediately they are laid upon the Table. Standing Order 96(4)(a) provides that the annual report of the Commissioner of Official Languages shall be deemed permanently referred to the Standing Joint Committee on Official Languages immediately it is laid upon the Table.

Is it, therefore, a breach of our rules for Members of the House to ask questions in Question Period relating either to the Auditor General's or the Commissioner of Official Languages' reports simply because they have been referred to their respective committees upon tabling and certainly have the opportunity to be considered by these committees? While there are no specific rulings on this point, a review of our records did not produce any objections by Hon. Members to questions during Question Period on reports of the Auditor General or the Commissioner of Official Languages. Indeed, *Hansard* abounds with many questions posed to the front benches on the above-mentioned reports after they were referred to the committees concerned.

[*Translation*]

The Hon. Member for Kamloops—Shuswap (Mr. Riis) remarked quite correctly that the authority of the new standing committees in the House is now so broad that practically all questions raised during Question Period would be out of order if it depended on whether or not they were being reviewed by a standing committee.

[*English*]

In his statement to the House on April 14, 1975, relating to Question Period, Speaker Jerome stated:

> Much has been said in the precedents about restrictions and disqualifications or interferences with the right of Members to put questions. This is not the approach I prefer to take in attempting to establish a rational approach and understanding concerning how the question period should operate. I much prefer to take the positive approach of attempting to arrive at a statement of principle within which questions can be put and to reduce to an absolute minimum the negative disqualifications that may limit or restrict a Member's right so to do.

Guided by that principle, the Chair has chosen to rule that in general, questions to the Ministry relating to Order in Council appointments are in order, particularly if they are within the administrative competence of the Government. Conversely, I must tell the House, as I did on November 6, that out of concern for good manners, out of fairness and without impinging on the duty of all Hon. Members to be diligent on matters of public interest, I will not hesitate to rule questions out of order if I feel that the bounds have been exceeded.

The Chair wishes to thank the Hon. Deputy Prime Minister for having raised the matter, and is also grateful for the contributions of the Hon. Member for Kamloops—Shuswap and the Hon. Member for Ottawa—Vanier (Mr. Gauthier). I must add that the Chair feels reassured that in this new

process of review of Order in Council appointments, jurisprudence that will reinforce Standing Orders 103 and 104 will eventually emerge.

I think the Chair can also add on the basis of fairness that the citizens who appear before these committees have probably never gone through a procedure such as this before. It behooves all Hon. Members to recognize that these citizens are serving our country and that questions concerning them that are appropriate before the committee ought to be put in an manner of good will and care for the sensibilities of ordinary citizens who, as I say, would probably never in their lives, if they are lucky, have to appear before a group of people who are asking them a lot of questions that they had never, in some circumstances, anticipated.

I know that Hon. Members who have had some experience with the law, whether as litigants or as members of the bar, will know that one of the most awesome things a citizen is called upon to do is to be a witness in a proceeding. I would ask all Hon. Members to take special care, when citizens have responded to the request of the Government of Canada to serve, that they are treated with appropriate courtesy and fairness at all times when appearing before committees.

Again, I wish to thank the Hon. Deputy Prime Minister for bringing this matter to the attention of the Chair and I hope the remarks of the Chair will assist all Hon. Members and the committees in providing fair and proper treatment for the citizens who come before them.

Mr. Mazankowski: Mr. Speaker, I rise on a point of order. Just for clarification, can I take it from your ruling that notwithstanding the fact that a person may be before the respective committee under the provisions of Standing Orders 103 and 104, during the course of his examination, you would allow questions in the House of Commons while he is currently before a committee under the framework of the ruling that you just brought down?

Mr. Speaker: The Hon. Deputy Prime Minister has raised a question which indicates that there may be some ambiguity in the ruling I have given. In order to be absolutely sure that there is no ambiguity, I would ask the Hon. Deputy Prime Minister if he would consider allowing me to take the question he has raised under advisement.

While I think I made it clear that, certainly in general terms, Hon. Members ought not to be forbidden from raising a question in this Chamber, I also said that I would take each one of those questions and consider them carefully at that time in the context of what is happening. I would ask the Hon. Deputy Prime Minister if he would let me carefully consider the point he has raised because I do not want to leave Hon. Members in doubt. I might advise Hon. Members that there was a further ruling that I was hoping to give today. The Hon. Member for Hamilton East (Ms. Copps) who raised the matter is unable to be here at this moment. I will return to the Chamber when it is appropriate to do so, and when the Hon. Member can hear the ruling.

• (1130)

BUSINESS OF THE HOUSE

DISPOSITION OF PRIVATE MEMBERS' BUSINESS

Mr. Speaker: I have received written notice from the Hon. Member for New Westminster—Coquitlam (Ms. Jewett) that due to a prior commitment she is unable to be present in the House on Friday, December 12, 1986, to move her motion during the hour for Private Members' Business.

Accordingly, I am directing the Table to drop that item of business to the bottom of the order of precedence. Since notice will thereby be removed, the hour for Private Members' Business will be suspended, and pursuant to Standing Order 39(2), the House will continue with the business before it prior to that hour until the ordinary hour of daily adjournment.

Mr. Gauthier: Mr. Speaker, I apologize for rising on a point of order following your announcement.

May I say as the Whip of my Party—and I know if the Whip for the government side could speak he would do so—that we are very much preoccupied by the rights of private Members to introduce and present to the House motions and Bills which they feel are important. The present procedure prevents private Members having the one, two, three, or four hours a week in which they are allowed to discuss these items. Therefore, I would like to recommend and ask the Government that it pay attention to yesterday's Order Paper, where I moved a motion which addressed that problem. It would allow private Members who are outside that preferred group of 20 who were chosen by draw, those of us who did not make it, at the request of the Table to be present to present our Bills or motions for discussion in this House. That would meet the requirements of the rights of private Members to be heard in the House at the hour allowed for them to do so, and also meet with the requirements of Members who, for reason of circumstances beyond their control, cannot be here. I would recommend that the motion be looked at tentatively by the Government.

Mr. Speaker: The Chair was anticipating the intervention of the Hon. Member for Ottawa—Vanier (Mr. Gauthier). I wish to remind him and other Hon. Members that the Chair is presently preparing a ruling which touches on the concern of the Hon. Member and other Hon. Members. Until I am prepared to give judgment, I am following the usual procedure. I want to assure the Member for Ottawa—Vanier that I am conscious of his concerns.

Mr. Mazankowski: Mr. Speaker, not to prolong this issue, but perhaps I could indicate to the Hon. Member for Ottawa—Vanier that there are ongoing discussions with House Leaders on this matter. This issue has been raised. A solution has not been arrived at, but I assure the Hon. Member that it is being considered.

The Alliance Nationale Consolidated Act, 1945

DISPOSITION OF BILL S-3

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there have been discussions among the Parties. There was unanimous consent to proceed with the consideration of Bill S-3, a Bill sent from the other place, and to go through all stages of this Bill at this sitting of the House.

Mr. Gauthier: I rise on the same point of order. In the Order Paper, Bill S-3 can be found under Private Bills. The title of the item on page 15 is Private Members' Business. It is a coincidence, but it is worth using this chance to illustrate a possible error in our rules which at this time do not allow the House to deal with Private Bills that come from the Senate to this place, Bills that have been studied and approved by the Senate and which are put to us for study.

I wish to ask again that the Government look at the possibility of incorporating in our rules and in our Standing Orders appropriate provisions for such Bills.

I make the point strongly, because we all know that within the next six months or so there will be reports from the Electoral Boundaries Commissions in regard to electoral boundaries and names of ridings. Unless I am wrong, I am sure that there will be Members in this House who will not be satisfied with the change of name of their riding and they will want to present a Private Members' Bill. This House has always accommodated a Member who wished to change or modify the name of his riding. Under the present rules, this would be very difficult, because the Bill would not be within those 20 measures that were chosen for discussion by the House. I would like the House Leader of the Government to give some attention to the appropriate provisions for that purpose, and for Private Bills coming from the Senate.

Of course, we give our consent to move on Bill S-3 today.

Mr. Mazankowski: Mr. Speaker, I rise on the same point of order. The Hon. Member makes a very good and valid point. I will certainly take that under consideration. Hopefully, that can be resolved with the co-operation of the other House Leaders.

Mr. Blaikie: Mr. Speaker, I rise on the same point of order. When the Government is considering what might be done to provide a procedural opportunity for the consideration of Private Members' Bills from the Senate, which we are now going to consider by unanimous consent, I hope that it is considered as a separate item and not in a way that would involve Private Members' Bills from the Senate impinging upon the time and the process now allocated for Private Members' Business from Members of the House of Commons.

Mr. Mazankowski: I understand, Mr. Speaker, that in this case that is precisely why we have transferred it to Government Orders.

Mr. Deputy Speaker: The House has heard the terms of the motion proposed by the Hon. Parliamentary Secretary to the Deputy Prime Minister (Mr. Lewis). Is there unanimous consent?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

ALLIANCE NATIONALE CONSOLIDATED ACT, 1945

MEASURE TO AMEND

Mr. Richard Grisé (Chambly) moved that Bill S-3, an Act to amend and repeal the *Alliance Nationale* Consolidated Act, 1945, be now read a second time and, with unanimous consent, be referred to a Committee of the Whole.

He said: Mr. Speaker, I welcome this opportunity today, as a former insurance agent for Industrial, one of the two companies involved, to introduce and take part in the debate on Bill S-3, so that Alliance Mutual Life Insurance Company will be able to merge with Industrial Life Insurance Company.

The changes forecast for the life insurance sector in the years to come indicate that companies will have to continue to invest very substantial amounts in expanding operations to remain competitive and maintain operating costs at acceptable levels. Deregulation and the opening up of financial institutions will merely accelerate this process of change in the insurance industry.

That is why the directors of Alliance Mutual Life Insurance Company and Industrial Life Insurance Company, at special meetings of their respective boards of directors on June 30 of this year, voted unanimously in favour of merging Alliance with Industrial.

To complete this stage, it is necessary to pass special legislation to authorize the change of jurisdiction, as approved by the members at a special meeting, because the Canadian and British Insurance Companies Act does not cover this kind of situation.

As for the merger itself, Alliance and Industrial Life members endorsed the principle during special general meetings held last September 30, provided of course the Alliance charter could be transferred so that the merger could indeed take place, in accordance with Quebec insurance legislation.

Mr. Speaker, the insurance company resulting from the merger will be called the Industrial-Alliance Life Insurance Company.

The Bill submitted for approval stems from the unanimous agreement of both boards of directors to merge. It is also the

duly expressed will of the members of Alliance and Industrial Life.

Mr. Speaker, I wish to take this opportunity to thank all Members of this House, and especially opposition Members, for their unanimous support for this Bill.

• (1140)

[*English*]

Miss Aideen Nicholson (Trinity): Mr. Speaker, Bill S-3 is a Bill to facilitate the amalgamation of two long established insurance companies—the Alliance Mutual Life Insurance Company and the Industrial Life Insurance Company. Approval for the merger has been given by the boards of directors of both companies and by their shareholders.

The reason this somewhat cumbersome procedure of a Bill is necessary is that in the federal legislation there is no provision for a federal company to be exported to the provincial jurisdiction. One of these companies is federally incorporated. At the present time a provincial company can be reincorporated federally but, as I said, there is no provision for a federal company to be exported to a provincial jurisdiction, hence the need for this special legislation. Indeed this is an anomaly which might be addressed if and when the Government produces new legislation on financial institutions.

In this case all the parties concerned seem to have consulted. As I said, both boards of directors and the shareholders of both companies have agreed. There has been extensive consultation with the federal Department of Insurance as well as with the provincial insurance Departments. The entire process has been monitored and co-ordinated by the regulatory authorities.

With the passage of the Bill before us, the charter of Alliance will be modified so that it can be governed by the Quebec Insurance Act instead of by the Canadian and British Insurance Companies Act. Then the amalgamation of both companies can be done in accordance with the provisions of the Quebec Insurance Act, by which the amalgamated company will be governed.

In view of the fact that there has been agreement by all parties concerned and that the regulatory authorities, both federal and provincial, have been fully informed and agree, my Party is also pleased to give its agreement to the passage of the Bill, with the rider that we hope in future some less cumbersome method will be found to deal with matters of this kind.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, on behalf of the New Democratic Party I should like to recognize that this is a rather unique moment in that we are examining a Bill and we find that literally all the players involved are in mutual agreement—the federal and provincial Governments, the various companies involved, the shareholders, and the boards of directors. Literally everyone, including the two Houses of Parliament, are coming together and saying, "Let us all co-operate". It is an appropriate gesture at this time of the year.

On behalf of the New Democratic Party, I should like to say that we will facilitate the movement of the Bill through all stages as quickly as possible.

[*Translation*]

Motion agreed to, Bill read the second time, considered in committee, reported, read the third time and passed.

* * *

[*English*]

RAILWAY ACT

MEASURE TO AMEND

Hon. David Crombie (for the Minister of Communications) moved that Bill C-4, an Act to amend the Railway Act, as reported (with amendment) from a legislative committee, be concurred in.

Motion agreed to.

Mr. Crombie (for the Minister of Communications) moved that the Bill be read the third time and passed.

[*Translation*]

Mrs. Claudy Mailly (Parliamentary Secretary to Minister of Communications): Today, Mr. Speaker, I have the honour to move third reading of Bill C-4 to amend the Railway Act. Before commenting briefly I should like to recall that we are moving the third reading motion at the earliest opportunity because time is of the essence, a fact which my Opposition colleagues can fully appreciate. We did work at one in committee, and I hope they will not be inconvenienced by the fact that the House is now proceeding swiftly to third reading. I am sure they recall the hope we expressed to have this legislation in place by March 1987 so as to be in a position to draft the regulations required to implement this legislative measure.

[*English*]

The purpose of the Bill is to recover the costs incurred by the CRTC in carrying out its responsibility for the regulation of the telecommunications carrier industry. Under the proposed Act, these regulatory and administrative costs will be recovered directly from the regulated industry and will no longer constitute a burden on the ordinary taxpayer.

The proposed Bill reflects the fundamental commitment of the Government to reduce the federal deficit and to manage public expenditures in a sound, responsible fashion. We believe that this will create a climate which is favourable to economic growth and lead to greater investment and job creation in Canada.

[*Translation*]

As you know, Mr. Speaker, job creation is indeed one of the top priorities of this Government.

[*English*]

Let me now cite some of the more specific conditions and objectives which the proposed Bill is intended to serve in the telecommunications industry.

The industry has been regulated throughout most of its history. The predominance of regulation reflects the presence of natural monopolies in the telephone business which result from the considerable economies of scale that prevail in the construction and operation of telecommunications networks. Regulation also reflects the essential nature of telephone service and its perceived importance to the social and economic wellbeing of all Canadians.

• (1150)

The proposed legislation before us today is intended to amend the Railway Act to permit the CRTC to set and to collect fees from the carriers it regulates. Following the passage of this legislation, the CRTC in consultation with Treasury Board will be authorized to devise a fee structure for recovering the administrative costs associated with regulating the telecommunications companies under federal jurisdiction.

The CRTC currently regulates six telecommunications carriers pursuant to the Railway Act and to various so-called "special Acts" pertaining to these companies. The companies are Bell Canada, the British Columbia Telephone Company, CNCP Telecommunications, Telesat Canada, Northwest Tel and Terra Nova Tel. Together they account for more than 70 per cent of Canadian telecommunications assets, revenues and subscribers. The $6 million to be recovered in 1986-87 represent less than 0.1 per cent of the annual operating revenues of the six carriers.

Since the Bill was tabled for first reading in October, Hon. Members have had the opportunity to review the draft legislation and to comment on its various provisions. Several of the firms affected by the proposed law have also made representations before the Standing Committee on Communications and Culture. Some Members, and several of the carriers, suggested that the Bill contain a specific reference to the objective of cost recovery.

[*Translation*]

Mr. Speaker, this is why the Government moved an amendment which was unanimously endorsed by the committee.

[*English*]

An amendment to this effect appears in the Bill now before you for third reading, Mr. Speaker. We believe that this should alleviate any remaining concerns about the magnitude of the fees to be paid by the industry.

As we have informed the House previously, the amounts recovered from the carriers in 1986-87 and in subsequent years will correspond to the costs incurred by the CRTC in regulating the telecommunications industry. At this time I would also like to reiterate our support for full consultation with the carriers prior to the assessment and implementation of the fees. For this purpose, and specifically to ensure a fair and equitable distribution of fees within the industry, we expect that the CRTC will conduct a public inquiry to develop a formula for determining the fees to be paid by individual carriers. Following its normal practices, the CRTC will no doubt wish to solicit the views of the public and the industry on the best manner of distributing and collecting these fees. I am certain that Hon. Members and the federally regulated telecommunications carriers can confidently rely on this process to produce results which are fair to the industry and its subscribers.

The cost recovery measures, as set out in the proposed Bill, are similar to arrangements which are already in place in several provinces. From all reports, these measures are regarded as an effective and fair means of shifting the financial burden of regulation from taxpayers in general to those companies responsible for incurring the expenses.

[*Translation*]

That, Mr. Speaker, is the main purpose of this Bill, besides the fact that we want to reduce the deficit to boost the economy and create jobs. We want to make sure that, contrary to the present situation, expenditures incurred by the CRTC to manage and regulate the industry will be charged directly to the industries involved, not to the taxpayers.

[*English*]

Up to now, the CRTC has not had the authority to collect fees for the regulation of telecommunications carriers subject to federal jurisdiction. Nevertheless, at present, the CRTC does collect over $30 million annually in licence fees from Canadian broadcasters and cable operators under its jurisdiction.

One result of Bill C-4 will be to place federally regulated telecommunications carriers on the same footing as the broadcasting industry. Thus the cost of regulation, under the proposed Bill, will be distributed more evenly between the telecommunications and broadcasting sectors.

[*Translation*]

Finally, Mr. Speaker, this Bill will help the Government reduce the deficit.

[*English*]

The approval of this Bill will permit the CRTC to recover those costs associated with the regulation of the telecommunications carriers subject to federal jurisdiction. It will also place the regulated telecommunications industry on a more equitable basis with the broadcasting industry which already contributes to the recovery of the costs of its regulation through licensing fees.

On that note, Mr. Speaker, I wish to present C-4 to the House for third reading.

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, I am pleased to rise to speak to Bill C-4, an Act to amend the

Railway Act on third reading. This Bill had its second reading, as the Parliamentary Secretary just pointed out, on October 20, and I think it has seen quick and swift passage through the House. For the most part it has been a most pleasant experience in the legislative committee. In fact, it is one of the few legislative committees which was easy to work with and pleasant to participate in.

I would like to take a few minutes to examine the rationale for this Bill. First, what was the purpose of introducing this Bill? It appeared to be a cost recovery mechanism which seemed a logical and good business practice. However, the news release issued by the former Minister of Communications on June 26, 1986 when the first Bill was introduced in this House states that the amendment to the Railway Act would:

—allow recovery of costs associated with the Government of Canada's regulation of the telecommunications carrier industry.

The news release went on to demonstrate how the telecommunications regulatory authority, namely the CRTC, will recoup with the aid of this Bill sufficient revenue to cover the costs incurred by the CRTC in regulating the telecommunications industry.

The memorandum was quite clear but what the Minister at that time forgot to do was to put the mechanism into the Bill. The words were fine but the methodology was lacking in its concept and process. The new Bill tabled in October continued the same errors and unfortunately did not cover any of the capping wishes expressed by the past Minister of Communications and the present Minister. At that time I pointed out to the Government that Mr. Andre Bureau, chairman of the CRTC, who would be charged with this responsibility, had already said that the CRTC operated at a large surplus. In fact, it was a very good provider to the general revenues of our country and in a sense was enabling a decrease in the deficit by its efficient operation. CRTC in that sense was a role model, shall we say, in administrative practices because it had proved to be so highly profitable. It was lean and trim in its operation and was certainly not a drain on the federal Treasury as it returned excess profits. It was not short of money to do the administrative tasks which this Bill was drafted to carry out.

However, as cost recovery was the principal goal, it did not seem to be an inopportune method to proceed as long as the capping was put into place.

• (1200)

The Parliamentary Secretary pointed out that in her summation the Minister made it quite clear there would be a very effective and fair mechanism put in place to determine how this $6 million cost would be divided among those covered. In doing so she pointed out there would be consultations with the industry and public hearings so that it would be a fair and just *répartition de la procédure*. However, I point out that to go through this course of action, which is democratic, fair and the way it should be done, will take time. That was of concern to me because of the retroactivity clause in the Bill. I would like to draw that retroactivity clause to your attention. Clause 321.1(4) says:

The first regulation made under this section after this section comes into force shall, if it so provides, have retroactive effect and be applicable to a company carrying on business during any period specified therein after March 31, 1986 and may be enforced accordingly in respect of that period.

There is no possible way that the procedure will be in place before we are well into 1987. That clause enables the CRTC to assess new fees to the telecommunications companies on a retroactive basis. As I said, I expressed my concerns to the committee about changing the rules in the middle of the game. The Government has not demonstrated why that clause is necessary. The only reason is that the Minister of Finance (Mr. Wilson) said so and he wants to see it done. However, if he wants his ego massaged, I strongly suggest that this is not the way to do it. It is not just or fair. Why should the Bill allow retroactive fees to be charged by the CRTC when the CRTC is already operating on a profitable basis? Why this sudden need to assess fees retroactively? If the Government was of the view that the telecommunications industry has not been paying its fair share to the CRTC, why did it not ensure that this Bill was passed last year? Had that been done there would be no need for this Bill and its retroactivity clause. Clearly the Government does not have its legislative agenda in order.

I would add one further point on the subject of retroactivity. The addition of this clause does not absolutely require that fees be assessed against the industry on a retroactive basis. Rather, it provides that the fee will only be retroactive if, and I underline the word "if", the regulations eventually established by the CRTC so provide. In other words, the Government has left it to the CRTC to decide whether or not the fees should be assessed retroactively. Its decision, according to this Bill, is then subject to approval of Treasury Board. Why does the Government not simply say it wants to meet the commitments outlined by the Minister of Finance over a year ago, it is sorry it did not get the Bill passed, and it wants the industry to pay retroactively? Why try to dump this responsibility on the CRTC? Why not come out and say clearly that it wants to reduce the deficit by another $6 million, it is an important amount, and this is how it plans to do it? Instead of putting the onus on the CRTC, let it face the public and say where it is at, instead of trying to hide behind someone else's skirts.

Finally, in making the decision subject to approval of Treasury Board, the Government is not playing fair. The Government has failed to make clear why it felt it was necessary to leave the question of retroactivity up to the CRTC. What guidelines does the Government expect the CRTC to employ in making its decisions on this point? Will Treasury Board be setting the guidelines pursuant to the power granted to it under this clause? Or will the consultation process result in the determination? It seems highly unfair to allow fees to be assessed right back to March of 1986 when it may be well into 1987 before the CRTC completes its hearings on the content of the regulations and actually passes them. Furthermore, it is odd that the CRTC can go through the democratic exercise of holding public hearings but Treasury

Board has the right to veto its decisions as a result. Why not just tell Treasury Board to write the rules and regulations and proceed full steam ahead? What is the point of this procedure?

A number of witnesses appeared before the committee to propose that this clause be deleted in its entirety. This whole exercise is a farce. Bell Canada, CNCP, Northwest Telephone and Terra Nova Telecommunications and B.C. Tel said we should delete it. Telesat Canada said it did not make sense. What is this democratic procedure outlined by the Minister going to accomplish except to hear once again that the industry does not want this clause? I think they are prepared to accept the Bill and its reasoning as well as the mechanism for cost recovery, not to mention the capping which should be there, but they have said once, as I have said twice, no to retroactivity. Yet we will go through this futile exercise, which will cost the Government more money, and then recover $6 million. It does not make sense.

Bell Canada observed that since it has already had its rates approved by the CRTC for the past year it is unable to make further application to cover the new fees imposed by Bill C-4. CNCP stated in its brief that the retroactivity clause violates basic notions of regulatory fairness. B.C. Tel calls the retroactivity clause unconscionable. They said that under the system of rate of return regulation which applies to B.C. Tel the company's revenue requirement was presented to and approved by the CRTC as part of the company's 1984 general rate application. Our committee was advised that the fees imposed under Bill C-4 were not included in that revenue requirement. Consequently, B.C. Tel said that the burden of such retroactive fees would be borne by the shareholders. The same holds true for Bell Canada. The burden will be borne by the shareholder.

There is a lot of difference between rhetoric and action. We heard in committee one of my colleagues say that he was aware that certain of the companies concerned had already made provision for this fee. When asked directly which companies had told him, in what forum and what were the provisions, he was not in a position to respond. Companies came before us and said no. There seems to be a dilemma here. On the one hand the answer is that retroactivity is unfair and a cost to shareholders. The Government does not want it passed on to the consumer. We are going through a costly democratic procedure to make an undemocratic decision and allow the Treasury Board veto responsibility. It is time to get our act together and recognize the difference between rhetoric and action.

• (1210)

I would like to refer to that famous press release from the previous Minister of Communications dated June 26, 1986. The same version of this Bill was originally introduced in June, 1986. The press release said in summary: "The amount collected from carriers regulated by the Government of Canada will (under this Bill) correspond directly to the costs incurred by the CRTC in regulating the telecommunications industry."

When I spoke to Bill C-4 at second reading, I pointed out to the Government that there was nothing in it which in any way stated that the amount of money collected from carriers would correspond directly to the costs incurred by the CRTC in regulating the telecommunications industry. In other words, no cap provisions were provided to meet the enunciated goal of cost recovery.

Rather, Bill C-4, as it stood at first and second reading, provided the CRTC with the power to make regulations imposing the fees to be charged to the telecommunication carriers. Nowhere in the Bill was the cap which we wanted which would correspond to the costs incurred in regulating the telecommunications industry. We had more than sufficient funds to cover this cost. As Mr. Bureau said at that time:

[*Translation*]

I must point out that the CRTC is a revenue-producing agency of the federal Government and that forecast revenues for this fiscal year will be $54 million, more than twice our authorized appropriations.

[*English*]

So the Minister established another way to add cost recovery to the deficit, and that is not so terrible.

I am pleased that a limit of what can be imposed by the CRTC has been provided for. I am pleased to lend my support to the government amendment because it meets the concerns I originally expressed. I was concerned about this matter for a number of reasons. First, if there was no limit placed on what the CRTC could do, the commission would be in a legal position to impose greater and greater fees depending upon how much money the Government wished to collect for its coffers. I did not think that would have been fair to the telecommunications carriers. They would have been at the mercy of the CRTC from year to year.

Second, if the CRTC sought to impose such heavy fees on carriers such as Bell Canada or BC Tel, it is expected that they would attempt to pass those charges on to telephone subscribers by way of higher rates. I have attempted to protect telephone subscribers from such rate increases by urging the Government to limit the fees to be charged by the CRTC. I am pleased that the Government has acted upon that suggestion and upon the suggestions of the many witnesses who appeared before us at committee.

In conclusion, I do not oppose passage of Bill C-4 in its current form. I do regret that it does not incorporate all of the changes which I would have liked to have seen, in particular the retroactivity clause. The Government has gone some distance in adopting my proposal. I think the cost recovery concept is a good one.

I thank the Parliamentary Secretary to the Minister of Communications (Mrs. Mailly) for her co-operation with this Bill. I would also like to thank the Member for Prince Edward Hastings (Mr. Ellis) for the efficient and courteous manner in

which he chaired the meetings of our legislative committee. I also express the deep appreciation of the House and the general population to the witnesses who took the time to appear before our committee and present us with their views on the Bill. It is regrettable only that some of them were not heeded.

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, my remarks on Bill C-4, an Act to amend the Railway Act, will be very brief. The principle is one of cost recovery, that the CRTC should be able to collect from telecommunications companies in the same manner as it collects from broadcasters. I think the cost recovery principle is a very appropriate one to apply. It is already used in broadcasting and it is, of course, the principle used by marketing boards.

I was pleased that the Government accepted the amendment to specify in the legislation that the collection of fees would be for cost recovery purposes and, therefore, could not exceed the amount that the CRTC actually spent for the regulation of the telecommunications companies. There was a fear that the CRTC, with Treasury Board approval, might use this as a means of making a profit at the expense of companies. The CRTC already collects more than it actually needs for the specific costs of regulation in broadcasting. This is not a very good principle and it should not be applied to telecommunications.

We are speaking of approximately $6 million per year, not a very large amount of money. In collecting money from corporations, these regulatory fees are not really important. In order to have a decent taxation system, we must look for fair and effective corporate tax system. I worry a little bit about the Government being penny-wise and pound-foolish in pursuing $6 million when billions of dollars escape collection through extremely liberal loopholes which are still available to corporations.

I do not think that the point made by the Liberal spokesperson about the control which the Treasury Board has over the determination of fees is at all well taken. The CRTC is not completely at arm's length from Government. Appeals are permitted to Cabinet on major decisions which it makes. In my opinion that is not a good principle, but it is one which the Liberal Party has supported throughout. It seems to me a little hypocritical to criticize a Conservative Government for permitting this non-arm's length relationship which has been standard in the industry for some time and was introduced by the Liberal Party.

I want to quarrel a little with the presentation of the cost recovery principle and the amount of money which will be collected. The Parliamentary Secretary referred to its purpose in deficit reduction saying that it would be needed for economic growth and job creation. These are all laudable goals, but it is not clear how they will be achieved. The Government is cutting back on job creation. We have also had cut-backs in scientific research, which is absolutely key to having a vital, dynamic economy. There have been cut-backs in secondary education, which affects the people who will be entering the economy. In order to improve economic growth and job creation the Government must consider those who will enter the labour force and their skills and training.

We have no confidence at all that there will be good economic growth and job creation when bad decisions are taken apropos post-secondary education and scientific research. One cannot use as justification the collection of $6 million which will not be spent on economic growth or job creation. The money is also not being used to reduce the deficit which is still increasing. The $6 million which will be collected through this Bill is only equivalent to the cost of three Shamrock Summits. That is not even remotely the cost of the cost over-runs of the Prime Minister's own personal penitentiary at Port Cartier. With all the money which is being wasted by the Government, why should it receive extra money? How will the money be used? I am sorry to say the Government is not putting it into post-secondary education, scientific research or cultural expenditures where there can be a lot of job creation. It seems this very wasteful kind of expenditure is still being permitted.

• (1220)

To conclude, I would say I certainly support the principle of the Bill but I would have greater enthusiasm for it if I thought the money collected would be better spent.

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, I will also be very brief. I want to talk about a specific concern of my constitutents who are served by Northwest Tel, one of the corporations which will be obliged to pay these fees. Northwest Tel is a small Crown corporation which provides telephone service to the western part of the Northwest Terrritories, the Yukon and a small part of northern British Columbia. It is quite true, as the Hon. Member for Mount Royal (Mrs. Finestone) pointed out, that the fees will eventually be passed on to telephone subscribers. In general, if we take a global view, the estimated amount for fees is not onerous. It is only a fraction of 1 per cent. It can undoubtedly be easily handled. However, in the case of a very small company operating in remote areas, the chance exists that if, for example, a series of public meetings are to be held as part of the regulatory process in a number of remote communities, the costs might very well escalate. I have seen some of the paperwork the small company is obliged to go through in this regulatory procedure. It is nearly as onerous as the paperwork with respect to Bell Canada, CN and CP. Therefore, in proportion, the smaller company has to pay a larger amount of the costs, or the cost of regulating a small company in remote areas is disproportionately larger than in the case of large telephone companies.

This brings us to the question of how these fees are to be levied. This was brought up by the Parliamentary Secretary as well as by the Hon. Member for Mount Royal. If the method of asssessing fees is to be that each telephone company has to pay in each year the cost of regulation for that specific

company, then there is a good possibility that on one or two occasions as years go by, the telephone subscribers of Northwest Tel might very well be faced with quite onerous increases to their telephone bill to pay for this regulation. If, on the other hand, we take the over-all cost of regulation for all the companies which have been included in this Bill, then divide that in proportion to the over-all revenue of each corporation, then tell each telephone company its proportion of the total revenues is such and such a per cent and it is charged that same percentage in regulatory fees, we will overcome the problem.

That is the point I wanted to make this morning. When we come to a system which is to be made by way of regulation for the imposition of these fees, we should do it in a manner which will be fair to the subscribers of small companies operating in remote areas.

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to, Bill read the third time and passed.

* * *

CANADAIR LIMITED DIVESTITURE ACT

MEASURE TO ENACT

The House resumed from Monday, December 8, consideration of the motion of Mrs. McDougall that Bill C-25, an Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith, be read the second time and referred to a legislative committee; and the amendment (Mr. Benjamin) (p. 1866).

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, when the House last considered this Bill I was speaking as my Party's new privatization critic. I believe I have about eight minutes in which to complete my speech which was on a motion to hoist the Bill for six months. The area of privatization and, to some extent, deregulation, from which it comes, has never really been debated in this Parliament. That is one reason we in the New Democratic Party insist that the Government debate the Bill properly and not just shove it through as quickly as possible without proper consideration.

I draw to the attention of the House the debate found in *Hansard* on December 1. Various Members of the New Democratic Party spoke in English and in French concerning this particular Bill and the principle of privatization. I would hope there will be some debate around the country because this is a very important area. It will be an interesting debate over the next one, two or three years.

I want to say to the Government that we are not unduly delaying the Bill. However, we put the Government on notice not to expect that privatization will be easy to get through the House of Commons. If the Government tries a wholesale privatization, that is, selling off Crown corporations which we think help build Canada and make it what it is, a civilized, strong and independent country, we will dig in and oppose it. There are lots of Crown corporations like Petro-Canada, CBC and Air Canada which can be used as instruments to bring this country together. There are other Crown corporations in the fisheries area or communciations which can be used as instruments of state to create jobs and independence. Therefore, the Government is put on notice not to expect an easy path. This country is not Thatcher's England, nor is it Reagan's America. We are going to put up a fight.

That does not mean we are going to be completely blinded by ideological blinkers. As we have said in this debate, it is the Government which is blinded by ideological blinkers. The Government wants to privatize at all costs and we say in some cases it wants to give away. In fact, Bill C-25 is an example of almost giving away a company in which the taxpayers have invested some $2 billion. We acknowledge that Bombardier is a good Canadian company. It does not have a lot of experience in aerospace but it is a good Canadian company based in Quebec. At least that is better than what the Government did with de Havilland. It gave the company to Boeing and gave away the chance for a co-ordinated, independent Canadian aerospace industry.

We are not blinded by ideological blinkers, as I indicated, and we are going to see that the Government is not, either. We want to ensure that the Government does not privatize just for the sake of privatization. We will not necessarily oppose the Government privatizing a Crown corporation for good economic, financial and national reasons. There may be instances where that would apply. However, I point out to the Government that in order to change a Crown corporation, it does not necessarily have to give it away or sell it to the private sector. It can, in fact, reform the Crown corporation and make it more accountable, open and managed in a better way. It makes me laugh sometimes when I hear the criticism, as I have heard in this debate, that the New Democratic Party is responsible when Crown corporations are not doing their job. I point out that we have not been the national Government yet—just wait for two years. So we have not been managing these Crown corporations. Where we have managed Crown corporations we must look to the provinces. The Province of Saskatchewan is a good example in this regard. In that province Crown corporations were properly used to help bring that province from have-not to have status. It pulled itself up by its own bootstraps in many ways, and used Crown corporations to do so.

• (1230)

I tell the Government that it should also have a look at the Province of British Columbia. In the Bennett years after the 1983 election the province did go ideological and started to

privatize a great many Crown corporations. The province set up something called BRIC, the British Columbia Resources Investment Corporation, and sold shares in the corporation. Some shares were sold for $6 and other shares were given away. I think the shares are now worth $1 on the market. It is an example of an abysmal failure of privatization. I hope the Government will avoid that in this case.

One of the concerns we have with Bill C-25 is that the Minister of Finance (Mr. Wilson) proposed in 1984 that the Conservative policy would be the formation of a super Crown corporation which would be responsible for de Havilland and Canadair. We now see a complete about turn and we want to know why. We want to examine that in committee. We want to look at how much is being paid for the company. Some $120 million will be paid for the company when the Government put $200 million into it. We want to have a look at the books of the company. We want to have some statements by the Minister and some of the company officials with respect to what is going on.

I trust that this Bill will be voted upon today in the House. There is that possibility. I can safely say on behalf of the New Democratic Party that we would be prepared to do that today. We will not hold the Bill up. What we would like to see is some consideration given to the formation of a legislative committee early next week. We are prepared to get the ball rolling as soon as possible in order to examine some of the details of this Bill. That is the only proper way to do things in Parliament. If we were not to do that, then we would not be performing our duties.

I draw to the attention of the House the speech I gave on December 1 in which I discussed the principles and some of the arguments for and against privatization. I hope other members of my Party will be speaking on those very points today.

Mr. Deputy Speaker: Are there questions or comments? The Hon. Member for Winnipeg North (Mr. Orlikow).

Mr. Orlikow: Mr. Speaker, I would like to ask my colleague a question. After the passage of this Bill the Government will have sold to the private sector the two major aerospace companies in the country, de Havilland of Toronto and Canadair of Montreal. Both companies were originally privately owned. In a period of recession, or depression, in the aerospace industry, and after showing years of loss, both of these privately-owned companies decided that they could not continue to operate, that they could not continue to absorb the losses. One cannot criticize them for that since, quite properly, private companies are in business to make a profit. When they cannot make a profit they want to cut their losses and sometimes get out of business. That is what these companies were prepared to do. If I remember correctly, the Government at the time, with the approval of the opposition Parties, made a decision in a modern, industrialized country such as Canada that we could not afford not to be in the aerospace industry. Thus the Government bought these companies. The Government has invested hundreds of millions of dollars in keeping these companies in operation and in providing thousands of jobs. The Government has provided these two companies with financial resources so that they continue to perform research and development which puts them at the forefront of the technological area in this industry.

Having invested hundreds of millions of dollars in keeping these companies going, in the case of de Havilland the Government has already sold the company to Boeing. Incidentally, Boeing, according to records we have obtained, made over $2 billion of profit in the years 1980 to 1985 in the United States and did not pay one penny of tax.

Mr. Lewis: That's the private sector for you.

Mr. Orlikow: I am glad the Parliamentary Secretary is listening to me. That great American corporation in the five years from 1980 to 1985 made $2 billion in profits. Not only did it not pay any money in tax to the Government of the United States but it earned a tax credit in the neighbourhood of something close to $100 million. I would be happy to have the Parliamentary Secretary get to his feet to defend Boeing for that type of action. I hope that the Canadian Government is wiser than the American Government and does not permit Boeing to do that in Canada.

At any rate, we have sold de Havilland to Boeing for very little. We are now proposing to sell Canadair to Bombardier which is, at least, a Canadian company. My question to the Hon. Member is the following. What does the Hon. Member think of the possibility or likelihood that five or ten years down the road the aircraft industry will be in another slump, sales will be down and we will have either Boeing or Bombardier wanting to sell back the companies at a good price to the Government of Canada?

Mr. Waddell: Mr. Speaker, the Hon. Member who has been around the House much longer than I and who has seen many deals come and go has, of course, hit the nail on the head. We bail out companies in bad times. When things get better we sell the companies back to the private sector. Then when things get bad again, just wait and see, the companies will be back asking for government help.

As the Hon. Member alluded to in his remarks, the Canadian taxpayers under this deal will continue to assume Canadair's long-term debt of $1.2 billion. The annual interest payments will exceed the cash price that Bombardier is paying for the company. It is paying just $120 million for the company. Because of all the money that was pumped into the development of the Challenger jet and other technologies, it is a company whose technological value is about $300 million. In January the purchasing company will receive a $50 million federal grant and another $30 million in federal defence grants thereafter. It just received a $1.7 defence contract. I refer to the CF-18 repair contract. The company made profits of $20 million in 1985. There was a profit of $2.8 million in the first

quarter of 1986. The purchasing company will receive all that, which is not bad for a $120 million purchase price, plus the equivalent of $20 million in royalty payments. This is nothing but a distress sale. In the good times we give it away and in the bad times we buy it back. That seems to be the pattern.

While I am on my feet I wish to refer to a matter that was alluded to by the Hon. Member.

[*Translation*]

I spoke to Canadair employees in Montreal, to Mr. Cherry and the other workers, and we told them we are concerned over this Bill as it relates to the future employment of the work force. For example, there is a clause here, surely I have it in English—

[*English*]

It is in one of the clauses of the Bill. It is in English and says that Bombardier is committed to maintaining existing levels of employment at Canadair subject to cyclical shifts and sound business practices. Does that mean that if Bombardier determines that business practices are not sound, it can fire half of the workers or have massive lay-offs?

• (1240)

Mr. Orlikow: Or close the plant.

Mr. Waddell: Or close the plant? It goes on to say that Bombardier will pursue new programs and opportunities so that the level of employment in Canadair and its suppliers will increase. We like the last part of the clause but we want to ask questions about the first part of it.

To sum up, we hope that this Bill will pass today in the sense that we can vote on it in principle at second reading stage. I hope we can go into committee early next week to examine some of these clauses and nail them down for the workers and the other people who will hopefully benefit from this Bill.

Mr. Lewis: Mr. Speaker, I will be brief because I know the Hon. Member wants the Bill to pass. The Hon. Member made a big point about the Government assuming the company's debt. Since the company ran up substantial losses when it was owned by the Government of Canada and since the Government of Canada owns the company and therefore owes the money, how can the Government of Canada be said to be assuming the company's debts? Is it not a fact that the taxpayers already owe the debts and losses built up over the past years?

Mr. Waddell: Mr. Speaker, I suppose it depends on how the accounting terms are framed. I am not an accountant. I am prepared to acknowledge that the Government is continuing the debt. The fact is that the debt is there and Bombardier is not buying the debt of the company. Sometimes debts are taken over when companies are bought.

Mr. Parry: Assuming the burden of the debt.

Mr. Waddell: Let me put it that way, it is assuming the burden of the debt.

[*Translation*]

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, we are debating Bill C-25 on the privatization of Canadair, more specifically the amendment moved by a Member of the New Democratic Party, the very same Party which, through the Hon. Member for Vancouver—Kingsway (Mr. Waddell) who spoke a moment ago, claims that it has no intention of blocking the passage of this measure. The NDP is prepared to adopt it quickly. Well now, perhaps I might refer to the motion under consideration, the amendment which reads as follows:

> Bill C-25, an Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith, be not now read a second time but . . . six months hence.

If this is not holding up a Bill I wonder what it is, Mr. Speaker. We know that a good many Members of the House are in favour of some of the provisions of the Bill and are prepared to send it to Committee of the Whole this afternoon, but the New Democratic Party is against that. I want to make it quite clear so that all Quebecers will understand that it is the New Democratic Party—it professes to be supportive of Bombardier and employment in Quebec—which instead of taking a positive approach is resorting to dilatory tactics to thwart the adoption of the Bill and thus compromise jobs.

I am talking about jobs being on the line, Mr. Speaker, but there is more to it than that. I happen to know that Canadair management and a foreign country are negotiating a major contract for new products. It is important that the deal be finalized by mid-January so that the new line of products will become a reality. Should the representatives of this foreign Government who will be here in mid-January find themselves negotiating with Canadair while the company's ownership is still up in the air because this Bill has not been passed by then, we will be in a situation where the Government has already signed a letter of intent with Bombardier, which means that the Government wants to sell, except that the deal has yet to be approved by Parliament.

A situation like this where uncertainty reigns may jeopardize the success of this important contract. New products being developed at Canadair will be in jeopardy. Jobs will be in jeopardy. The Hon. Member of Vancouver—Kingsway tells me he was talking to Canadair employees. I was talking to them this morning, twice, and they begged me to do everything I could to expedite the passage of this Bill. From the very beginning I have said, both personally and speaking for the Liberal Party of Canada, that we wanted to see this legislation go through all stages as soon as possible.

If the NDP wants to obstruct the passage of this Bill for ideological reasons, because it objects to privatization, I have no problem with that. It is their right, but what I want to say is: Don't do it at the expense of Canadair employees. There will be more opportunities, since the Government has further plans for privatization. If they want to talk about privatization in general, they could raise the issue in committee, but now is

not the right time to get ideological and indulge in theoretical discussions about a very practical piece of legislation, when it is obvious that delaying passage of the Bill will jeopardize jobs at Canadair in Montreal.

I am not surprised the NDP is taking this attitude, because I am reminded of some comments made here in the House not long ago. In fact, it was on December 8, three days ago. If we look at page 1866 of *Hansard*, we see that a Member of the NDP, the Hon. Member for Regina West (Mr. Benjamin) had the floor. He was talking about the Canadair Bill. I will tell you what the NDP and the Hon. Member for Regina West think of Bombardier. In his speech he described a trip he made to Kenya, in Africa, where he was invited to visit the railways, and I will quote what it says on page 1866. The Hon. Member was referring to the locomotives he was inspecting, which belonged to Kenya, and he said:

There were 15 locomotives there which had been built in Canada. Immediately one feels good about that. However, at that point in time, February of 1982, 12 of those locomotives were on the ground. They had been bought from Bombardier 10 years earlier.

Here we have a Canadian Member of Parliament saying before the House that Canadian products are no good. And after that, we have the same party telling us it is all for Canadair and Bombardier. I will quote the Hon. Member again. I'm not making this up. I'm just reading from *Hansard*:

The main generator—

This is on page 1886 in *Hansard*. Your friend said this.

The main generator of each locomotive, made by Canadian General Electric, did not work.

Another slap in the face of another Canadian company: Canadian General Electric.

All the welding around the fuel tank, which is also the walkway around the locomotive, had cracked . . . The Bogies were made by Algoma Steel.

So we have another company being plagued by negative publicity; the bogies were cracked. Finally, the Hon. Member for Regina West was interrupted by the Hon. Member for Ottawa—Carleton (Mr. Turner) who asked from his seat:

Whose fault was that?

The Hon. Member for Regina West answered:

Bombardier was the manufacturer of the locomotives.

This is the kind of friendship extended by the New Democratic Party to the workers of Quebec. Such is the support given Bombardier by the New Decmocratic Party because according to the speeches they make they are supposed to be in favour of the deal. Bombardier is a good Quebec company which should be encouraged. We are pleased to see that it has bought Canadair. Well, I say they are wet— whited sepulchres. You see, Mr. Speaker, the slip of the tongue I make when I realize the hypocrisy of the Members of that political party to whom I am saying: If you keep operating like that—

[*English*]

Mr. Orlikow: What's wrong, are you worried about the 32 per cent support we have? That's your problem.

Mr. Guilbault (Saint-Jacques): No, I am not worried about that because this morning's Gallup poll shows that you have regressed by four points, my friend. That is today's information. Fighting Bombardier, delaying this Bill, jeopardizing jobs in Montreal, and my friends in the New Democratic Party will not reap many votes in Quebec in the next election.

• (1250)

Mr. Orlikow: That is the only reason you are spending your time.

Mr. Guilbault (Saint-Jacques): The reason I am talking about the locomotive speech of my friend, the Hon. Member for Regina West (Mr. Benjamin), is that Bombardier at this time is bidding on a large, 300 locomotive contract in India. Does anybody think that a speech like this will help Bombardier sell its locomotives to India? The NDP, by delaying this Bill and also by speaking in very bad terms about the competence of Bombardier in the area of locomotive building will put a large contract in jeopardy. The NDP should be ashamed of doing this.

If the New Democratic Party has reasons to oppose privatization in general, I can live with that. It should have its say. But this no time to drag out the debate. It could jeopardize an important deal concerning aircraft that Canadair is negotiating with a foreign country which is supposed to come to a conclusion by mid-January. At that time, if the ownership of the company is in a state of flux, the deal will not occur. This deal is very important and involves a new line of product. It will not get off the ground unless it has the starter contract.

I am pleading with all Members of this House to pass this Bill quickly. On this side of the House, we would agree to go into Committee of the Whole and pass it today. This morning I spoke to the union people who work at Canadair. They have sent a brief here to make their point. They do not consider it important to come in person. They feel that what is more important is to pass this Bill now. That is what I am asking all Members of the House to do. I am going back to my friends in the New Democratic Party and pleading with them to pass this Bill today in Committee of the Whole. If we do that, I would ask the Government to bring the Minister here so that all questions could be asked of the Minister. With this condition, I would be agreeable to pass the Bill quickly and not make an ideological fight out of it.

[*Translation*]

Mr. Speaker, I urge all Members of this House to pass Bill C-23 concerning Canadair as expeditiously as possible. I would be ready to refer it to the Committee of the Whole if the Government was kind enough to bring in the Minister of State (Privatization) so that we could ask her some questions concerning on the one hand, the management of Bombardier and, on the other hand, questions raised by the union employees at Canadair.

Mr. Speaker, I plead with my NDP friend not to jeopardize the major deals which are about to be concluded, as well as the

jobs which could be lost if the House took much too much time adopting this Bill.

[*English*]

Mr. Deputy Speaker: On questions or comments, the Hon. Member for Sarnia—Lambton (Mr. James).

Mr. James: My question is to the Hon. Member who just spoke. Do the statements in response to what has been said about the sale fit into the brief that he has received? One statement is that "It looks very promising". This was said by Normand Cherry, President, Local 712, International Association of Machinists and Aerospace Workers. "I think that (it) means jobs will stay here. I have confidence in Bombardier". This was said by Jean-Luc Bélanger, a Canadair employee. "We need to develop new markets and this might help to do that". This was said by Patrice Bleau, a Canadair employee.

Does the Hon. Member feel that these statements fit into the brief that he received from the union today?

Mr. Guilbault (Saint-Jacques): The hon. gentleman is being more precise than I was. This is exactly the position of the union. It wants this Bill passed. The Hon. Member has given more details of documents that I have left in my office.

Mr. Andre: The NDP is anti-union.

Mr. Guilbault (Saint-Jacques): These statements exemplify the opinion of these workers that this Bill be passed. Without mentioning names, the Canadair workers in Montreal have been in contact with members of the New Democratic Party attempting to change their mind and speed up the passage of this legislation. Usually one is led to believe that the NDP has close contacts with unionized labour. Some even quip that it takes its advice from there. Certainly not in this case, I suggest.

[*Translation*]

Mr. Speaker, I beg once again of all Hon. Members and especially my colleagues from the New Democratic Party not to delay unduly the adoption of this Bill.

[*English*]

Mr. Waddell: They have changed our mind. We are prepared to have the vote on the Bill today. Would the Hon. Member hand me the union brief? Does he have a copy of the brief?

Mr. Guilbault (Saint-Jacques): I do not have a copy of the brief with me, but I will certainly make sure that the brief reaches the New Democratic Party today. Maybe if one of our friends here has the brief, he would do us the courtesy of handing it to the Hon. Member.

In any event, the brief has been sent to the Clerk of the Senate Committee on Banking, Trade and Commerce, Mr. Timothy Wilson. He has a copy of it on the Hill.

Mr. Waddell: Obviously, the union brief is on its way. We will be pleased to consider that brief in front of the committee first thing on Monday morning, and we will get the Bill into committee then.

I cannot remember what the Hon. Member's first quote was from the Member from Regina, but at page 1866 of *Hansard* the Hon. Member for Regina West (Mr. Benjamin), states:

> I believe it was bad in that particular case—

He was talking about one particular locomotive. He went on:

> —but, to be completely fair, it inherited some of its badness from M. L. Worthington Locomotive Works . . . However, that has nothing to do with the lack of viability of Bombardier. I think it is a viable company and it has manufactured many good products. I remember riding in the first snow vehicles made by Bombardier. They had a cab and were much bigger than the snowmobiles they presently make. I believe that Bombardier was one of the originators of that vehicle.

Then the Hon. Member went on to say why he thinks the Crown should have some equity share in the company. Did the Hon. Member quote that in his speech? If he did not, why?

Mr. Guilbault (Saint-Jacques): I did not quote that. I am glad that now it has been quoted.

Mr. Waddell: Why won't you be fair?

Mr. Guilbault (Saint-Jacques): I am going to tell you why. I think I have hit you hard enough in my speech that I do not have to go to another aspect of your speech which is fence-sitting of the worst kind, on the one hand chastising a company for being bad, then in the next paragraph saying that it is a good company. This is a wishy-washy type of thing which is trying to be on both sides of the issue. We think that Bombardier is a good company. So I can add that one more blow to my speech.

Mr. Waddell: We can too.

Mr. Guilbault (Saint-Jacques): Well, you tell your friend that he has to determine where he stands. Either Bombardier is a good company or a bad company.

[*Translation*]

Mr. Deputy Speaker: The Hon. Member for Saint-Denis (Mr. Prud'homme) for a short question.

Mr. Prud'homme: Mr. Speaker, quickly before the lunch break, since I will be speaking again this afternoon.

I should like to ask my friend the Hon. Member for Saint-Jacques (Mr. Guilbault) whether he called the attention of Mr. Cherry, the Union President, as well as the authorities, owners, Canadair workers, Montreal and Ville Saint-Laurent city councils, on the unbelievable remarks made by the Hon. Member for Regina West (Mr. Benjamin) concerning—

Mr. Waddell: Mr. Speaker—

Mr. Prud'homme: —but what I want to know, and I understand that the Hon. Member is getting nervous, because

as residents of Montreal and Ville Saint-Laurent, we know as a fact that Canadair is the cream of our organizations. Canadair is Montreal and Montreal is Canadair. Canadair is Ville Saint-Laurent and Ville Saint-Laurent is Montreal.

I must admit that I was shocked by the statements made by several NDP Members, and I will personally raise the matter with authorities but I should like to ask the Hon. Member whether he has considered sending Canadair workers generally and Mr. Cherry in particular the statement made by the Hon. Member for Regina—

[*English*]

Mr. Waddell: Mr. Speaker, I rise on a point of order. These two Members have quoted the Member from Regina out of context and are misleading the House. Maybe it is not intentional, but the Hon. Member should be quoted in context.

Mr. Deputy Speaker: Order, please. It being one o'clock, I do now leave the chair until two o'clock this day.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

UNEMPLOYMENT INSURANCE

REQUEST THAT GOVERNMENT WITHDRAW ITS NEW PROPOSAL

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Both in Quebec and the rest of Canada, Mr. Speaker, older workers in increasing numbers are reacting negatively to the Conservative Government's proposal to create two classes of citizens.

This means that overnight, an older worker who had a job with a Canadian company which is closing its doors will be told by the Government when visiting the unemployment insurance office: You are not entitled to unemployment insurance benefits; find another job and you will get some. A middle-age worker from the same plant visiting an unemployment insurance office will be told: Yes, you are entitled to immediate payment of unemployment insurance benefits.

Mr. Speaker, this unfair policy discriminates against older workers, and I am sure that most Hon. Members, either from the Liberal Party, the Conservative Party or the NDP, will oppose this measure and will ask the Government to withdraw this legislation which is unfair to older workers.

[*English*]

NORTHERN AFFAIRS

ANNOUNCEMENT OF NORTHERN MINERAL POLICY

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, the Northern Mineral Policy released last Friday in Whitehorse by the Minister of Indian Affairs and Northern Development (Mr. McKnight) has been received with favour by the northern mining community. The policy brings about a degree of certainty so lacking under the previous administration.

Miners can now plan their affairs in the knowledge that their tenure is secure, that royalties will remain at competitive rates, and that the Government takes a positive attitude toward their endeavours.

The predictable results of such a policy will be increased investment in exploration and development, leading to more jobs and production especially for export markets.

It is a pleasure to see a level of co-operation between industry and government as has seldom been the case in times past.

* * *

AIR TRANSPORT

CANCELLATION OF AIRLINE LICENCE—CONSEQUENTIAL LOSSES

Mr. Les Benjamin (Regina West): Mr. Speaker, a Yellowknife family waits anxiously for the House or the Minister of Transport (Mr. Crosbie) to right a serious wrong which it has suffered. The Fred Turner family has been reduced to financial ruin by Transport Canada and now faces repossession of its home by the Royal Bank just prior to Christmas.

Mr. Turner owned a small licensed airline until two years ago when Transport Canada cancelled his licence for not filing statistical documents on time. That is right, Mr. Speaker, the Government bankrupted him for being late in providing details about how much gas he bought and how many passengers he carried.

The Hon. Member for Skeena (Mr. Fulton) and I brought the matter to the attention of the previous Minister of Transport a year ago. The Government admitted liability to Mr. Turner. His licence was reinstated, but it was too late; his aircraft had been seized by the banks. Now he cannot afford to restart his business.

Last May 15 the Minister sent a letter in which he assured me that the Government admitted its error and offered $15,000 compensation to Mr. Turner. It should be several hundred thousand dollars. The letter indicated that a cheque would be in the mail. That was last May, and no cheque has been received. Mr. Turner has never been consulted. There have been no negotiations. He is being victimized.

On behalf of the four Turner children, who are two-and-a-half to fifteen years of age, I ask the House and the Government to make their Christmas a little brighter by at least honouring the commitment to them.

* * *

RIGHT TO LIFE

CALL FOR APPLICATION OF HUMAN RIGHTS TO THE UNBORN

Mr. Gordon Taylor (Bow River): Mr. Speaker, human rights cannot be over-emphasized. We weep over the way the Jewish people were treated in Nazi concentration camps. We send letters to the Soviets pleading for fair treatment for political prisoners. Our hearts bleed when we read about the artificial famine engineered by the communists in Ukraine which killed thousands of innocent people. We provide a home for refugees who escaped murder and rape in their homeland. Yes, we do many things to show that we are a compassionate people.

At the same time, in our own country last year 60,000 human babies were murdered, and the newspapers barely mentioned it. Even worse, our media make a hero out of a doctor who defies the laws of our country and promotes abortion.

Should not human rights apply to unborn humans? Every Member of the House escaped abortion, and we are here today trying to help our people and build a better nation. Unborn babies should have an equal opportunity to live, to work, to love, and to contribute to the betterment of the world.

* * *

• (1405)

UNEMPLOYMENT INSURANCE

FORGET COMMISSION REPORT—CALL FOR JOB CREATION

Mr. Roland de Corneille (Eglinton—Lawrence): Mr. Speaker, the Forget Commission Report has pinpointed many problem areas within the unemployment insurance system. It has clearly shown how the Government has failed to provide the promised jobs of the 1984 election campaign. Also the report is confirming that people in rural regions of Canada are faced with continuing high unemployment, and that our youth are seriously in danger of becoming a lost generation. It also says that the UI system is not being used as it was intended to be as an interim insurance plan by workers in between jobs. Instead, many Canadians are forced to use UIC as a way of life.

I doubt people want to live on unemployment insurance and would much prefer the opportunity to work to provide a decent income for their families. Rather than seeking solutions in economic policies to reduce unemployment, the Government would like to forget the report. I am in full agreement with my colleagues that the UI system is a much needed resource for many Canadian homes. It is time for the Government to produce the jobs that the Prime Minister (Mr. Mulroney) promised in 1984, or else resign for having let the Canadian people down.

* * *

AGRICULTURE

SPECIAL CANADIAN GRAINS PROGRAM—PAYMENTS TO SASKATCHEWAN FARMERS

Mr. John Gormley (The Battlefords—Meadow Lake): Mr. Speaker, the federal Government's Special Canadian Grains Program is a timely answer to the serious problems plaguing farmers. In committing $1 billion, our Government and the Prime Minister (Mr. Mulroney) have responded compassionately and sensibly to the plight of prairie agriculture. Eighty-five per cent of the payment will be going to western Canada and it will help many farmers in Saskatchewan.

The formula being used to calculate this payment was chosen by producers for producers. By paying $300 million now and a further $700 million at spring seeding time, the typical northwest Saskatchewan farmer will receive about $9,000.

This program is a good response to the damage caused by the European-American subsidy battle. The Prime Minister personally promised that we would not let farmers down. The program is proof that the Prime Minister and our Government know, care, and act. The federal Government has delivered for Saskatchewan farmers.

* * *

NATIONAL PARKS

PROVISIONS IN AMENDING LEGISLATION—CONTROL OF DEVELOPMENT IN PARKS

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, amendments to the National Parks Act introduced by the Minister of the Environment (Mr. McMillan) include many positive improvements but there are flaws in his proposal that should be noted. For example, the Minister's announcement about controlling development in national parks and park townsites is somewhat deceptive. He recently approved a significant expansion of luxury resort facilities in Banff National Park. To make a big deal now out of limiting leases for ski development when within existing leases there is still the possibility for expansion is surely deceptive.

Development inside our national parks flies in the face of Parks Canada policy which stresses ecological and historical integrity as prerequisites to use, and one has to wonder

whether the Minister is serious about controlling development in our national parks given his approach this morning.

The Minister is avoiding the hard decisions that need to be taken about expanding our national parks system. The system is only half complete, and the Minister said little today that would indicate the Government plans to commit the resources necessary to complete the system in the foreseeable future. This apparently is to be left to donations from individual Canadians. With human activity encroaching on many of Canada's unique natural regions, we need a commitment from the Minister that the completion of our national parks system will be a priority of the Government.

* * *

[*Translation*]

TRIBUTE TO MRS. GUYLAINE SAUCIER

Mr. Guy St-Julien (Abitibi): Mr. Speaker, I want today to pay tribute to Mrs. Guylaine Saucier, an exceptional businesswoman who has just been elected President of the Quebec Chamber of Commerce. I wish to emphasize that it is the first time in the whole history of that organization that a woman is appointed to that position. For the past eleven years, Mrs. Saucier has been Chief Executive Officer of *Les produits forestiers Saucier Ltée*, a major sawmill firm in Abitibi. She is a very active and dynamic woman who can serve as a model for people in Abitibi-Témiscamingue and the rest of Canada. Her corporation is at the forefront of modern technology, with a constantly increasing turnover which amounts to $75 million today.

Mr. Speaker, the Lebel-sur-Quévillon Chamber of Commerce, through Lucien Vallée, its President, the mayor, Denis Lévesque, the *Lebel-sur-Quévillon* and Comtois residents and I have organized a party last Saturday to fête Mrs. Saucier and express to her our admiration and that of all Abitibi men an women.

* * *

TREASURY BOARD

LAPRADE FUND

Mr. Gilles Grondin (Saint-Maurice): Mr. Speaker, I would like to point out to the President of the Treasury Board (Mr. de Cotret) that, according to the information I have, the announcement last Monday of the criteria for the Laprade Fund has failed to quell the dissatisfaction prevailing in the Conservative Party's regional caucus on that issue. Indeed, many questions remain unanswered, and this was recognized even by some Conservative Members. I share that view, inasmuch as we are entitled to ask why such a long delay in coming up with those general requirements, that could have been announced a long time ago.

Could it be that the dice are loaded in favour of some of the projects, so that monies already would be earmarked for the opening of an aluminum wheel plant in the Louiseville area? As it happens, Mr. Speaker, Louiseville is in the constituency of the President of the Treasury Board.

I am concerned, Mr. Speaker, and I know the Conservative Members also are concerned with the distribution of the Laprade Fund. How will the President of the Treasury Board proceed in order to honour his previous commitment to ensure a fair and just distribution in the areas concerned? The criteria for eligibility to the Fund are one thing, but criteria for a just and fair distribution of funds are quite another.

I have nothing against the Laprade Fund being used to build a plant in Louiseville, but it is my view that all projects should be processed, examined and announced simultaneously.

I serve notice to the Speaker and the President of the Treasury Board that I will be acting as a watch-dog on that issue.

* * *

UNEMPLOYMENT INSURANCE

FORGET REPORT—RECOMMENDATION NO. 36

Mr. Jean-Pierre Blackburn (Jonquière): Mr. Speaker, the Forget Report was tabled only a few days ago and I would like to bring to the attention of the House one of the recommendations in the report, that is Recommendation No. 36.

Mr. Speaker, the Forget Commission recommends that the Governement establish the new Unemployment Insurance Commission as a parent Crown corporation, set up under Part II of Schedule C of the Financial Administration Act.

Do you know what that means, Mr. Speaker? The Forget Commission is recommending that we turn the Unemployment Insurance Commission into yet another Crown Corporation. Mr. Speaker, the Canada Post Corporation situation is reason enough not to make the same mistake twice.

A Crown Corporation is a parallel power, a sort of second power within the state—over which the Government loses control and to which it no longer can give instructions for its good performance.

Mr. Speaker, I am going to strongly oppose that recommendation. We have no need for another inefficient monster like the Canada Post Corporation—let us not create another one with the Unemployment Insurance Commission.

S.O. 21

• (1410)

[*English*]

CANADIAN BROADCASTING CORPORATION

TELEVISING OF FILM *TOMMY DOUGLAS—KEEPER OF THE FLAME*

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, tonight is a special night for most Canadians, particularly New Democrats. At eight p.m. CBC television will air the NFB film *Tommy Douglas—Keeper of the Flame*. Directed by Elise Swerhone, the film is about Tommy and his work on behalf of all Canadians, particularly the little guy. Thousands of Canadians will be gathered around their TVs tonight to watch the story about their hero, the little fellow who brought them medicare. Unfortunately, not all CBC stations are carrying the show this evening. According to the agreements between CBC and its affiliates, this is not one of the shows which must be carried by the affiliates.

Local TV stations in at least two communities have decided not to air the show tonight. In Thunder Bay and London viewers will be able to watch an American TV program, *Sidekicks*, instead of a real Canadian show with a real Canadian hero, Tommy Douglas. I urge viewers in London, Thunder Bay, and any other city where the show will not be aired to call their local CBC station and cast a vote in favour of Canadian history, and get them to air *Tommy Douglas—Keeper of the Flame*.

* * *

TRADE

CANADA-UNITED STATES NEGOTIATIONS—SHIPBUILDING INDUSTRY'S NEED FOR ACCESS TO UNITED STATES MARKET

Mrs. Mary Collins (Capilano): Mr. Speaker, I am sure the House will be pleased to learn of the full endorsement by Canada's shipbuilding industry of our Government's intention to negotiate a comprehensive trade agreement with the United States. I recognize and sympathize with the difficulties facing shipyards and shipyard workers across the country, difficulties which would be greatly eased on the West Coast by the early award for the construction of the Polar Class 8 ice-breaker to British Columbia. However, the increasingly assiduous implementation of U.S. restrictions such as the Jones Act and the Burns-Tollefson amendment which prohibit or obstruct Canada's access to the U.S. marine market for construction and repair work are having a negative impact on all Canadian shipyards.

Changes are needed, such as the extension of the Canada-U.S.A. Defence Production Sharing Understanding to include naval vessels. I share the opinion of the Canadian Shipbuilding and Ship Repairing Association that such changes under a new Canada-U.S. trade agreement would be of significant economic benefit to the shipbuilding and allied industries of both countries, and would strengthen the North American defence industrial strategic base.

* * *

ADMINISTRATION OF JUSTICE

NATIONAL PAROLE BOARD—RELEASE OF CONVICTED MURDERER

Mr. John Nunziata (York South—Weston): Mr. Speaker, a federal inquiry is necessary into the hideous first-degree rape and murder of 21-year old Celia Ruygrok by an individual who was on parole for a previous gruesome murder. It has raised disturbing questions about our parole system and the operations of the halfway house where the murder occurred. Supreme Court Justice David Watt said: "Logic and reason were obviously not applied" in releasing the murderer on parole.

• (1415)

The parole system has failed in a very fundamental way. The system must assume some responsibility for the Ruygrok murder. How and why was the murderer released after serving only nine years of a life sentence for the original murder? The bottom line is that he should not have been released. The National Parole Board must account. If Canadians are to have confidence in our criminal justice system, a full and complete inquiry is necessary into this miscarriage of justice. Mr. Speaker, I call on the Government to order an inquiry at the earliest opportunity.

* * *

[*Translation*]

HOUSE OF COMMONS

OPINIONS EXPRESSED BY MEMBERS

Mr. Gabriel Fontaine (Lévis): Yesterday in the House, Mr. Speaker, the former Solicitor General of Canada and present Member for Notre-Dame-de-Grâce—Lachine East (Mr. Allmand) stated that the Quebec Association of St. John Baptiste Societies is an extremist group.

This is the kind of arrogance which, so prevalent in the Liberal Government of the 1970s of which he was a member, had then given rise to serious social upheavals in Quebec and even led to loss of lives.

The Liberal Member, speaking from his seat in the House as a prestigious former Minister, made a vile attack against the St. John Baptiste Society.

Mr. Speaker, my grandfather owes to the St. John Baptiste Society the fact that his grandson can now speak French in the House. It ranks among the leading defenders and outstanding proponents of the development of French culture in North

America. As a Member from Quebec I cannot accept attacks against this group of francophones.

Mr. Speaker, the statement of the former Liberal Minister is insulting and, made as it was in the absence of the accused, comes from a petty coward.

* * *

[*English*]

AWARDS AND DECORATIONS

COMPANION OF THE ORDER OF CANADA—THE HONOURABLE JOSEPH ROBERTS SMALLWOOD

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, it is an honour for me to rise and pay tribute today to a great Canadian, the little fellow from Gambo, Joseph Roberts Smallwood, otherwise known across the country as Joey, who is today receiving our country's highest honour, Companion of the Order of Canada. Due to his ill health, he is receiving it in St. John's from the Lieutenant Governor, the Hon. James McGrath.

Journalist, broadcaster, labour organizer, farmer, politician, statesman, and the only living Father of Confederation—without him we would not be a province of this country today. His legacy of bringing Newfoundland into Confederation and bringing the advancements to our province which we have seen over 23 years with him as Premier are adequate testimonial to him.

However, I want to pay tribute to him today. I am sure the House would want to join me in expressing that. We in Newfoundland are proud to be Canadians. There is no one prouder today than Joey Smallwood. I am sure Members on both sides would want to join me in offering our congratulations and best wishes to him.

Some Hon. Members: Hear, hear!

Mr. Speaker: I thank the Hon. Member for his statement. I think all Hon. Members would want to know that, on behalf of the House, I have arranged to send best wishes to Joey Smallwood today. I know that will meet with the approval of all Hon. Members on this occasion.

Some Hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

EXTERNAL AFFAIRS

SALE OF UNITED STATES ARMS TO IRAN—REPORTED INVOLVEMENT OF CANADIANS

Hon. Herb Gray (Windsor West): Mr. Speaker, I have a question for the Deputy Prime Minister. It was reported that yesterday William J. Casey, Director of the CIA, told the Foreign Affairs Committee of the U.S. House of Representatives that Canadians were involved in the secret deal to provide arms to Iran. Therefore, will the Deputy Prime Minister tell the House what he, any other Minister, or any official of the Government knows about any such Canadian connection to this matter and when he or they first learned of it?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, as the Hon. Member knows, this information was reported in the press based on closed testimony before a congressional committee. Therefore, there are no published facts on which to proceed. We are actively seeking to determine from U.S. officials any facts concerning the involvement of Canadians in any arms transaction. We will pursue this further as information becomes available.

REQUEST FOR INVESTIGATION

Hon. Herb Gray (Windsor West): Mr. Speaker, I am surprised that my question was answered by the Minister for International Trade. Surely this is something about which the Government should know since any Canadian involvement in the matter of sending arms to Iran could involve breaches of Canadian law or policy.

I want the Government to confirm that it is carrying out an immediate and full investigation involving the RCMP and the Security Service to ensure that the Canadian people and Government know all the facts about this strange Canadian connection to the Irangate affair. Can we have this assurance?

• (1420)

Hon. Pat Carney (Minister for International Trade): Yes, Mr. Speaker, I can assure the Hon. Member that this issue is being thoroughly investigated. Should it appear that Canadian laws have been broken by Canadian citizens, appropriate legal action will, of course, be taken.

[*Translation*]

REQUEST FOR REFERRAL TO EXTERNAL AFFAIRS AND INTERNATIONAL TRADE COMMITTEE

Hon. Herb Gray (Windsor West): Mr. Speaker, is the Government prepared to give immediate approval to referring the question of the Canadian connection in arms shipments to Iran to our Committee on External Affairs and International Trade, so that public hearings can be held forthwith and the Canadian public informed of all the facts of this question?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, as the Minister for International Trade pointed out, this is testimony which was taken in camera. There are allegations of certain things. The Government of Canada is trying to determine all the facts. As soon as those facts are determined we will certainly indicate to the House in the fullest fashion possible. However, at this point in time the details are clearly not available and a

thorough investigation is being undertaken, as the Minister for International Trade indicated.

WASHINGTON POST REPORT

Ms. Sheila Copps (Hamilton East): My question is also directed to the Deputy Prime Minister. According to the article in the *Washington Post*, the person who exposed the Canadian connection in Irangate was one Roy M. Furmark. The Government will no doubt be aware that the same Roy Furmark was directly involved in the Come-By-Chance oil refinery negotiations in Newfoundland with a committee which included a present Minister of this Government, who was a former Minister of the Newfoundland provincial Government. Can the Government tell us whether Roy Furmark, as well as contacting CIA Director, William Casey, was in touch with any Canadian Minister or official regarding the Canadian connection?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I have already indicated, and so has the Deputy Prime Minister, that these allegations are based on media reports of a closed session. These allegations are being made on the basis of unsupported evidence in any public matter. I ask the Hon. Member to be careful about making allegations in the House about individuals until she can be certain of her facts.

REQUEST FOR COMMITTEE REFERRAL

Ms. Sheila Copps (Hamilton East): Mr. Speaker, given that one Roy M. Furmark is cited in fact as one of the negotiators involved with the Government of Newfoundland of the time, including a current Minister of this Government, does the Canadian Government not feel there are enough questions being raised about the Canadian connection in Irangate that this whole matter should be referred to the Committee on External Affairs and International Trade?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, either shipping arms to Iran or assisting the Contras in any way would be against established government policy. I would ask the Hon. Member to refrain from making unsubstantiated charges until she has further evidence of a real nature—

Mr. Ouellet: Why don't you deny it, then?

Miss Carney: —on which to make allegations about individuals.

ALLEGED INVOLVEMENT OF CANADIANS

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Deputy Prime Minister and it is on the same subject. Since it has been alleged before a Congressional Committee in Washington that two or three Canadians have been involved in some kind of middle-man way in the export of weapons to Iran, which is clearly in contravention not only of Canadian policy but of American law, and since some checking on the part of my staff this morning with other sources seems to indicate these allegations are in fact true, my question is this. Were Government agencies in Canada informed by the CIA or any other American agency of the use of Canadians in an action which is in direct contravention of Canadian policy?

• (1425)

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I think the Hon. Member's concern is shared by many Canadians. But, again, I can tell him that at this early stage in the investigations it is not possible to respond to the questions he asks. There is not sufficient evidence at this point in time to justify consideration of an RCMP investigation or anything of that nature.

I assure the Hon. Member that under our export control regulations a shipment of arms of the nature suggested would be prohibited. Until we have further information on the matter I think the Hon. Member should rely on our endeavours to obtain the type of information which he seeks.

INQUIRY CONCERNING POSSIBLE INFORMATION PROVIDED BY UNITED STATES AGENCIES

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I think the Minister might not have heard the question. I say that without wanting to be argumentative in any way on this important matter.

Since Canadian government policy states that we do not favour the export of arms to Iran, and since there have been allegations about Canadian involvement—and we should know this now—has the Canadian Government been told by American agencies in the past of this possible involvement of Canadians? If we have not—and that should have been checked by the Canadian Government by now—are we asking the Americans to confirm that Canadians are being used by an American agency that not only violates American law but, more important, is in flat contradiction of Canadian government policy?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I have already told the House that we are actively seeking this type of information from the CIA and other U.S. agencies. When we have further information we will so report.

CANADA-UNITED STATES RELATIONS

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my final supplementary question is addressed either to the Minister for International Trade or the Deputy Prime Minister. It goes beyond the particular in this case to the general policy. Do we have an understanding with the Government of the United States that it will not be using Canadian nationals through any of its agencies in ways that would flatly contradict Canadian government policy without informing the Government of Canada? Is there such an understanding between the Government of Canada and the Government of the United States?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, allegations there have been. There has not been confirmation of those allegations which is precisely what the Government of Canada is trying to determine. Very clearly, the issue will be thoroughly investigated. Should it appear that any Canadian laws have been broken by Canadian citizens, appropriate legal action will be taken.

[*Translation*]

INQUIRY WHETHER AMERICAN GOVERNMENT INFORMED CANADIAN GOVERNMENT OF POSSIBLE INVOLVEMENT OF CANADIANS IN SALE OF ARMS TO IRAN

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, my question is directed to the Deputy Minister and concerns the Canadian connection in the sale of arms to Iran. Mr. Speaker, in the United States, the head of the CIA testified, I imagine under oath, and indicated to members of the committee that on October 7 of this year he had been advised by a Mr. Furmark that Canadians were involved in the sale of arms to Iran.

I would like to ask the Deputy Prime Minister: Did the American Government inform the Canadian Government of the possible involvement of Canadians in the sale of arms to Iran?

[*English*]

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I feel that I have already adequately answered that question. I have pointed out that this line of questioning is based on published reports of a closed committee meeting. Therefore there are very few firm facts upon which to make the kind of Canadian connection which the Hon. Member is taking for granted. We have asked the U.S. to provide us with all the available information. That investigation is going on. When we have more information, and when we know whether Canadian citizens were in fact involved and if in fact Canadian laws were broken, then we will take the appropriate action.

GOVERNMENT'S KNOWLEDGE

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, it is not an allegation. It has been stated by Mr. Casey that he was informed on October 7 that Canadians were implicated in this sale of arms to Iran. I repeat my question. Was the Canadian Government informed in October of this year that Canadians were involved in the sale of arms to Iran?

• (1430)

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I will repeat what I have already said. There is nothing at this point in time about which to inform any other Government. This is information which came up before a hearing. We do not know on what it is based. We are making an investigation and we are trying to find out the very kind of information the Hon. Member is seeking. When we get that information, we will take the appropriate action. If Canadian laws were broken, we will take the appropriate action.

SAFETY OF CANADIAN CITIZENS IN IRAQ

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, there have been allegations that Canadians have been involved in the sale of arms to Iran. My question is directed to the Deputy Prime Minister. Since this would obviously put the lives of Canadians living in Iraq at some risk, has the Government been in touch with officials of the Government of Iraq to inform them very clearly that it is Canadian policy not to ship arms to Iran?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, at this point I can take the Hon. Member's question under advisement. I do not know specifically what our Department has done with Iraq, but of course the point the Hon. Member makes is true. This kind of activity is against our policy.

QUERY CONCERNING POSSIBLE UNDERSTANDING BETWEEN CANADIAN AND UNITED STATES GOVERNMENTS

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I will direct my supplementary question to the Minister for International Trade since she seems to be answering the questions on this issue. Is there an understanding between the United States administration and the Canadian Government that Canadian nationals are not to be used in any type of covert military activity in which an American agency is taking part? Is there an understanding that we will at least be informed if there is any involvement of Canadian citizens?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I do not want to speculate in this area in the absence of the Secretary of State for External Affairs. It is beyond my knowledge. I am not advised of the information the Hon. Member is seeking, but I will take the question on notice and respond to him.

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[*Translation*]

PENITENTIARIES

PORT-CARTIER PRISON—AWARDING OF CONTRACT TO BECHTEL QUEBEC

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, I would like to direct my question to the President of the Treasury Board or the Solicitor General, whoever is prepared to reply. My question concerns the incredible and continuing story about the movable penitentiary that was taken by the Government from Drummondville to Port-Cartier, in the Prime Minister's riding. One of the most mysterious aspects of this story is the role played by an engineer, a Mr. Robert McCulloch, in awarding the penitentiary contract to Bechtel Quebec. In this respect, the President of the Treasury Board

acknowledged on November 5 of this year that there was a potential conflict of interest and that it would be necessary to conduct an investigation. I would be interested to know what progress has been made. What are the results up to now?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, I am happy to say the investigation has been completed. There are still a few technical details that have to be straightened out, but in a day or two, I will be in a position to release the findings of the investigation. I will do so before the House. It is here, through you, Mr. Speaker, that I answer the Hon. Member's questions, and I will announce the findings of the investigation here in the House, as I promised Hon. Members I would do.

Mr. Guilbault (Saint-Jacques): Mr. Speaker, I realize this is not customary, but I intend to congratulate the President of the Treasury Board when he does.

FUTURE OF SAINT-VINCENT-DE-PAUL PENITENTIARY AND OF ITS EMPLOYEES

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, I have a supplementary, which is probably directed to the Solicitor General of Canada. This morning it was reported that the Auditor General said it would cost only $30 million to renovate the Saint-Vincent-de-Paul penitentiary compared with the $68 million it will cost to build one in Port-Cartier, in the Prime Minister's riding. I would like to know what is going to happen to the Saint-Vincent-de-Paul penitentiary, and if it is closed, what the Government intends to do to help the 450 employees who will be out of a job.

[*English*]

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, I would take this opportunity to remind the Hon. Member that it was his Government that made the decision to close Laval, not this Government. It was his Government that constructed Donnacona so that the prisoners from Laval could be transferred to that institution. We are building Port Cartier to take the balance of those prisoners. Laval, as the Hon. Member said, is in fact being closed and the employees are being offered every opportunity to secure employment within the Correctional Service.

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EXTERNAL AFFAIRS

NICARAGUA—BOMBING MISSIONS LAUNCHED FROM HONDURAS

Mr. Dan Heap (Spadina): Mr. Speaker, my question is directed to the Deputy Prime Minister. As he knows, many Canadians fear that the Reagan administration may attempt to distract attention from the U.S.-Iran-Contra arms deal by escalating attacks on Nicaragua. What action will Canada contribute to the international efforts to reduce the military tensions that already exist because of the use of U.S. helicopters and the bombing of Nicaragua by U.S.-made Dragonfly bombers from U.S. airstrips in Honduras?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I will have to ask the Hon. Member to permit me to take that on notice in the absence of the Secretary of State for External Affairs. I will get back to him.

REQUEST THAT GOVERNMENT URGE HONDURAS TO DISARM CONTRA FORCES

Mr. Dan Heap (Spadina): Mr. Speaker, there is a further matter that should be urgently taken up by the Hon. Minister or the Hon. Deputy Prime Minister. Will the Government urge Honduras, the largest single recipient of Canadian bilateral aid in Central America, to make its major contribution to international peace in that region by disarming the Contra forces and closing its border to prevent the Contras from further illegal attacks on Nicaragua?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I will make careful note of the Hon. Member's suggestion and I assure him that it will come to the attention of the Secretary of State for External Affairs upon his return.

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CANADA PENSION PLAN

INTEREST RATE CHARGED ON LOANS MADE TO PROVINCES

Mr. Jim Jepson (London East): Mr. Speaker, my question is for the Minister of State for Finance. There is concern that it is the apparent intention of the Government to continue to lend large surplus sums from the Canada Pension Plan to provincial Governments at minimal interest rates for the foreseeable future. Can the Minister tell the House at what rate of interest this money is being lent to the provinces, and if the Minister is developing a plan for the provinces' existing $50-billion debt to CPP to be repaid over a reasonable amortization period?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, I would like to thank my hon. friend and neighbour, the Hon. Member for London East, for his question. The interest rate charged on the new CPP loans is 9.31 per cent. This rate is set to match rates on long-term Government of Canada borrowing and it compares very, very favourably with prevailing interest rates. Provinces have been paying CPP interest payments semi-annually for 20 years and, beginning last February, have started to pay back the principal. This system is working well and the interest rates are good from the point of view of the federal Government.

AGRICULTURE

SPECIAL CANADIAN GRAINS PROGRAM—INITIAL PAYMENTS TO FARMERS

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is for the Minister of Agriculture and concerns the farm debt crisis. The FCC has indicated that some 39,000 farmers are in serious financial difficulty. Because only 30 per cent of the Special Canadian Grains Program will be paid in January or February, the average producer will only receive about $1,500 out of the initial payment of $5,000. Can the Minister tell us how many of the 39,000 farmers in serious financial difficulty will be saved from foreclosure or bankruptcy by this initial payment of $1,500?

Hon. John Wise (Minister of Agriculture): Mr. Speaker, perhaps the most accurate way to answer that question would be to say probably about 99 per cent more as a result of the election of September, 1984, in which this Government was elected, rather than repeating the lack of programs under our predecessor.

Mr. Foster: Mr. Speaker, the Minister is suddenly very non-specific.

FARM CREDIT CORPORATION FORECLOSURES—REQUEST FOR EXTENSION OF MORATORIUM

Mr. Maurice Foster (Algoma): Mr. Speaker, since the lion's share or 70 per cent of this special payment will not be made until the new fiscal year, perhaps April or May, is the Minister prepared to extend the moratorium on FCC foreclosures until the full payment has been made?

• (1440)

Hon. John Wise (Minister of Agriculture): Mr. Speaker, the matter of lifting the foreclosure is one that is very much on my mind. We are under a great deal of pressure from those people who have managed extremely well, and who are in a fairly strong and stable financial position to expand their operations.

On the other hand, we know that it would cause some serious problems to those who will not be able to survive, even though we do have the farm debt review legislation, and the farm debt review boards which are now operating. In addition to that, we have the Canadian Rural Transition Program.

The Hon. Member might take some satisfaction from the fact that we will do everything possible to ensure that those people who will not be able to succeed in the business of farming are able to make the transition as painlessly as possible.

[*Translation*]

UNEMPLOYMENT INSURANCE

INQUIRY WHETHER RETIRED ACTIVELY SEEKING JOBS WILL BE REIMBURSED

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have a question for the Minister of Employment and Immigration.

The Minister of Finance in April, the Prime Minister in October and now the Minister of Employment and Immigration have all stated that the Government was not undertaking a review of the unemployment insurance system to reduce federal contributions to the unemployed.

In this optic, will the Government reimburse the benefits of the early retirees whose entitlement was cancelled if they are actively looking for employment and are still on the labour market according to Statistics Canada?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the policy for those who are looking for a job, and we said this last week, is that those who can find a second job will be able to re-establish their eligibility. As for those who receive a pension, as these pensions are deemed to be employment income, they are deductible from the amount insurable for unemployment insurance purposes.

REQUEST THAT ALL RETIREES BE TREATED EQUALLY

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have a supplementary.

Will the Minister put all retirees on an equal basis so that people like Mr. Roland Cloutier of Quebec City, who is President of the *Association des retraités sans assurance-chômage*, will not be refused their unemployment insurance benefits even though they have submitted, as he has done, over 150 job applications since being forced to take an early retirement?

Is it fair to exclude from unemployment insurance benefits people such as Mr. Cloutier who are working so hard to find a job?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I would like to correct a misunderstanding among members of the public. People who receive a $6,000 or $7,000 pension are entitled to unemployment insurance benefits up to the maximum amount of their contributions. This means that someone who has contributed a maximum of $15,000 would receive up to $19,000 in income, which would include his pension as well as his unemployment insurance benefits.

However, what you are suggesting is that someone with a $40,000 pension receive an additional $15,000 in unemployment insurance benefits, which would give him a $55,000 income. This makes no sense and this is why pension benefits are deemed to be income from employment.

Oral Questions

SYSTEM'S ALLEGED UNFAIRNESS

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, I wish to direct a question to the Minister of Employment and Immigration.

Why discriminate against older people? A company shuts down and the next day an older worker goes to the unemployment insurance office. He is not eligible for benefits unless he finds another job. Yet a middle-age worker is entitled to benefits.

Why discriminate and create two classes of citizens? Why discriminate against older workers through this new program?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the Hon. Member says so many things. He ought to be more careful about what he says.

He says that older people who lose their job and cannont find work are not eligible for benefits. This is not true. If they have a pension income of $5,000 or $6,000 they are entitled to receive the difference in unemployment insurance benefits. You should also tell that to the people.

INQUIRY WHETHER RETIREE DRAWING $50,000 FROM REGISTERED RETIREMENT SAVINGS PLAN WILL RECEIVE FULL UNEMPLOYMENT INSURANCE BENEFITS

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, why should anyone drawing $50,000 from an RRSP be eligible for unemployment insurance benefits? Why does the Minister not tell that to the people? He is creating two classes of citizens in Canada, and the older people who are in the galleries now will fight to force the Government to withdraw this measure.

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I should simply point out to the Hon. Member for Montreal—Sainte-Marie that we are talking about employment income. RRSP investments are personal investments, much like the various financial instruments a good many Members chose to make investments. RRSP payments cannot be considered as employment income because this is a personal investment, whereas pension funds are an employment income. That is the difference.

[*English*]

EFFECT ON WOMEN OF COMMISSION'S RECOMMENDATIONS

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, my question is addressed to the Minister responsible for the status of women. It concerns the Forget Report and what the Minister is doing to defend women against the devastating effects that the Forget recommendations, if implemented, would have on women. In particular would the Minister tell us what her response is to the National Action Committee concerns raised regarding annualization which points out that, while most of the part-time workers are women and seemingly would benefit from the Forget recommendations, most of these people do not work the full year and would be very badly hit by the annualization. Does the Minister agree that women will be especially badly hit by the Forget Commission recommendations? What is she, as Minister, going to do about it?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, last week, we told the Members from Montreal that we are indeed concerned about the particular problems of women. You are now talking about the fact that the majority of part-time jobs are held by women. It is because of this that we said that we did not yet have a position on the recommendations of Mr. Forget and that the Government has not yet said that it intended to apply the annualization principle. We shall be taking all of this into consideration when we give our response around May 15.

[*English*]

MATERNITY BENEFITS

Ms. Lynn McDonald (Broadview—Greenwood): My supplementary question is directed to the Minister responsible for the status of women. It concerns the maternity benefits recommendations of the Forget Commission Report. Would the Minister agree that equality can go too far, namely, for men to receive maternity benefits that would have to be shared; that the desirable response of the Government would be to ensure parental leave for both parents after maternity benefits; that it would be very wrong to deprive women of maternity benefits for, after all, an act which is not yet an equal opportunity employer?

Hon. Barbara McDougall (Minister of State (Privatization)): Mr. Speaker, my hon. colleague has already responded in a general way on how we view the Forget Report and the issues in it. It is not only up to me to be concerned on behalf of Canadian women, it is the Prime Minister and my Cabinet colleagues who have worked very hard on behalf of women.

Ms. Mitchell: You are an advocate.

Ms. McDougall: We understand the need for women to have good maternity benefits. This is one of the areas that my colleague has already said he will be looking at. It is something that he and I have discussed. It is for the attention not just of the Minister responsible for the status of women, but for all my allies sitting in this Cabinet.

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EXTERNAL AFFAIRS

RESPONSIBILITY FOR ARMENIAN GENOCIDE

Hon. Bob Kaplan (York Centre): Mr. Speaker, in the absence of the Secretary of State for External Affairs my questions are for the Deputy Prime Minister. The Armenian community has just learned that the Government intends to

break its election promises to them. I wish to ask the Deputy Prime Minister the following questions. Does the Government of Canada acknowledge that the Armenian genocide occurred? Does it agree that the then Turkish Government was responsible for the genocide? Does it agree that the Turkish Government over the years has failed to acknowledge in any meaningful way its responsibility for the matter?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, it is sufficient to say that Canada has and will continue to deplore the tragic events of 1915.

GOVERNMENT POSITION

Hon. Bob Kaplan (York Centre): Mr. Speaker, that is not an adequate answer, if I may say so. The Government made certain promises. The Armenian community looked to the Government, and I believe supported it because of the promises. Without pressing on the particular events that the Government promised would be estabished, I wish simply to ask does the Government acknowledge that the Armenian genocide occurred, and that the then Turkish Government was responsible for it? It is a simple question; simple justice.

Hon. Pat Carney (Minister for International Trade): The Secretary of State for External Affairs has previously answered that point in the House.

Some Hon. Members: No.

Mr. Guilbault (Saint-Jacques): Just like you are doing now, he did not provide an answer.

Miss Carney: He also made very clear the point that we value the contribution that has been made by Armenians to Canadian society.

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WINTER OLYMPICS

LOAN SOUGHT BY 1988 OLYMPIC ORGANIZATION

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, my question is for the Minister of State for Fitness and Amateur Sport. Canadians are now aware that the 1988 Olympic Organization is seeking $50 million in the form of a loan from the American Broadcasting Corporation. Would the Minister tell the House what has gone wrong and what has happened to the finances of that organization which forces it to seek such a large infusion of cash at this point in time?

• (1450)

Hon. Otto Jelinek (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I should like to advise the Hon. Member that nothing has gone wrong with OCO. OCO is in sound financial shape. If the Hon. Member was ever involved in business, he would know that it is normal business practice to try to take care of cash flow difficulties which arise from time to time in a situation of this nature. OCO is simply trying to obtain some advances from the extremely good contract it has been able to obtain from ABC.

Mr. Angus: We thought the reason for a corporate sponsor was to get it to pay the bills, not for it to be able to extract more money in the form of loans.

PUBLIC RESPONSE

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, are the current financial problems with OCO because of the dismal response to at least two of the try out events—the ski-jumping in November and the lack of sales for the World Nordic Combined next weekend?

Hon. Otto Jelinek (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, the Hon. Member is so far out to lunch on the issue that he probably does not know the difference between a bob-sleigh and a luge. The fact of the matter is that ticket sales for the Olympic Games have gone beyond anyone's expectations. Financial commitments and identified funds have gone beyond anyone's expectations. I assure the Hon. Member that OCO is in tremendous financial shape and that the 1988 Calgary Olympics will be the most successful in the history of the Olympics.

Some Hon. Members: Hear, hear!

Mr. Nystrom: You skated around that nicely, Otto.

* * *

[*Translation*]

TREASURY BOARD

LAPRADE FUND

Mr. Gilles Grondin (Saint-Maurice): Mr. Speaker, my question is for the President of the Treasury Board, but in his absence, I shall direct it to the Deputy Prime Minister. The publication of the terms regarding the Laprade Fund poses a few problems because many questions remain unanswered. Indeed, we may well wonder whether the dice are in fact loaded since an amount has already been put aside to build an aluminium wheel plant in the Louiseville region.

Some Hon. Members: Question!

Mr. Grondin: While the terms were revealed only last Monday—

Some Hon. Members: Order!

Mr. Grondin: —it seems that amounts have already been put aside for certain projects. Is this true?

Hon. Robert de Cotret (President of the Treasury Board): As I have said many times, no part of the Laprade Fund has

been put aside for any project. There are eligible projects which must meet the usual criteria of government programs for the region and whatever remains in the Laprade Fund will naturally be spent in accordance with criteria we have established, which basically call for the creation of permanent jobs, as we wanted to do at the very beginning, but unfortunately this was not done by the previous Government.

REQUEST FOR EXPLANATION OF FUND'S USAGE

Mr. Gilles Grondin (Saint-Maurice): Mr. Speaker, I have a supplementary for the President of the Treasury Board. The terms of application are naturally related to the program, but we are concerned about the terms of application of the fund, that is how this fund will be distributed among the constituencies, because we want to know whether the money will be distributed fairly and equitably among the various constituencies involved. That is the most important, in my opinion.

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, the Hon. Member should understand that the Laprade Fund is meant for the Laprade region. Naturally, in this optic, what we want to promote is the creation of permanent jobs in industry, business and tourism throughout the whole region. Naturally, the boundaries of constituencies are often set arbitrarily and they can change, but we have kept the concept of the Laprade zone, and the money which remains in the fund will be spent to improve and complement what is already available under existing programs.

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[*English*]

CANADIAN ARMED FORCES

MALODOROUS UNIFORMS

Mr. Derek Blackburn (Brant): Mr. Speaker, my question is directed to the Minister of National Defence. It concerns the 12,000 new uniforms which cannot be used by Maritime Command because they give off such a bad odour. Since the material was produced to the Government's specifications, will the Canadian taxpayer have to pay another $2.7 million to replace these useless uniforms, and will the money have to come from the operational budget?

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, I am a bit concerned, after this question, that my colleagues on this side of the House may be sitting farther from me than they used to. It is an important question. It is one which is being studied at the present time by the Department to determine the cause of the odour. Once we have had a chance to locate the cause of it, we will be looking at what can be done about it, and I will keep the Hon. Member informed.

COMPOSITION OF NEW FABRIC

Mr. Derek Blackburn (Brant): Mr. Speaker, my supplementary question is on the same point. Why did the Government not conduct a second set of tests after changing the composition of the new fabric, before it went ahead and ordered almost $3 million worth of uniforms?

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, that would also be a very good question, if the premise on which it was based were accurate. My understanding is that in fact the composition of the fabric was not changed and that the composition being used is roughly the same as that being used for various European uniforms.

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CANADA MORTGAGE AND HOUSING CORPORATION

FUNDING OF CO-OPERATIVE HOUSING

Mr. Alan Redway (York East): Mr. Speaker, my question is for the Minister responsible for Canada Mortgage and Housing Corporation. He is aware of the desperate need in Canada for more modest and rent geared to income housing. In light of those facts, how could the Minister support the decision on the part of CMHC to make the lowest allocation of co-op housing units in the last 10 years? Is the Minister prepared to utilize the additional funds in the budget to provide for more rent geared to income housing in the current year?

Hon. Stewart McInnes (Minister of Public Works): Mr. Speaker, I am pleased to say that, as a result of our policies which have evolved over the last two years, we have been able to accommodate more than twice the number of households with supporting moneys and subsidies than any other Government had been able to do in the history of Canada. Dealing with the Hon. Member's particular inquiry concerning the co-operative program, the association came to us and made representations on the number of units which might be constructed under a trial program over the next five years. Basic to that proposal were certain assumptions relative to the cost of projects and financing. Unfortunately those two suppositions have turned out to be wrong and that has—

Mr. Speaker: Order, please.

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[*Translation*]

OFFICIAL LANGUAGES

GOVERNMENT POSITION

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, my question is directed to the President of the Treasury Board.

On several occasions I have made the point that the use of French in federal departments and agencies is declining, be it in the case of the RCMP which is cutting staff, or the Canadian Security Intelligence Service which is the target of 1,400 complaints, or again the numerous departmental cut-backs. I am referring particularly to linguistic training where staff have been reduced by half and programs are down 25 per cent. I would like to ask the Government when it will have enough courage to introduce legislation to amend the Official Languages Act and put teeth in it just so we in this House might know what the Government plans to do with respect to official languages?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, first may I say that I totally disagree with the premises of and the lengthy introduction to the question of my colleague from Ottawa—Vanier. With respect to linguistic training, the Government is still fully aware of the need for this program. We are trying to make it more effective and more properly geared to the requirements of our employees. This is what we are doing, Mr. Speaker, and what we will continue to do in this field.

As to a more comprehensive linguistic reform, I believe the Prime Minister has said on many occasions that we expect to be in a position to introduce legislative proposals in the House in the very near future.

DEMAND FOR DETAILED INFORMATION

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, the Prime Minister is a strong advocate of patience. They say: "Wait, we will come up with something one of these days." In the meantime problems do crop up, and I have raised this issue many times in the House. One problem was raised in committee yesterday. Can the Minister tell us today—while we wait for a Bill which only God knows when it will be tabled—what this Government will do to make the presence of francophones more visible in the upper echelons of the departments under his responsibility?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, the Hon. Member for Ottawa—Vanier says: God knows when. It is not God knows when—the Government knows when. The Government knows it will not be long now. As Member of a Government which did not do anything since the enactment of the legislation 17 years ago—

• (1500)

[*English*]

IMMIGRATION

APPEAL BOARD'S OVERRULING OF MINISTER'S DEPORTATION ORDER

Mr. Gerry St. Germain (Mission—Port Moody): Mr. Speaker, my question is for the Minister of State for Immigration regarding a disturbing issue in British Columbia. How can three members of an Immigration Appeal Board, who were appointed prior to September 4, 1984, be allowed to overrule the common sense and good judgment shown by the Minister himself, and also the immigration laws of this country, and give a stay of deportation to a man who has pleaded guilty to, and been convicted of, several counts of buggery and indecent exposure?

Will the Minister assure the Members of this House that he will not allow this potentially dangerous individual to stay in this country, and that he will take immediate action to protect the safety and well-being of the Canadian people by deporting this man without delay?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, we issued a deportation order. As a landed immigrant, the person had a right to an appeal before the Immigration Appeal Board. They stayed the execution. My officials filed a motion to have the hearing reopened. It was dismissed. It is inappropriate for me to comment on a judgment of a quasi-judicial body such as the Immigration Appeal Board.

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AGRICULTURE

SPECIAL CANADIAN GRAINS PROGRAM—SOYABEAN PAYMENTS

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, my question is for the Minister of Agriculture. The Minister will know, according to his departmental hand-outs, that the billion dollar pay-out provides Ontario farmers with pay-outs of $32.20 an acre for wheat; $45.53 an acre for corn, but only $7.80 an acre for soyabeans. Would he briefly explain to the House why soyabean production is being discouraged in Ontario?

Hon. John Wise (Minister of Agriculture): Mr. Speaker, soyabean production is not being discouraged nor is it being encouraged by the program at all. If the Hon. Member wants to be critical of the farmers' formula, then let the Hon. Member be critical of it. I want to be complimentary and congratulate the farm leaders who worked long and hard and put together a very fair and equitable formula.

Mr. Speaker: Order. The Hon. Member for York West on a supplementary to a previous question.

IMMIGRATION

REQUEST THAT MINISTER APPEAL CASE TO FEDERAL COURT

Mr. Sergio Marchi (York West): Mr. Speaker, my supplementary question is for the Minister of State for Immigration. It is true that the Immigration Appeal Board has ruled, but the Minister has the option to appeal that decision through the Federal Court. Is the Minister prepared to give the assurance to this House that he will have his departmental lawyers appeal this case to the Federal Court so that his earlier deportation order may have a chance of surviving, and perhaps correct a misconception that you have to do something wrong in this country to enter it in the first place?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, as I said, it is inappropriate for me to comment on the judgment of this quasi-judicial body. There will be no political interference by this Government in a decision of an independent judicial body.

* * *

NATIONAL REVENUE

TAX REASSESSMENT OF WESTERN FEEDLOT OPERATORS

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, my question is for the Minister of National Revenue whose officials are busy reassessing western Canadian feedlot operators by saying, on technical grounds, that they are not in the business of farming and therefore not eligible for certain investment tax credits.

Since this exercise is costing the feedlot operators money in terms of refiling and reorganization, and since it is unlikely that any further tax revenue will be gathered, will the Minister reconsider this process and consider directing his officials to more productive endeavours?

Hon. Elmer M. MacKay (Minister of National Revenue): Mr. Speaker, because my colleague is knowledgeable in this area, he knows that the present interpretation bulletin governing this type of situation is several years old. He also knows that there is an obligation on the part of the Department to audit all sectors fairly and equitably. Having said that, he also knows that our Government is very sensitive to the needs of the agricultural sector. I will give the Member an undertaking to review the matter to see if, in the light of present circumstances, there is a need to reassess the situation.

Mr. Speaker: I should advise Hon. Members that I made an error and did not give the Hon. Member for Humboldt—Lake Centre a second question. I now recognize the Hon. Member.

AGRICULTURE

SPECIAL CANADIAN GRAINS PROGRAM—SOYABEAN PAY-OUT

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, my question is supplementary to my previous question to the Minister of Agriculture. Since the Minister has approved an Ontario wheat pay-out of 101 per cent of the past five-year average price, a corn pay-out of 102 per cent of the past five-year average price yet a soyabean pay-out of only 92 per cent of that same five-year average price, will the Minister explain why he thinks that is fair?

Hon. John Wise (Minister of Agriculture): Mr. Speaker, I indicated that the formula was not designed by the bureaucrats or by the politicians but rather it was primarily put together by 30 farm leaders working together. What is interesting, Mr. Speaker, is that the particular commodity group about which the Member is speaking was a part of that farm group.

There are other factors to take into consideration, but I believe that we must compliment the farm leaders for fairness and equity. If you look at the typical farm operation in western Canada, it pays about $9,000. If you look at the typical farm operation in southwestern Ontario, it pays within dollars of the same amount that it pays the typical farm operation in western Canada. I think the farm leaders should be commended. I think they should be congratulated, and we look forward to working with them in the future.

Mr. Ouellet: What about Quebec?

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PRIVILEGE

ALLEGED DECISION TO CLOSE LAVAL PENITENTIARY

Hon. Bob Kaplan (York Centre): Mr. Speaker, during the Question Period, the Solicitor General claimed that the former Government had decided to close Laval Penitentiary. That is not my recollection. I have just checked with a former official and I can confirm that my position on the subject was misrepresented, that there was no intention to close that prison. Indeed, as the prison population was growing, it became clear that we would need Donnacona, Drummondville and Laval for the prison population.

Mr. Speaker: I think Hon. Members would not want an incorrect situation to remain on the record. I must advise the House that that is not a question of privilege. That is debate. Perhaps there are other ways to make the point.

Mr. John Gormley (The Battlefords—Meadow Lake): Mr. Speaker, I rise on a point of order. I wanted to clarify for the

record that you had heard yesterday a question of privilege regarding the activities of the government operations committee—

Mr. Speaker: Order, please. I certainly did hear it and heard it extensively. I would ask Hon. Members not to use a point of order to get into an argument which was closed off after extensive debate.

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[*Translation*]

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I wonder whether the Government Leader could tell us about the legislative program for the coming days. Could he tell us what will follow the debate on Bill C-25 tomorrow and next Monday if possible?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, today we will continue with Bill C-25, the Privatization of Air Canada—

Some Hon. Members: Of what?

Mr. Mazankowski: Canadair. I am sorry.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Mazankowski: I hear some support for that too, Mr. Speaker.

Mr. Speaker: Order. We would not want any other misunderstandings.

Mr. Blaikie: It is a psychological slip.

An Hon. Member: A leak of major proportions.

Mr. Mazankowski: It is encouraging to know that there is some support for that initiative.

I will be meeting with the House Leaders at 3.15 p.m. and we will be discussing the legislation for Friday and into next week and putting together a menu which we hope to be putting to the House.

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, would the Deputy Prime Minister advise the House how soon we may expect to have the new native claims policy. Native leaders in the North and territorial Governments are anxiously awaiting this policy. It has been promised by the Government and it is expected to be imminent. Can the Deputy Prime Minister give us the day on which this policy will be announced?

Mr. Mazankowski: Mr. Speaker, unfortunately, I cannot. I will consult with the Minister and get back to the Hon. Member as soon as I possibly can.

GOVERNMENT ORDERS

[*English*]

CANADAIR LIMITED DIVESTITURE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Mrs. McDougall that Bill C-25, an Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith, be read the second time and referred to a legislative committee; and the amendment (Mr. Benjamin) (p. 1866).

Mr. Waddell: Mr. Speaker, I rise on a point of order. Could you help me out? When we finished this morning, was there any time left in the question and comment period for the Hon. Member who was speaking?

• (1510)

Mr. Deputy Speaker: There were four minutes left in the period for questions and comments on the speech by the Hon. Member for Saint-Jacques (Mr. Guilbault). However, the Chair has ruled in the past that if the Member was not present when debate was resumed we would not proceed with the question and comment period. Therefore, we will resume debate.

Mr. Blaikie: On a point of order, Mr. Speaker, I am aware of that ruling but it is a question and comment period. If it were only a question period, then not permitting questions in the absence of the Member concerned would make sense. However, it is also a time for Members to get up and make comments which may not be questions and may not require comment in return from the Member who made the speech. I personally cannot see the logic behind prohibiting Members—

Some Hon. Members: Shame.

Mr. Blaikie: —who may insist on their right to comment.

Mr. Gauthier: Mr. Speaker, I appreciate the point just raised by the Hon. Member. However, you will recall that I raised that specific point about a year ago. I was told that if the Member who spoke at the time was not in the House and the comments were directed to him, then we could not possibly entertain any comments since he was not there. I was cut off at that time and I take it you appreciate the fact that the Hon. Member is not here and we cannot proceed.

Mr. Riis: Mr. Speaker, in the spirit of parliamentary reform I wonder if we could not seek unanimous consent perhaps to allow a comment on some of the content of his speech,

recognizing that it is impossible to make the comment to the individual.

[*Translation*]

Mr. Ouellet: Mr. Speaker, I really appreciate the efforts of my colleagues of the New Democratic Party to continue to comment the excellent speech made by the Hon. Member for Saint-Jacques (Mr. Guilbault), but the truth is that, since the Hon. Member for Saint-Jacques is not in the House, he can obviously not respond to whatever our friends from the New Democratic Party might say. The Hon. Member can say that he has no question to ask our colleague, but as he wants to say something, the Hon. Member for Saint-Jacques, who made the speech, should at least be able to make one last comment to close questions and comments. I therefore believe that your ruling is quite legitimate and normal and I leave this matter entirely up to you.

[*English*]

Mr. Blaikie: Mr. Speaker, does this mean that if a Member makes a speech and wants to avoid comments or questions on that speech all he or she has to do is to walk out of the Chamber? If that is what the ruling means, that is not what the reform committee intended when it suggested a 10-minute question and comment period.

Mr. Fennell: How do you control it?

Mr. Deputy Speaker: The Chair has ruled on this point in the past. However, the Chair is willing to look at the matter again and report back.

Mr. Waddell: On a point of order, Mr. Speaker, I appreciate the ruling and to help the Speaker make the ruling I wanted to indicate in what area my comments would have been on—

Some Hon. Members: Sit down!

Mr. Deputy Speaker: The Chair understands the representations of Hon. Members, especially those made by the two who were on the McGrath Committee, the Hon. Member for Winnipeg—Birds Hill (Mr. Blaikie) and the Hon. Member for Papineau (Mr. Ouellet).

Resuming debate on Bill C-25 with the Hon. Member for Winnipeg—Birds Hill.

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, one could not ask for a better time to comment on this Government's plans, both present and future, for privatization than after the Deputy Prime Minister (Mr. Mazankowski) made the Freudian slip of referring to Air Canada when he should have said Canadair. That is further evidence of what the Government has in mind concerning privatization. It is more than what we have seen so far with de Havilland and Canadair.

As a Member of Parliament from Winnipeg I have a particular interest in the sale of Canadair to Bombardier. Many Winnipegers believe for good reason, and I share that belief, that the recent award of the CF-18 maintenance contract to Bombardier instead of Bristol Aerospace in Winnipeg had its genesis in the sale we are now debating which this Bill implements. If there was ever unanimity about anything in Winnipeg, there is unanimity in the anger over the awarding of that contract. The bid by Bristol was technically and financially superior. In the minds of Winnipegers there is unanimous distaste for this purchase of a Crown corporation by a private company, precisely because we believe it may go as far back as when this deal was originally struck, that the Government may have made promises to Bombardier that it would receive the CF-18 contract in return for going ahead with the purchase of Canadair. If that is true, and there is no way to absolutely prove it, and it is ever found out to be absolutely and undisputedly true, then one of the greatest political frauds ever will have been perpetrated on the City of Winnipeg and Bristol Aerospace. They would therefore have been led through the whole bidding and tendering process when the decision may well have been already made at the time the deal this legislation implements was made.

What is it in particular that angered Winnipegers about the CF-18 contract? I want to say for the benefit of Conservatives in the House that I think one of things was that it went against every single principle ever uttered by the Progressive Conservative Party up until its election in 1984. Who more than Progressive Conservative Members stood in this House time and time again to criticize Liberal Governments for making decisions on political grounds rather than on sound business grounds? We can still hear the echoes in this Chamber of Conservative MP after Conservative MP criticizing the Liberal Governments for doing that. Yet what happened with the CF-18 contract? Exactly the same thing. I can understand why the business community is so upset, particularly with the Progressive Conservative Government, because Progressive Conservative Members of Parliament gave them reason to expect that business criteria and business criteria alone would be used to determine who got the contract. I do not say that business criteria should be the only criteria for the awarding of contracts. Yet the Progressive Conservatives did and consistently so. Therefore, when the CF-18 contract was awarded on a different basis, you can understand the confusion, dismay and sense of betrayal felt by the business community, western Canadians, and particularly Winnipegers. They had every reason to believe that if the tendering process was allowed to take its natural course the contract would go to Winnipeg.

• (1520)

The awarding of that contract to Canadair goes against everything the Government has ever said about the way in which to deal with foreign businesses. This corporation was a good foreign corporate citizen. As far as I know, it had reinvested all its profits in the industry in Winnipeg. The Progressive Conservative Government made a career in opposition of criticizing the Liberal Government for the way it dealt with foreign corporations. Good corporate citizens are hard to come by. When you find one you should regard it as a

rare thing. Bristol Aerospace reinvested in Canada rather than sending its profits back home. The Progressive Conservative Government awarded the contract on political grounds, going against everything it had ever said about the way in which Governments ought to award contracts.

Many Winnipegers believe that Canadair should have remained in the public sector. However, whether Winnipegers are on the right or the left, whether they think privatization is good or bad, we all agree that if there was a hidden understanding at the time of the sale of Canadair to Bombardier, and if part of it was that the CF-18 contract would go to Bombardier, then that would be a very serious and offensive fraud perpetrated against the people of Manitoba.

I would like to say a bit about privatization. What does the Government think it is up to when privatizing Crown corporations? Does the Government believe it was a sound business move to privatize the corporations which it has? I find mysterious the intensely ideological core which seems to be behind these privatization measures.

Crown corporations cannot win with a Progressive Conservative Government. If they are losing money, that is a sign that they are a burden on the public Treasury, that Government cannot manage a peanut stand, and that Government should not be involved in things which should more properly be left to the private sector which, according to Conservative mythology, can do everything so much better than the public sector. In fact, half the Crown corporations exist because Governments moved in to save the remains of an industry which had been wrecked by the private sector.

However, let not the facts confuse Conservative mythology with respect to privatization. If a Crown corporation is losing money, that is all the more reason it should not exist. If a Crown corporation is making money, that is all the more reason for it to be in the private sector because things which are profitable should be kept in the private sector.

It seems to me that according to Conservative policy there are no circumstances in which public ownership is preferred. When a Crown corporation is losing money, it should be in the private sector. When a Crown corporation is making money, it should be in the private sector because we cannot have Governments making money. There is no circumstance in which it would be all right to have a Crown corporation.

The only conclusion which we can reach is that the root of the Conservative drive toward privatization of Crown corporations is ideological. It has nothing to do with whether a corporation is losing or making money, whether it is providing a good service for cost, whether it contributes to regional development, or whether it serves some other useful public purpose. None of that has anything to do with it in the final analysis.

The Government has developed a hit list of Crown corporations which it would like to privatize. We do not know exactly what is on that list. We do not know which corporations are the Government's favourite, but perhaps the Deputy Prime Minister gave us a hint today when he said "Air Canada" instead of "Canadair". Perhaps that is some indication of what the Government has in mind for us next.

There are other approaches. If people are unhappy with the way in which Crown corporations are run, there are solutions other than privatization. Simply to categorize the situation which we now face as either pursuing the status quo, which is basically a status quo developed by Liberal management of Crown corporations, or privatization, is to restrict severely the choices available. That severely narrows the range of options with regard to how Crown corporations may operate more efficiently, be more sensitive to the needs of the economy, and be more profitable. There are alternatives to selling these Crown corporations at fire sale prices after the public has invested hundreds of millions of dollars, as in the case of Canadair, in a major economic sector.

The people of Canada invested hundreds of millions of dollars in the aerospace industry, and that investment paid off. During the 1970s and early 1980s there were huge losses as a result of a depression in world aircraft markets, but Canadair became profitable a couple of years ago. In 1985, it recorded a $20 million profit and had great expectations for the future. Is that the time to privatize a Crown corporation? According to the Conservative philosophy that Crown corporations should be privatized whenever you can privatize them, it would be. It does not matter to Conservatives whether Canadair was making money, but it matters to us. Not only has the Government divested itself of a profit-making Crown corporation in a very important industrial, technological and economic sector of the Canadian economy, it did so at the same time as the investment made by the people of Canada in that company came to fruition.

Is it a sound business principle to invest hundreds of millions of dollars in a corporation and, just when your investment is going to reap some benefit, sell it for next to nothing to someone who will not be accountable to the goals you set for that industry when you made your investment? Does that make any sense unless you have a blind ideological commitment to privatization regardless of the consequences?

I suggest that that is exactly what happened. The Hon. Member for York—Peel (Mr. Stevens) is known as one of the ideological zealots on the Conservative side of the House. He wanted to sacrifice a few Crown corporations. Hopefully it will be only a few. Hopefully we will not see the wholesale kind of privatization which has taken place in Great Britain, for instance, as a result of the commitment of Conservative Parties to privatization.

• (1530)

There is no question about the fact there was a strong feeling in the Conservative Government that free enterprisers had to be thrown a bone or two. De Havilland and Canadair are the first of hopefully not too many bones which have had to be thrown to that paricular element within the Progressive Conservative caucus. I just hope the Government has the good

sense, both politically and in terms of this Chamber, not to try to privatize a major Crown corporation which has been part and parcel of the Canadian social and economic fabric for many years. There are a number of corporations which fall into that category, such as the CBC, Air Canada, Canadian National and Petro-Canada. I hope the Government will have the good sense not to do that because, if they try it, I can promise on behalf of all my colleagues that it will have a fight on its hands like it never had before.

I am particularly concerned, as you can imagine, Mr. Speaker, coming from Winnipeg—Birds Hill, that the Government might have designs on Canadian National, although I imagine it would need more time than the Canadian public will give it to get that far down the list. Whatever privatizing the Government is going to do, it had better do it within the next two years because that will be the end of that.

I mentioned earlier that I thought there were different ways of getting at things which have irritated, not just the Government but other Canadians about the way in which corporations are run. A lot of it has to do with accountability and the feeling that Crown corporations become entities unto themselves. They become governments unto themselves in some cases and simply do whatever they like. The best example of that is AECL. It does whatever it likes whenever it likes. It goes through a lot of motions, but those motions are all set up by the Atomic Energy Control Board which is part of the same club. As far as I am concerned, if there was ever a bad example of public ownership—although I am not sure I would want to have it in the private sector—it is Atomic Energy of Canada Limited. It is not accountable and exhibits all the worst behaviour of Crown corporations.

The key is not to privatize, but to make Crown corporations more accountable, more democratic, more participatory, and bring more people into the decision-making process, particularly in important economic sectors. They should be more responsive to the needs of communities, to the rights of individuals and to the over-all economic health of the country. These are the kinds of things that people who are not seeking simple solutions might be thinking about. Instead, the Government takes a simplistic view that we should take important areas of our economy and turn the future of those important areas over to corporations which do not necessarily make decisions in the national interest, particularly when it comes to multinational corporations, although in this case it is a Canadian-owned corporation. The sale of de Havilland to Boeing would be an example.

The Government is turning important areas of our economy over to decision makers who have the publicly stated goal in life of making as much money as they can, whether they do it in the market-place or by squeezing grants and loans from the Government—farming the Government system, so to speak, in whatever way they can to add to their particular profits. That does not seem to be a very sound way to go about creating economic development. Yet that is just the kind of economic development we are unfortunately are getting from this Government.

Mr. James: Mr. Speaker, I have a couple of comments and then perhaps a question for the Hon. Member for Winnipeg—Birds Hill (Mr. Blaikie). First, the Hon. Member attempted in his dissertation to try to tie the sale to Bombardier of Canadair with the CF-18 maintenance contract. Certainly, the contract was made independently and had nothing to do with the Government. The Government did not make any promises to Bombardier, or to anyone else who was considering the purchase of Canadair in connection with the CF-18.

The Hon. Member also alluded to the decision of the Government to privatize. I want to bring to his attention that the Budget in May 1985 outlined the basic principles of the Government in carrying out privatization initiatives. The principles are; first, to be sensitive to the concerns of management and employees of corporations when we have considered candidates for sale; second, to consider the impact of privatization on consumers and the market competition; third, to consult with provincial Governments; fourth, to avoid selling at distress prices for the sake of privatization; fifth, to follow commercial objectives when considering the stages of privatization where there may be periods of mixed, private and public ownership; and sixth, to examine all related policy and financial considerations on a case-by-case basis before considering privatization of any given corporation.

Several benefits are expected as a result of returning federal corporate holdings to the private sector. Privatization will reduce the size of government and leave room for more private sector initiatives and will promote market competition and more efficient allocation of resources. It will improve company efficiency through market discipline and by reducing political and bureaucratic impediments. In some cases, privatization may encourage individual Canadians to take part in the ownership of major corporations through equity investments.

I know the Hon. Member for Winnipeg—Birds Hill and his colleagues are having a problem today. They are talking around the issue. They talk against privatization, but I know they have received pretty strong representation today from the unions and the workers in Quebec and at Canadair. That is why we hear these long dissertations today. Would the Hon. Member like to comment on a remark made by his colleague, the Hon. Member for Ottawa Centre (Mr. Cassidy), who in debate on December 2 said: "If it is a good deal for Bombardier, is it necessarily a good deal for Canadians? I would say it is not".

Mr. Blaikie: Mr. Speaker, I do not know where the Hon. Member was but, just in case he did not get the message, we are against the sale of Canadair to Bombardier. Let there be absolutely no doubts about that. I am not often accused of being that ambiguous. If it was not clear that I did not like the sale of Canadair to Bombardier and the privatization of that Crown corporation, for the record I will say now that we are against it.

I thought it interesting that the Hon. Member referred to the objectives of privatization as outlined by his own Government and mentioned the objective that Crown corporations not be sold at distress prices merely to transfer them quickly to the private sector. What could be more distressing than this deal? Bombardier is paying $120 million less than the $300 million liquidation value, the $224 million book value, and the $300 million to $400 million estimated technology value. In addition, it will receive $50 million in federal grants in January with $30 million to come, unspecified export financing, a $1.7 billion CF-18 defence contract, no financial obligation relating to Canadair's debt or outstanding liabilities, plus profits of $20 million in 1985 and $2.8 million in the first quarter of 1986. That is not bad for $120 million and the equivalent of $20 million in royalty payments. That is what I call a distress sale. It is what I call doing something for ideological purposes only and for no other good reason.

• (1540)

Mr. Stackhouse: Mr. Speaker, I always listen to the Hon. Member for Winnipeg—Birds Hill (Mr. Blaikie) with interest and with benefit. Today I was especially interested in the logic he directed against the Government saying that, the Government feels on the one hand, if Crown corporations are losing money they should be sold, and on the other, if they are making money they should be sold. He accuses us of having a blind ideological commitment.

I want to say that the same logic applied to the argument of the Hon. Member shows that if there is a blind ideological commitment in the House it is one which he and his Party represent. Their reasoning with respect to Crown corporations is precisely as he has described, namely, if a Crown corporation is losing money it demonstrates to the NDP that we need that Crown corporation. In their eyes it demonstrates that it is a public service that cannot finance itself through private efforts and therefore the good money of the taxpayers has to be poured into it. On the other hand, if a Crown corporation is making money then according to the NDP that shows that socialism works. It shows that we need more and more such Crown corporations in the eyes of the Hon. Member and his Party. The blind ideological commitment is across the way. Members opposite want nothing but a blind commitment to use more and more of the taxpayers' money and effort to keep alive Crown corporations, an effort that thus far the people of Canada have not entrusted them to expand.

I wish to point to a questionnaire I circulated in my constituency asking for public opinion on whether or not certain Crown corporations should be privatized. In all but one instance the respondents favoured the privatization of the named Crown corporations. So when the Hon. member speaks about the Government showing good sense, the good sense of the public as I ascertain it is that we want Crown corporations to be privatized as far as possible. Crown corporations should be continued only when there is an overwhelming and obvious reason to justify their continued existence. It is on that pragmatic basis that Conservative Governments have been prepared either to organize or to continue Crown corporations.

The Hon. Member mentioned the CNR. It was a Conservative Government in the 1920s that put the CNR together, when there was a pragmatic need which justified it. When the time comes for a pragmatic value to privatize, then a Government should be prepared to take that step.

Mr. Blaikie: Mr. Speaker, there seems to be a view expressed by Members opposite that somehow when we privatize that the taxpayers do not have to pay any more. Yet I just went into a long description which no one disputed about the ways in which the taxpayers have already paid. With respect to what they have already paid, they will not be able to reap the benefits in terms of the investment they have made. Whatever money is made in the future by Canadair, now that it is in a profitable position, will not go to the taxpayers of Canada. On the face of it, it seems to me that this deal goes against the financial interests of the taxpayers of Canada. It is not something that should be regarded with relief by the taxpayers.

With respect to the so-called blind ideological commitment, the best that I can offer is an example that goes exactly contrary to what the Hon. Member was talking about. The NDP Government in Manitoba recently privatized a Crown corporation, Flyer Industries Ltd. The Government felt that, all things considered, this was the best thing to do in terms of the future of that particular industry in Manitoba, and for all the other reasons that may have entered into it. The Hon. Member is caught out on the facts on this one because there is an NDP Government privatizing a Crown corporation.

Mr. Benjamin: Mr. Speaker, I would like to ask my colleague a couple of questions. Since we socialists have to teach Conservatives about sound business practice, I would like to ask my colleague if he agrees that the taxpayer as an investor through his or her Government is not entitled to the same opportunity to receive a return on that investment as is a private investor. In terms of sound business practice is it not true that when a business is sold the buying company buys the accounts receivable and the accounts payable? In this case is it not so that Bombardier is buying the accounts receivable but the taxpayers are allowed to keep the $1.2 billion in accounts payable? What kind of sound business practice is that?

Mr. Blaikie: Mr. Speaker, it is not a sound business practice at all. However, it is very characteristic of the type of deals made between Government and the private sector when Crown corporations are being privatized. It is very typical of the type of thing that goes on. It is the taxpayers, the very people whom Hon. Members opposite say they are so concerned about, who get dinged in this kind of process. They are the ones who get to pay without any return on their investment. It is the private sector that gets the fire sale price for the technology of the future. The future of the industry is dumped into its laps for next to nothing. It is the private sector that will reap the profits and not the Canadian people.

Mr. Deputy Speaker: Resuming debate with the Hon. Member for Essex—Windsor (Mr. Langdon) who will be the last Member to have 20 minutes in which to make his speech.

Mr. Steven W. Langdon (Essex—Windsor): Thank goodness, Mr. Speaker. I thank Hon. Members for this chance to enter the debate on this important issue.

If it were not for Crown corporations I suspect that this country would still be so many acres of uninhabited snow. Throughout the history of the country we have seen a tremendous role played by Crown corporations. It was a Crown corporation which developed the intercontinental railway from Ottawa to the East. Crown corporations gave us broadcasting when in its absence we would have been entirely dominated by the United States and its broadcasting system. We saw Crown corporations give us air service at a time when this country would have been left with no option but to be the further extension northward of U.S. services. Crown corporations have been an important line of defence in the protection of Canadian nationalistic concerns against the pressures of the very much stronger, very much more dynamic economy to the south.

That is the backdrop to this debate. Of course, it is not a justification for keeping Canadair in the public sector. To Keep Canadair in the public sector would require a careful analysis of the potential benefit of its contribution to an industrial vision for Canada. Unfortunately, the Government has given us no such industrial vision for the future. Its vision is clouded. It is unannunciated. If anything, it is a vision of somehow surviving, somehow thriving by tying ourselves to the United States with a free trade agreement. We must deal with the question of Canadair not in the way we should, that is, as part of the development of an industrial base in Canada. Instead, we have to deal with it as a commercial transaction.

[*Translation*]

I must say, Mr. Speaker, that this is like a commercial transaction. There would be terrible losses here for any Canadian who pays taxes.

Mr. Speaker, I can give you figures that confirm what I am saying. First, I would like to point out that the Canadian public has invested $2.2 billion in this company! Based on the figures, we also know that the book value of company assets amounts to $478 million. Mr. Speaker, we therefore have a company which has received a lot of money from the Canadian public and which still has a lot of money left.

What price should Canadians pay for all that, Mr. Speaker? I must say that the price is terrible, shocking! It is a price that has nothing in common with the level of costs on the basis of Government statistics which may be found in the comparisons, in the financial aspects of the Bombardier proposal and if we look at the total we see it is less than $160 million.

Mr. Speaker, it is not fair to sell a corporation when there is so much difference between the costs incurred by Canadian taxpayers and the price paid by the private company for that same corporation. It is not fair.

• (1550)

[*English*]

It is for that particular reason that we find ourselves so strongly opposed to this transaction. We are not opposed to it because it is the sale of a public company. That is an important part of it but, as we have indicated, there are certainly cases of public companies being sold to the private sector and there are cases of private-sector companies brought into the public sector. However, to initiate a commercial transaction that is somehow equitable is not the same as to initiate a commercial transaction that results in the Canadian taxpayers getting hosed and ending up with far less of a return than they should be getting. This is something that is not acceptable from a commercial perspective. It would appear only to be justifiable for, as my colleagues have pointed out, ideological reasons.

[*Translation*]

It is for an ideological reason. It is for reasons that make no sense that this corporation is to be sold at such a low price. We cannot approve of that transaction.

[*English*]

It is also important to note that this company is not some kind of a basket case. It is not a company that is dealing with its future prospects with a grim certainty of facing yet more losses. Again, according to the Government's documents, the net profit of Canadair was $6 million in 1984. In 1985 it was $15.2 million, and in 1986 the forecast profit according to the CDIC plan is $23.8 million. I predict that this case will be exactly the same as the case of de Havilland. After the company was sold the profits started to mount, profits which should have gone to the Canadian taxpayers who financed the incredible investments in the new technology which is now of such benefit to the owners of the company.

In addition to these points, we note again that this transaction is not normal. Again, I refer to government material from Salomon Brothers. Salomon Brothers is not exactly part of the socialist hordes, at least according to its latest membership list. It is clearly indicated within this document that the letter of intent includes provisions which do not conform to commercial norms. In view of the low price and the need to justify this sale, I would have expected Conservative Members to put before us a case for the sale of Canadair. I have not heard that case. All I have heard is that it is a fine thing to transfer things to the private sector. If that is not ideology, I do not know what is.

• (1600)

A pragmatic, economic view would surely offer us some justification for this transaction, and that has not taken any precedence in this debate. That is our view. We are not committed to public ownership or to private ownership. As I have stressed in the past, we are committed to improving our

position in Canada in the face of very difficult challenges in the years ahead. These challenges will face us in the aerospace industry, the auto industry, and in virtually any industrial sector noted across the board.

We must stop using ideology as the response. It is ideological for me to stand up and say a solution to the automobile problem which looms before us is to nationalize all of the Canadian auto companies. That would be nonsense. It would certainly not be what we would expect to carry out in Government.

If there is a case in this instance for a transfer to the private sector, let us hear it. We have not heard it. We expect that we will hear it during the hearings that we anticipate will take place on this Bill. As in the case of deHavilland, we hope that there will be witnesses called to indicate to us what was contained within their bids, and whether they might have been superior to this ridiculously low bid we have received here. We expect that these hearings will take some time to put the case clearly before us. When these hearings do take place, I hope that it will be possible for those who support this sale to indicate quite clearly why it is that this private transaction to the private sector should be supported. If that evidence is brought before us, I am sure that we will be quite open to argument. So far we have not had that position put forward, and we can only take the ludicrously low price as the basis of our opposition to this sell-out of an important Canadian resource.

Mr. Deputy Speaker: On questions and comments, the Hon. Member for Sarnia—Lambton (Mr. James).

Mr. James: I would like to make a rebuttal to the Hon. Member for Essex—Windsor (Mr. Langdon). In the first place the Hon. Member talked about Salomon Brothers and, certainly not being part of their establishment, I believe that he was referring to their August 11, 1986 letter that talked of non-conformity to traditional commercial practice. The Hon. Member did not read the whole paragraph, and I would like to set the record straight. Salomon Brothers stated:

> The only important provision in the LOI that neither promotes Crown objectives nor conforms to traditional commercial practise is that which provides for risk sharing should insurance become "economically impracticable to procure".

As the Hon. Member knows, that was in connection with the serious problems that we have today with liability insurance.

I am sure the Hon. Member also has the letter of June 24, 1986, which is a letter from Marsh & McLennan in relation to this subject. The letter states in connection with Bombardier Inc. that:

> They have agreed to purchase insurance without any participation of premiums by the government. In the event the insurance may not be available they propose to share the cost of the claims with the government for a 15 year period on a sliding scale.

The letter further states:

> It is obvious from the foregoing that the Bombardier proposal is clearly superior in that it relieves the government of any on-going premium involvement or financial participation in deductibles. We feel there will always be insurance available in some form and therefore the proposals made by Bombardier and CAT in the event insurance becomes unavailable are academic.

In addition, I wish to speak to some other comments made by the Hon. Member of the opposition. Earlier he said that deHavilland would in essence go down the tubes, that it would not be successful. Now he says that it is successful. That certainly gives no credit to private enterprise to that end.

In 1982 and 1983 Canadair lost $1.2 billion primarily due to many write-offs. By the end of 1984 the Crown investment in Canadair had reached $2.2 billion. A comment was made earlier by the Hon. Member for Winnipeg—Birds Hill (Mr. Blaikie) when he was talking about the financial side of this transaction. He failed to mention in connection with that sale that the federal Government has some caveats.

The commitments that are made by Bombardier will be encouraged by the Government through retention of special shares which can only be earned by Bombardier if they deliver on the commitments in R and D, and so on, as the Hon. Member knows well. Additionally, the Government retains the rights to the Challenger technology, therefore preserving the investment of Canadians in this technology over the years.

In many ways, Canadair's technology is now being put together with a skilled workforce, and members of that very same skilled workforce are writing to this Party today and to all of us stating the importance of this sale to Bombardier. So we have Canadair's technology teamed up with a skilled workforce in the Province of Quebec. All of us know that it is very important to the province to make a successful private sector company that will carry on with this very important work.

Mr. Langdon: Within that range of words, as I identified them, I think there were four points. The first point was with respect to the Salomon Brothers' comments. I wish to quote from the letter of intent:

> The LOI also has within it a number of provisions that do not conform to commercial norms. Most (though not all) of these operate directly or indirectly to promote Crown policy objectives. Examples include a provision to preclude land speculation, mechanisms to encourage employment, growth, reinvestment and retention of sufficient working capital and an undertaking not to relocate material facilities outside of Quebec.

So certainly, there were factors other than the insurance factor that were noted within the letter.

Second, the comment of Marsh & McLennan about insurance being available, and again I quote from the Salomon Brothers' letter:

> —if insurance becomes unobtainable at economically practicable cost.

That "—at economically practicable cost" clearly can leave much more risk than the Member has implied.

• (1610)

I have a third point in respect of the special shares and the guaranteed royalties. The suggestion of the Hon. Member was that these somehow raised dramatically the price for Bombardier. I had already included them within the price I noted in

my discussion. According to available government documents, the special shares are worth, at most, $10 million. The guaranteed value of royalties is worth, at most, $20 million. When added to the $120 million cash on closing, the dividend, and the payment for the airport, the total value received by Canadian taxpayers will be well under $160 million for a company with assets of $470 million, according to the August 19, 1986 edition of *The Globe and Mail*. I suppose one for three is not a giveaway in some people's books. However, it looks like a gross transfer to the private sector. As I said before in a previous speech, it is another gift-wrapped present for Christmas to private enterprise from the Tory Government.

Mr. Stackhouse: Mr. Speaker, I was pleased to hear the Hon. Member for Essex—Windsor (Mr. Langdon) liberate himself from the ideological incarceration of the previous NDP speaker. It is clear from the very fine speech made that the basis for this consideration should be pragmatic objectives. I should like to dwell for a few moments on that point.

As is very often the case in the sale of a Crown corporation, it is not always possible for a Government to achieve the kind of sale which each of us would like. This was the problem facing the Government of Manitoba when it sold the Flyer bus line. As was reported in the Winnipeg *Free Press*, it would have been cheaper to close down the company than to enter into the sale, as did that Government. The sale was undertaken after the Government tried for years to cope with a failing Crown corporation, and it ultimately cost the taxpayers of that province $96 million. It would have been cheaper for that NDP Government to close down the company.

Very often a Government cannot obtain the kind of sale its critics and its opposition would recommend. However, there are two gains to the public by the sale of a Crown corporation, as in the case of Bombardier and as in the case of de Havilland, which I think need to be noted. The first is that the burden is taken off the backs of taxpayers. Year after year taxpayers' moneys were poured into the corporation to cover losses and to subsidize the company. That will finally be brought to a close. Second, by putting the company into the hands of more efficient and effective salespersons and managers, job security is given to the personnel which they lacked beforehand. When representatives are called before the parliamentary committee, the numbers should include the workers in the company who will now have job security.

Mr. Langdon: Mr. Speaker, I thank the Hon. Member for being the first I have heard in the debate to address the question of the very poor price received for the company. Frankly, his position has proved the point I was making. In the case of Flyer Industries, it was the takeover of a bus company which was losing money. It was a question of whether it made sense to keep pouring money down that sink-hole. The answer seemed to be no, that it made more sense to privatize it.

In the case of Canadair, we are talking about a company which has made profits for the last two years, and the projection for the coming year is that it will make even greater profits. Therefore, the choice before them was not to sell the company or face losses; it was to sell the company or keep the company. The company was finally providing to taxpayers the kind of return it should have provided all the time, had it not been for mismanagement under a previous Government.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The Hon. Member for York East (Mr. Redway)—Pensions-Auditor General's report—Review of private pension plans; the Hon. Member for Argenteuil—Papineau (Mrs. Bourgault)—Indian Affairs—Request that Government intervene to reinstate democratic system in Kanasetake Indian Band; the Hon. Member for South West Nova (Mr. Comeau)—Communications—Volunteer fire departments—Radio licence fees.

GOVERNMENT ORDERS

[*English*]

CANADAIR LIMITED DIVESTITURE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Mrs. McDougall that Bill C-25, an Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith, be read the second time and referred to a legislative committee; and the amendment (Mr. Benjamin)(p.1866).

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, I should like to join in the debate on the privatization of Canadair. It is a significant event in the political and aeronautics history in Canada, although it is not an event about which I am happy.

Years ago when the Government of the day made a policy decision that the aerospace industry must be protected, it was clear that Canadair could not be allowed to go out of existence. At that time it was important for us as a nation that it be retained, and the only way to retain it was by having its assets owned by the Government of Canada, mainly because the private sector failed to ensure its viability. Whether it was through its products, marketing, or whatever, I do not know. It was up to the Government of Canada and the people of Canada to sustain that operation. Sustain it they did for a number of years. Millions of dollars were poured into the industry. I do not have to ask the workers to know that they would rather have real jobs and the money coming to them in

that way than being on unemployment insurance or welfare. We must recognize that while it was referred to as a drain, it was an investment in human beings. It ensured that the industry survived and that the workers had paycheques with which to look after their families in an appropriate Canadian way. It was not a drain; it was an investment in the future.

Now the Government has decided, as part of its ideology, to get out of the business and to give it away to the private sector. Let us take a look at what Bombardier is getting for its $120 million. It is getting a company with a Canadian book value of $224 million, a technology value in the neighbourhood of $300 million to $400 million, and a liquidation value of around $300 million. It is quite clearly getting a good deal. It is almost as good a deal as the one given by the Ontario Liberal Government this week to the Four Seasons hotel chain. For a nominal sum of $4 million to sell Minaki Lodge, the private sector picked up $11 million in tax deductions. In effect taxpayers paid to give away that lodge. It is almost the same situation with Bombardier. It is getting much more than the value of the amount to be transferred.

I should like to refer to one aspect of that value. It is my understanding that three Challenger jets are currently grounded in West Germany. They have been grounded since February. They are grounded because Canadair was unable to supply the maintenance manuals in a properly translated form to be used by the German workers. Because of that grounding and because Canadair has been unable to live up to its responsibilities, the West German Government is withholding $60 million owed to Canadair. Where does that $60 million show up, Mr. Speaker? Will that $60 million be paid to Bombardier, and does that actually reduce its cost from $120 million to $60 million? Is it getting an even better deal than we think? Is that money showing up elsewhere? Will it come back to the Government of Canada? Who will be receiving that money? Those are the kinds of questions that should be answered in this House to ensure that Canadians know what kind of a deal their Conservative Government has arranged for them.

• (1620)

We also have to recognize that Canadian taxpayers get to keep Canadair's $1.2 billion long-term debt. I thought when one company bought another company it was a package deal. You got the receivables on one hand but you got the other side of the ledger as well. You get the bad with the good. Clearly, Bombardier is taking only the good. It has not taken the overall responsibilities. Canadian taxpayers will never get that money back. They will not get a return on their investment. It was their investment, not the Government's investment in that company many years ago. Canadair was just beginning to show a return on that investment. I believe that for the last year for which we have information a profit of $20 million was made, a small amount compared to the $1.2 billion of long term debt, but it was a start. That money could have been used to help to pay for other worthwhile projects in Canada, projects paid for by the Government of Canada. I think the Government is wrong in deciding to privatize this company.

I can understand, as others have said, that if you have a situation where a company owned by the Government has a questionable value that requires massive amounts of money on an ongoing basis with no return, there would be a need to wind it down to see if somebody in the private sector would be willing to take it over. I come back to Minaki Lodge in Ontario. Taxpayers paid $50 million for that. One million a year is still being paid out to operate it. Minaki Lodge should never have been owned by the Government of Ontario. It had no business being in that kind of a situation. Ironically, it was Ontario's Conservative Government that nationalized Minaki Lodge and nationalized Cancar Rail in Thunder Bay, but a Liberal Government sold them. Here we had federal Governments nationalizing industry and Conservative Governments selling them. It just proves once again that there is no real difference between the Liberals and Conservatives in this country when they change hands, federally or provincially.

Those are my few contributions to the debate. Perhaps the Hon. House Leader in his business question today was giving us advance notice of yet another attempt to privatize something when he referred to this Bill as the privatization of Air Canada.

Mr. Deputy Speaker: Is the House ready for the question.

Some Hon. Members: Question.

Mr. Deputy Speaker: The question is on the motion of Mrs. McDougall:

That Bill C-25, an Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith, be now read a second time and referred to a legislative committee.

The first question is on the amendment of Mr. Benjamin:

That the motion be amended by deleting all the words after the words "that" and substituting the following therefor:

Bill C-25, an Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith, be not now read a second time but that it be read a second time this day six months hence.

Is it the pleasure of the House to adopt the said motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

I declare the amendment lost.

An Hon. Member: On division.

Sitting suspended

Motion (Mr. Benjamin) negatived.

Mr. Deputy Speaker: The question is on the main motion. Is it the pleasure of the House to adopt the said motion?

Some Hon. Members: Agreed.

Some Hon. Members: On division.

Mr. Deputy Speaker: Motion agreed to on division.

Motion (Mrs. McDougall) agreed to, Bill read the second time and referred to a legislative committee.

SITTING SUSPENDED

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I rise on a point of order. It had been our intention to call Bill C-3 at this time. However, it is my understanding that the Minister and the critics for that Bill are presently before the committee. Under those circumstances, I think it would be in order to suspend the sitting until five o'clock and at that time Private Members' Hour could commence.

Mr. Deputy Speaker: Is there unanimous consent for the Parliamentary Secretary's proposal?

Some Hon. Members: Agreed.

Mr. Deputy Speaker: The House is suspended until 5 o'clock p.m.

At 4.28 p.m., the sitting of the House was suspended.

SITTING RESUMED

The House resumed at 5.02 p.m.

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*English*]

AGRI-BOND PROGRAM

PROVISION OF LOW COST LOANS TO FOOD PRODUCERS

Mr. Nelson A. Riis (Kamloops—Shuswap) moved:

That, in the opinion of this House, the Government should consider the advisability of establishing an Agribond program that would provide for low-cost loans to hard pressed Canadian food producers.

He said: Mr. Speaker, I am pleased to have this opportunity to present this motion to the House today. I am hopeful that Members of Parliament will in good Christmas spirit support the consideration of it. After all, it simply asks Members to put on record the fact that we are committed to the concept of the family farm. It asks Members to say that we want to see the family farm continue as a viable food-producing unit in Canada.

This motion is but one option in terms of providing long-term low interest funding for family farms and family ranches. Basically, it is an appeal to members of the Government to stand up and say that the Government of Canada is 100 per cent committed to the family farm and the family ranch and that it is not about to cave in to the pressures of agri-business or corporate agriculture.

I need not go into the details of the virtual pending crisis facing our farm community. Something in the neighbourhood of 40,000 farms face critical financial crisis, and many more are experiencing serious financial difficulties. The situation worsens by the month. I know that in my constituency of Kamloops—Shuswap on a drive through any traditionally productive agricultural valley today the most predominant feature on the landscape is the for-sale sign. As a matter of fact, some of the valley drives have become known as drives through "Billboard Alley" because of the huge signs setting out lands for sale and various financial arrangements that can be arranged and so on. It is a very serious situation. It exists in all parts of the country and has been recognized to a certain extent by the recent government initiative to assist some of the hard-pressed grain producers. For virtually every single area of agriculture we could say that a similar situation exists.

In my own constituency, which I do not think is unlike most rural areas, we see, two or three generations later, the sons and daughters of those who cleared the land or broke the soil being forced off the land. In many cases they are being forced into seeking off-farm incomes. It is a very serious situation.

What the motion proposes is that as Members of Parliament we recognize that there are solutions to the very serious problems, the most critical of which is the debt equity ratio which our food producers face, as well as the massive capital costs which really prohibit young people from going into agriculture. We have an aging farm population. Our food producers are getting older and older and young people are not able to enter the profession. The average capital cost now for a farm or ranch is about $400,000, including land, equipment and building costs—to say nothing of the annual operating costs.

This is a very serious situation, one of the answers to which is the provision of a mechanism through which long-term low interest money can be obtained. Of course, the agri-bond concept is one which would allow that. Another solution which my Party has put forward on many occasions is with respect to parity pricing. In this situation what a farmer or rancher received for his goods would be a reflection of his costs. As a result of a parity pricing situation they would be able to maintain their operations.

Let us talk for a moment about agri-bonds. It is a concept that has received the support of all sides of the House as indicated in speeches by Members and their rhetoric over the years. It is an idea which was referred to the Finance Committee some months ago. In its final report the committee recommended that the Minister of Finance (Mr. Wilson) consider the advisability of establishing an agri-bond program and it set out some conditions. The first is with respect to eligible borrowers, which would include any farmer whose

equity is between 20 per cent and 50 per cent of assets. Such a program would be operated by the Farm Credit Corporation. A maximum of $300,000 per borrower would apply over the long term in terms of providing predictable interest rates.

Over the years many people have gone on record to say that they support this measure. On February 7, 1984, the Hon. Member for Bruce—Grey (Mr. Gurbin) had this to say:

> Mr. Speaker, this motion is exactly the same as a motion presented by myself and 10 other Members of Parliament on November 24, 1983. The 10 were, the Hon. Member for Moose Jaw (Mr. Neil), the Hon. Member for Cariboo—Chilcotin (Mr. Greenaway), the Hon. Member for Assiniboia (Mr. Gustafson), the Hon. Member for Wetaskawin (Mr. Schellenberger), the Hon. Member for Elgin (Mr. Wise), the Hon. Member for Portage—Marquette (Mr. Mayer), the Hon. Member for Leeds—Grenville (Mrs. Cossitt), the Hon. Member for Oxford (Mr. Halliday), the Hon. Member for Okanagan—Similkameen (Mr. King), and the Hon. Member for Red Deer (Mr. Towers).

In my seven years as a parliamentarian I remember hearing many Members of Parliament, both from the Conservative Party and from the Liberal Party, follow the lead of my colleague, the Hon. Member for Humboldt—Lake Centre (Mr. Althouse), who time and time again has made the case for long-term low interest financing for farmers. He has suggested that some form of agri-bond would be an obvious course to follow.

In closing, I wish to say that if we were to support this motion it would help young people get into farming. It would allow prospective farmers and ranchers to develop themselves in these professions. It would help farmers who are presently experiencing a debt crisis and who have found themselves through no fault of their own in most cases in an impossible and increasing debt situation. Perhaps most important of all, it would provide a vehicle for investors to invest in agriculture. In this way people who want to buy or purchase an agri-bond would know that the money they are investing in the future of Canada is being invested in the future of agriculture in terms of the future of the family farm or the family ranch. It could even be tailored so that it could be invested in agriculture in the investor's part of the country. In this way people taking out agri-bonds would be able to say, yes, I have played my role. I have done what I could as an investor to put money into the hands of ranchers and farmers who are my neighbours or members of my own family. It is a tremendous vehicle.

The Hon. Member for Athabasca (Mr. Shields) indicated that both provincially and federally the Conservative Party supports the idea of agri-bonds. This is the acid test today. We will see whether all that has gone on before is mere rhetoric or in fact that members of the Conservative Party in this House actually support a vehicle which they have said on many occasions they support. It is a vehicle which would place low interest long-term money into the hands of our food producers and allow this matter to go to committee for further examination.

[*Translation*]

Mr. Michel Champagne (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I am pleased to take part in the debate initiated by my honourable colleague for Kamloops—Shuswap (Mr. Riis) on the subject of agri-bonds. Of course, Mr. Speaker, my colleague has just suggested in his conclusion that it would be the true test if Conservative Members were to support his motion. I would like to tell that NDP Member that his party has always been making promises but has never had an opportunity to keep them, so making promises comes easy, and I would like to come back to this.

Mr. Speaker, everyone does recognize how urgent it is to deal with the matter of interest rates, and this is still more obvious to this Conservative Government because many of our Members also are farm producers. This means, Mr. Speaker, that certainly we need no advice from the New Democratic Party, and much less from the Liberal Party in order to know what we have to do to help farm producers across the land. It would seem, Mr. Speaker, that both Opposition parties, and especially the Liberals do not seem to understand that this Government, and the Minister of Agriculture (Mr. Wise) are not acting unilaterally but hand in hand with the provinces and farm groups to find adequate solutions to the problems that the farming industry is now facing.

Of course, we are not pretending that we know everything or that we have cure-all programs, as the Opposition parties are so prone to point out, and we are well aware of that. However, the progress made by this Progressive Conservative Government over the last two years where agriculture is concerned shows how much that industry is important to us and to all Canadian consumers.

Mr. Speaker, when we were elected in September 1984, the interest rate charged by the Farm Credit Corporation was 16 3/4 per cent; that was a shameful rate, and it was the clear, obvious and definite proof that the Liberal Government had knowingly abandoned agriculture, knowingly ignored the young farmers. Now that they are in Opposition, Mr. Speaker, they are urging us to make good the wrongs they did over the last 20 years. This is what the Minister of Agriculture, together with his provincial counterparts, obvious sectors of the economy and farmer's unions are doing, this is what we are doing as we showed once more this week by announcing a $1 billion assistance package for Canadian farmers.

Mr. Speaker, to give but one example of Liberal incompetence in the farming industry over their last mandate and the last 20 years, I would like to point out the crop losses caused in 1983 by drought in my own Province of Quebec.

The producers had experienced a crop loss. They sent an application to the federal Government—the Liberal Party was in power at the time—asking for help, but it was turned down. Mr. Michel Veillette, who was then the Liberal Member for the Champlain riding, followed his Government's recommendations. He said no, on the ground that Quebec was supposed to pay. But following our coming to power in September, 1984, Mr. Speaker, we have worked together with l'*Union des producteurs agricoles* and our Minister of Agriculture to give back to Quebec producers the nearly $30 million to which they were entitled. We have compensated them for their crop losses, because the Progressive Conservative Government had made a

firm commitment during the 1984 election campaign to help our farm producers.

That is a convincing argument, Mr. Speaker.

• (1710)

As I was saying a while ago, under a Liberal administration in 1983-84, the Farm Credit Corporation was lending money at 16 3/4 per cent interest. I should like to remind the Hon. Member who is laughing because her Government had lended money to farm producers at 16 3/4 per cent interest, that it is now lending at 10 3/4 per cent interest rate, and that was a commitment and is an achievement of this Progressive Conservative Government.

Thanks to these 10 3/4 per cent interest rates, Mr. Speaker, our producers are showing renewed confidence in the future and are working very hard to produce for Canadians food of the highest quality. I know that it is not enough, Mr. Speaker, and that we will have to continue working over the next two years with the Prime Minister, together with farm organizations and provincial Governments, in order once and for all to offer decent interest rates to farm producers generally. We have set up several mechanisms, even though Members of the Opposition seem to think that we have done nothing over the first two years— but we have set up several organizations to help farm producers facing financial difficulties! Let us not forget that, after we came to power in 1984, we renegotiated interest rates, which were at 16 3/4 per cent, to bring them down to 12 3/4 per cent. We set up Farm Debt Review Boards, Mr. Speaker, and implemented the 6 per cent policy for farms on the verge of bankruptcy. These are, Mr. Speaker, concrete evidence of what our Government has been doing. What more can you ask in two years? I would like to ask the Opposition, Liberals and New Democrats, that, instead of being against everything we propose, they help us adopt quickly policies which would allow our farmers to take advantage of reasonable interest rates. And we are doing just that, Mr. Speaker. Liberals, for example, cannot ask us to do in two years what they could not achieve in twenty. We have to catch up, Mr. Speaker, and that is what we are doing. With some cooperation from the two Opposition parties, if they would only agree to forget their partisanship and to work with us, as we are presently doing with farm organisations and provincial governments, we could, in a very short time, give farmers across Canada decent interest rates which would ensure that farming remains a major economic sector in our country.

[*English*]

Mr. Maurice Foster (Algoma): Mr. Speaker, I am glad to have an opportunity to say a few words on the motion put before the House by the Hon. Member for Kamloops— Shuswap (Mr. Riis) concerning agri-bonds. I think we just saw a beautiful demonstration of a Parliamentary Secretary for the Minister of Agriculture being totally rattled, into orbit, confused, distracted and on the defensive. I have never seen anything quite like it. It does not surprise me, because in looking at the record of the Government over the last two years we can see why he is a bit nervous at the prospect of trying to defend the Government's position with regard to agri-bonds.

Of the 338 promises made by the Tory Party during the 1984 general election campaign let me refer to nine or 10 that have not been kept. Promise No. 3 was that the Tory Party would allow the Farm Credit Corporation to offer agri-bonds so that farmers could have access to reasonably priced funds. That promise was followed up in the spring of 1985, about three or four months after the Conservative Party came to power, with the unanimous report of the Committee on Finance, Trade and Economic Affairs. That committee, composed of a majority of Conservative Members, recommended an agri-bond program. By that time in the fall of 1984 the farm debt crisis had been well catalogued by the Farm Credit Corporation. That committee report unanimously recommended that an agri-bond program with 8 per cent interest over a five-year term up to $300,000 per borrower be provided with the idea that it would be targeted toward people who were in serious financial difficulty allowing them to write down mortgages to 8 per cent whether they were with the FCC, or with other private institutional lenders.

• (1720)

I can certainly see why the Hon. Parliamentary Secretary was a little in orbit this afternoon, and very much on the defensive. If the rest of the promises are read, it will be seen that there are further recommendations that the Government would extend and expand the Farm Credit Corporation's special interest rates subsidy program, which of course they did not do.

Further on there was a commitment to allow the necessary funding to assist producers in refinancing their loans at current prevailing rates. Looking at the inventory of mortgages of the Farm Credit Corporation, 32 per cent of all the FCC loans were financed between 12.75 per cent to 16.75 per cent. Most of those 12.75 per cent mortgages were simply the $575 million conversion program of funds that were not used in the 1984-85 fiscal year of the Farm Credit Corporation to convert to mortgages over 14 per cent; not mortgages of 13, 13.5, 13.75, 14 per cent, but mortgages over 14 per cent down to 12.75 per cent. Those funds were in the FCC account and had either been borrowed from the Consolidated Revenue Fund, or from private markets which were in the FCC loan portfolio and were available to be loaned and were done at a conversion in that regard.

We looked through the Budget of 1985, and we have had the report of the Standing Committee on Finance and Economic Affairs before the Minister of Finance (Mr. Wilson), but there has been no decision with regard to assistance for the farm debt crisis, even though 39,000 of our youngest, most productive, and most technologically advanced farmers were facing serious financial difficulties. Since that time, many of those farmers have gone into bankruptcy or have been foreclosed on. Even though there was a unanimous recommendation of the

Conservative members on the Standing Committee on Finance and Economic Affairs, there was nothing in the Budget.

So we come around to the Budget of 1986 and, lo and behold, we see the commodity based mortgage which theoretically provides interest rates as low as 6 per cent, if the farmer has a low enough equity position in the farm. Many of the farmers will be financed at 7 and 8 per cent. But if we look at the Budget Papers, it is found that the write-down of those FCC mortgages provides only $20 million. Looking at what the provinces are doing, Alberta has a $2 billion program at 9 per cent; Saskatchewan has a $1 billion program of assistance at about 6 per cent. The Ontario Government has a program of some $50 million a year to assist in writing down interest to as low as 8 per cent.

But there are a few other catches in the commodity based mortgage. If the commodity value goes up, such as hogs have gone up by 25 per cent this year, and beef has gone up by 15 per cent, then the principal of the commodity based mortgage goes up. If that continues to rise, the individual who thought he was getting a mortgage at 6 or 8 per cent, or what he was eligible for as a result of the level of equity that he had in his property, ends up paying some 12.75 per cent at this time, or last spring it was 13.25 per cent. If he wishes to pay out the mortgage, he has to pay out the entire mortgage at that level.

On Budget night what looked like a program of $730 million over two years at 6 per cent, over the 10 year life of most of those mortgages turns out to mean that the individual will have to pay 12.75 or 13.75 per cent interest on those mortgages. If you do not have a FCC mortgage you are not eligible for any assistance. So the commodity based mortgage which looked great on Budget night has a number of adverse aspects to it, which certainly make it less attractive than programs of real support such as many of the provinces have adopted.

One other point I would like to make in the agri-bond debate is that a group of Members of Parliament went to Washington to look at its agri-bond and revenue bond programs in January of 1985. It was clearly found there that in the cost of the agri-bond system much of the benefit flows to the brokers, to the lawyers, and so on. We, on the Standing Committee on Finance and Economic Affairs, came to the conclusion that if an agri-bond program is going to be provided, it should come from the FCC. The Government takes the money from the Consolidated Revenue Fund, writes it down to what the concessional rate is at 8 or 9 per cent, and the interest paid on that becomes non-taxable if the principle which is very similar to the small business development bond is used. In that manner, it is targeted toward younger farmers who are not in a taxable position where the interest write-off is not so important, or to farmers in financial difficulty where, because of their financial position, the write-off is not so valuable.

The agri-bond idea is one which the Government has committed itself to. I hope that they will allow it to be reviewed by the committee, as the Hon. Member for Kamloops—Shuswap (Mr. Riis) has suggested tonight.

Mr. Jim Caldwell (Essex—Kent): Mr. Speaker, it is indeed a pleasure to speak to this Bill today. Before I begin to outline some of the activities that this Government has been involved in, I realize the mover of this motion pointed out that we have a crisis in agriculture. Nobody on this side of the House would disagree with that statement. The Hon. Member also pointed out the initiatives that this Government has taken that have helped the agricultural sector.

I do have some difficulty with the comments of the Hon. Member for Algoma (Mr. Foster), who should know better since he has been in touch with the agricultural community for many years. The Hon. Member spoke about the Parliamentary Secretary to the Minister of Agriculture having his head in orbit. I would say to the Hon. Member for Algoma that he must have had his head in the sand during the past two years, and has not watched what the Government has been doing.

I realize it is very difficult for the Official Opposition Member to speak kindly of the Government, especially considering that it did ignore agriculture for many years. Its advice to the farming community was, expand, expand; spend, spend. Get yourself into a great deal of debt and hopefully you will get out of it. That was the Government advice to the agricultural community for many years. Today, those same farmers who took the advice of the opposition Party when they were in power are the ones who today find themselves in the greatest difficulty.

One of the saddest things that we have to do as Members of Parliament is talk to young farmers who come into our offices looking for assistance. They always say they wish they had not taken the advice of the previous Government and borrowed and spent and got themselves into the position they are in today". The Hon. Member for Algoma (Mr. Foster) should hang his head in shame for the position in which his Government has put many young people in agriculture today. The Conservative Government is trying its best to help alleviate that situation.

• (1730)

I am pleased to outline some of the achievements of the Government. On the matter of the agri-bond program, as was pointed out previously by Hon. Members, the program went before a committee where its proposals were studied. One matter raised before the committee was why anyone would invest in an agri-bond program when he or she could obtain a better deal some place else. Farmers like everyone else will not invest in a program if they can go to the bank and obtain a better interest rate. If the Government must subsidize an agri-bond program, why should it not be done through the Farm Credit Corporation and its programs? Basically that is what we have done.

As the Parliamentary Secretary pointed out, when we took office, interest rates were 16.75 per cent. Now they are down to 10.75 per cent. The pressure for an agri-bond program is not the same as it was in 1984.

I should also like to refer to the changes in the financing of FCC. The Government has brought these to light and has looked into financing programs for young people and those who are in serious trouble.

Mr. Belsher: Tell them about the slippage.

Mr. Caldwell: Yes, in an agri-bond program slippage takes place, money is lost, and it requires the setting up of another bureaucracy. Why not do it with existing agencies such as the Farm Credit Corporation?

Some people may not realize just how big is the Canadian agricultural sector. Some 1.6 million Canadian jobs depend upon that sector. It is especially important to western and eastern Canada. Many rural towns especially depend upon the farm community for economic stability. In one way or other agriculture matters to all Canadians.

As the Prime Minister (Mr. Mulroney) pointed out Tuesday to the Outlook Conference, when farmers are hurting, the nation is hurting. The Government understands very well the importance of agriculture. We have demonstrated our commitment to the farm community with action. This is why we responded to the problems facing grain and oilseed farmers with a $1 billion assistance initiative, the Special Canadian Grains Program.

The Hon. Member for Algoma pointed out that there was nothing in the Budget for farmers. I point out to him that not everything has to be in the Budget. Over the next year $1 billion will be in the hands of farmers. The program is the largest single special program ever undertaken on behalf of Canadian farmers. However, it is not the Government's only agricultural initiative, far from it. Since the beginning we have placed agriculture at the top of our list. It was a priority at the last two conferences of First Ministers and in the Speech from the Throne. Agricultural initiatives introduced by the federal Government have contributed to the stability of the farm sector. Our actions have benefited western and eastern farmers—all farmers.

We introduced farm debt review boards. At least one board is operating in each province right now. They have the power to halt foreclosure actions against farmers for up to 120 days. This gives farm families the breathing space they need to negotiate alternatives to foreclosure with their creditors. The boards are in place to help them do that.

We introduced new and more flexible lending programs through the FCC. The commodity-based loan program has proven to be very popular with farmers. It now represents close to half of all new FCC lending. The shared risk program represents 13 per cent of all new lending under the Farm Credit Act. We committed $80 million to writing down rates over five years on about 5,600 high FCC loans.

We also introduced the Canadian Rural Transition Program which, for the first time, extends benefits to farm families that have reached the point where they are financially unable to continue farming. So far three out of four applications, on average, are being approved.

We introduced a lifetime capital gains tax exemption of up to $500,000 on the sale of farm property. We introduced farm fuel tax rebates which will amount to a savings to farmers of about $160 million over two years. We are pushing harder than ever to sell Canadian grain, and we have met with success. This year we signed a new long term grain sales agreement with the Soviet Union, calling for the purchase of at least 25 million tonnes of Canadian grains. We reached a five year agreement for 2.5 million tonnes with Egypt. We also reached a three year grain deal with Brazil. Nowhere are these achievements on the international grains market more important than in western Canada where most of our grain is produced.

Finally, the approach of the Government has led to lower interest rates. Every one-point decline in interest rates represents an annual savings to the farm community of more than $100 million. Despite our many initiatives on behalf of farmers, we recognize that everything is not right yet. We intend to do more.

We believe that long term stability of the farm community depends upon Governments and farmers working together to plan the future. This is why the national agricultural strategy is so important. Every federal and provincial Minister of Agriculture has endorsed it. The strategy is our blueprint for the future. It is not a detailed plan of action. Rather, it is the framework within which Governments and farmers can work together.

The Government is certainly not ignoring the agricultural sector of Canada. We will continue to bring in programs to benefit farmers across the country, from the East to the West. They can count on us as a Conservative Government to do a good job for them.

Mr. Jack Shields (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, it gives me a great pleasure to speak today on the motion concerning the agri-bond program presented by the Hon. Member for Kamloops—Shuswap (Mr. Riis). It reads as follows:

> That, in the opinion of this House, the Government should consider the advisability of establishing an agribond program that would provide for low-cost loans to hard pressed Canadian food producers.

Essentially I agree and have agreed for some time that some system must be established to take the burden of debt, particularly high interest rates, off the backs of Canadian farm producers. However, I wonder how many Hon. Members remember that five years ago interest rates in Canada reached 22.75 per cent. Since that time we all know that they have come down.

During the debate today it was interesting to hear an Hon. Member opposite talk about commodity loans at 6 per cent, 7 per cent, and 9 per cent, and about some FCC loans presently being as low as 7.5 per cent and 8 per cent. This is not to say that the motion before us is not a good one. I think it is the

long term solution to a very difficult cyclical problem experienced by farmers. At times they may be doing well and commodity prices may be doing well. Then they are hit with drought, sometimes repeatedly, or a plague of grasshoppers. A number of such things can happen to them. Suddenly the benefit of the one good year is taken away by four or five bad years. There must be some way to improve the situation, and possibly an agri-bond program could do it.

Let us look at what has happened since the Government took office. Let us look at the trend and direction it has taken. I do this because I think the agri-bond issue is not the priority it was when interest rates were running from 18 per cent to 22 per cent. Although it still should be held high on the agenda and not put on the back burner, the emergency of four years or five years ago does not exist today.

Direct Government payments to producers have increased by more than fourfold, from $659 million in 1980 to an estimated $2.8 billion in 1986. To that $2.8 billion we can add another $1 billion for the 1986-87 fiscal year. One payment comes next spring, $300 million and $700 million. Direct Government payments have been particularly high since 1984. Let me repeat that. Direct Government payments have been particularly high to the farm community, the food producer, since 1984. In 1986, direct payments accounted for more than 10 per cent of total farm cash receipts of the average food producer in Canada. That is increasing and has increased since because of this last pay-out. That is a massive subsidy and a massive direct payment to the food producer, one that I support.

• (1740)

Interest rates at the same time have drastically reduced the carrying costs of farm debts through the farm debt review boards that our Government has established and through the Farm Credit Corporation. There have been write-downs on interest rates. There have been programs jointly put into place and jointly agreed to by the various provinces and the Government. All of those things have worked together to reduce substantially the carrying costs of any debt load a farmer might have.

It is not all roses yet. We know we have problems. We know, for example, that there are farmers still losing ground. Their equity base has eroded completely. Many small businesses are in exactly the same position. I have always considered the family farm as a small business. It is treated that way under the tax system and by the producer himself. The lending institutions have always looked at it that way. There is something very special about a food producer. Without him our whole economy deteriorates and falls apart. It has often been said—I forget who said it—you can burn down a city and you can burn down a town, you can destroy the city and you can destroy the town, but like magic, like mushrooms, they will spring up again somewhere else. But if you destroy the farming community, the land and the farms, the cities will wither and die. That is very true and we all know that.

I wonder whether all Members realize that the total federal and provincial Government expenditures for agriculture have today increased to about $4.5 billion annually.

Let me come to agri-bonds. One of the problems with the agri-bond is how to design the instrument in such a way that it will be attractive either to retiring farmers or to the investment community. As a result, it is taking time to study. Members who have worked on this question recognize the real necessity of an agri-bond system which would take some of the burden off the taxpaying public in the programs that we have established. How do we do it is the question. How will the instrument be sold? How will it be presented to the public in general. Those are the questions to be answered and they are under study. I do not think just because we have not brought in an agri-bond, as we indicated we would, that this concept is dead or that we have put it on the back burner. It is not a priority at this time because interest rates have descended from the 22.75 per cent, the very high of five years ago, to the present levels which have become quite manageable. Many producers have interest rates at the 7 per cent level.

I would like to remind Hon. Members that over $5 billion in credit at reduced interest rates has been provided to farmers in financial difficulty through various federal and provincial programs since 1981, primarily programs designed for refinancing. All steps that are taken are taken with the idea that sometime we may come up with an agri-bond that will take some of the burden away from governments. The majority of farmers in financial difficulty are being financed today by federal and provincial credit agencies.

I am not sure whether the Hon. Member for Kamloops—Shuswap whose motion is before us today would accept the idea that federal and provincial credit agencies should do all of the financing. That seems to be the kind of thing that would sit with the philosophy of the New Democratic Party. In my view, the agri-bond itself would be a private instrument, probably marketed through the chartered banks, credit unions or the financial institutions across Canada, or the financial markets, in some way, listed on the stock exchange. One would hope that that kind of instrument could be developed and that is what we are looking at.

I am rather surprised that the Member put this motion before us when $5 billion in credit at reduced interest rates has been provided to farmers in financial difficulty from various federal and provincial agencies. I see that you want me to wind up, Mr. Speaker, and I will. But let me say one thing. Today the majority of farmers in financial difficulty are being financed by federal and provincial credit agencies. I firmly believe that we will develop an agri-bond in due time.

Mr. J. R. Ellis (Prince Edward—Hastings): Mr. Speaker, I wanted to get into this debate primarily because of some of the things the Hon. Member for Kamloops—Shuswap (Mr. Riis) stated. I want to respond to them before I deal with the agri-bond issue. He asked the question, I think, rhetorically, do we support the family farm. Let me tell the Hon. Member that

that has been a Conservative policy over the years. I do not have to tell him of the popularity of the Minister of Agriculture (Mr. Wise) who is known throughout Canada. If he goes into a riding such as min,e where century farms abound—I am sure they do not in other parts of the country—and talked to the farmers there he would find that they remember with tremendous affection the Hon. Member for Qu'Appelle—Moose Mountain (Mr. Hamilton) who was the Agriculture Minister in the Diefenbaker Government some 25 years ago. He was an example of the feelings all members of this party have towards farmers.

• (1750)

Granted, farmers have had a plethora of problems coming at them from all sides; drought and insects in the west, heavy rains in the east and high fuel prices—you name it, the farmers have been bothered by it recently. However, those problems have all been met by a sympathetic Conservative Government, not with the Salmon Arm salute which the former Prime Minister gave, not with the question, why should we try to sell your wheat. They have been met with real answers; cash where it was possible, credit where it was necessary.

I took last week off and drove by car to Des Moines. That is a long drive at this time of year. I took three young men from my constituency. They are all involved in agriculture in one form or another. We went there to sit in on a conference put on by a firm which publishes a magazine called *Successful Farming*. The conference was called "Adapt 100". When the ad for this conference was first brought to my attention by a young neighbour, a very aggressive, thoughtful and, I think, successful farmer, we looked at it together and decided we should go down, listen in and see what they were doing. We were astounded. They set out 100 new ideas for farmers, 100 ways that farmers could improve their marketing and production. There were ideas to change methods of production. There were ideas covering all aspects of farm life. What a tremendously encouraging sight it was.

The conference was going to be held in a convention centre in Des Moines. That is not a very big city, about the size of Ottawa. Before they were finished they had to move the opening ceremonies to an arena; over 5,500 people came to that conference just to hear the new ideas. They started at seven o'clock in the morning and went through until nine o'clock at night, thirsty and hungry for new ideas.

Some of the things that came out of this conference were very interesting. One thing I learned was that on average 50 per cent of U.S. farm income last year came from government subsidies. I would like to relate a couple of vignettes from which I got a great chuckle. One chap was expounding about farmers producing corn at $50 a tonne and losing money, whereas Mr. Kellogg sold that corn for $3,600 a tonne and you can bet your life he made money. That same corn was sold for birdseed, together with other grains, at $2,800 a tonne. Once again, everyone made money.

I want to deal a little more pointedly with the motion. The issue of farm finances has been one of this Government's highest priorities. Agri-bonds were proposed as a means of providing farm credit at more favourable interest rates. The Government introduced a number of other measures to this end in its short two years of life. Our initial steps to help farmers included reduced interest rates for those FFC borrowers who were locked into higher rates. The shared risk mortgage program has been dealt with at some length. In addition we expanded the mandate of the FCC appeal boards to provide third party review of farm credit loans under foreclosure. We made farmers effectively free of the federal sales tax on farm fuels and increased the maximum advance under the Advanced Payments for Crops Act.

I know that at least one more of my colleagues wants to speak in this debate so I will move quickly. Others have mentioned, and I will not repeat, the federal Budget which announced farm assistance programs and commodity-based mortgages of which my friend from Algoma was so critical. Farmers in my area seem to find some benefit from that program. Then we have the rural transition program. In addition, assistance continues to be provided to farmers through the Western Grain Stabilization Act, the Agriculture Stabilization Act, crop insurance and dairy and other programs of the federal Government. Direct payments to producers under these programs exceeded an estimated $1.5 billion in 1985.

I will close by saying that our commitment to agriculture was reconfirmed by the Prime Minister (Mr. Mulroney) on October 3 when he indicated in this House that he intended to deliver an additional $1 billion into the hands of Canadian farmers. Just this past week he appeared before the Agriculture Outlook Conference with the Minister of Agriculture (Mr. Wise) and announced details of the plan which you and I and others know has been so well received. We are not embarrassed at all over the fact that the agri-bond program is not yet in place. This Government has done a tremendous job for farmers and will continue to do so.

Mr. Ross Belsher (Fraser Valley East): Mr. Speaker, I must commend the Hon. Member for Prince Edward—Hastings (Mr. Ellis) for his speech. He touched upon many of the points about which I was anxious to speak. The Hon. Member for Kamloops—Shuswap (Mr. Riis) insinuated in his remarks that if the Government did not adopt this motion it would show that it did not care about farmers. Nothing could be further from the truth and he knows it. He should not use insinuation to get his point across. However, maybe that is what the job of being in opposition is all about. Nonetheless, I can assure all Members of this House that the actions taken by this Government are on the side of farmers and agricultural production.

In the few remaining moments I have I would like to touch upon what we as a Government have done on agriculture in relation to the General Agreement on Tariffs and Trade. We have been pushing for the inclusion of agriculture in the new round of negotiations. We have been successful because of the

efforts of the Prime Minister (Mr. Mulroney) and the Secretary of State for External Affairs (Mr. Clark) in making the issue of agricultural subsidies a major point of discussion at the Tokyo Economic Summit last May. The Minister of State responsible for the Canadian Wheat Board succeeded in bringing together representatives of the world's five major grain exporting nations in Whistler, B.C., to discuss this issue. The Secretary of State for External Affairs led Canada's delegation to Uruguay for the new GATT round. He, in concert with other nations, successively pushed for inclusion of this item in the GATT round. That is just another example of how this Government is concerned about the welfare of farmers and about what happens in agriculture.

In conclusion, our action plan for agriculture is very clear. The Hon. Member for Prince Edward—Hastings referred to the $1 billion pay-out this week. I can say that we will continue to represent the interests of farmers at the international level and of course here in Canada.

The Acting Speaker (Mr. Ellis): The hour provided for the consideration of Private Members' business has now expired. Pursuant to Standing Order 42(1) the order is dropped from the Order Paper.

• (1800)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

AUDITOR GENERAL'S REPORT—REVIEW OF PRIVATE PENSION PLANS

Mr. Alan Redway (York East): Mr. Speaker, I do not believe that you had the benefit of knowing my late father. That is most unfortunate because I know you would have liked him very much. My late father was a man who our friends and colleagues in the New Democratic Party would have described as an ordinary Canadian. To me he was a very extraordinary Canadian, just like your own father, Mr. Speaker, just like millions of other Canadians across this land.

One thing that was dominant in my father's life was his pension plan. His pension plan was extremely important to him and played a major role in all the decisions he made throughout his adult life. That was understandable. I know you will understand that when I tell you that my father worked for one company for more than 40 years. He went through the Great Depression, as did so many others. He knew what it was to work, he knew what it was to be out of work, and he knew what it was to have the fear of a lack of financial security. That fact was a great influence in his life. Financial security and his pension were always important to him because he had lived through the Depression.

In addition, he lived through the Second World War. He knew the problems of financial security and the lack of financial security which resulted from the Second World War. He knew the problems of widows and children who had no breadwinner in the family and had no financial security.

Throughout his entire adult life he worked with people from similar backgrounds, people who had the same concerns and experiences, people who knew the problems of a lack of financial security. He knew as well of the financial security, concerns and problems of single women because he supervised a great number of women. At that time the women in the workforce were mainly single women. Women were and still are underpaid and still lack adequate pension plans. It was most important to them to have at least a modest form of pension plan. That financial security was an essential cornerstone of their existence. My father knew as well of run-away inflation which ate into savings and pension plans and turned them into a very modest sum compared to the work done to save for retirement.

In addition, he knew the background of his ancestors, his father, his grandfather and his great grandfather. In the history of our family people have died in abject poverty because there were no pension plans, there was no security. It was through the combination of all these influences on my own father's life and, through him, on my own life, that I understand, just as he did, how important pension plans were and are and what a major role and priority pensions play in the lives of so many people.

• (1805)

I know your father, Mr. Speaker, would feel devastated, as my father would, if suddenly his pension plan collapsed or failed. That is something on which you and I, Sir, as guardians of federal pension plans, must keep a very close eye. I am concerned, and I am sure you are as well, Mr. Speaker, that two banks have gone under just in the last short while. That is why, again, it is so important that all pension plans under federal supervision be properly looked after and policed.

The Auditor General has given us a warning that there is some problem and we have to be on our guard that perhaps these pension plans are not being adequately policed. Therefore, we have to ask ourselves, for instance, about the lack of on-site inspections, the question of proper appraisals, investments, real estate or mortgages, about loan concentration problems and why 16 financial institutions under federal control and supervision have failed since 1980. Those are all questions we must be concerned about. I know you are just as concerned, Mr. Speaker, as myself.

We are happy that our own Department of Insurance is coming out with a new Pension Benefits Standards Act as of the first of the year. We are happy that all of the ways of looking after these things are being reviewed, but at the same time we want to make sure they do an even better job than they have been doing. I hope tonight we will receive assurances from the Parliamentary Secretary that those pension plans of

Canadian senior citizens which are supervised by the federal Government will be adequately protected not only for today but for years and years to come.

[*Translation*]

Mr. Pierre H. Vincent (Parliamentary Secretary to the Minister of Finance): Mr. Speaker, in answering the question and comments by my hon. colleague, I would first like to stress that those plans mentioned by my colleague, the pension plans, are examined when they are tabled. Secondly, they are reviewed at least every three years or at even shorter intervals. Such examinations involve ascertaining that those plans meet legal requirements, assessing actuarial liabilities and reviewing the assets of those pension plans to make sure that they are properly run.

The report of the Auditor General actually refers to another inspection program, an on-site inspection program as opposed to the review program I just mentioned. Admittedly, on-site inspections are not carried out by the Department of Insurance in the case of every plan. But the program has been giving very satisfactory results to date, and there have obviously been fewer on-site inspections than for the rest.

The Auditor General clearly raised a number of questions dealing with the inspection practices of the Department of Insurance with respect to the supervision of pension plans. At that stage, the Department of Insurance, as you know, Mr. Speaker, initiated a study to get the facts and verify the allegations of the Auditor General.

• (1810)

That study would include a detailed cost-benefit analysis of increased supervision, based on the fact that most of the cost of that increased supervision will be assumed by the pension plans themselves in the form of registration fees required by the law.

We know, Mr. Speaker, and no doubt my hon. colleague knows that 95 per cent of the contributors of those pension plans under federal control contribute to specific benefit systems. If the investment performance of the plan does not meet the actuarial projections, the employer has an obligation to complement the assets portfolio so that adequate provision is made for the payment of benefits.

I therefore think that this should alleviate the concerns raised in the remarks of my hon. colleague. He also knows that the Government is presently drafting changes in the federal pension plans legislation.

A number of changes have already been introduced and will result in improved survivors' benefits, pension transferability as well as a faster devolution of pension rights.

These explanations, Mr. Speaker, should take care of all the concerns expressed by my hon. colleague.

INDIAN AFFAIRS—REQUEST THAT GOVERNMENT INTERVENE TO REINSTATE DEMOCRATIC SYSTEM IN KANASETAKE INDIAN BAND

Mrs. Lise Bourgault (Argenteuil—Papineau): Mr. Speaker, on October 30 I put a question to the Minister of Indian Affairs and Northern Development (Mr. McKnight) about a particular problem at the Kanasetake Reserve in Oka. The reserve is now referred to as Kanasetake. Before, it was Oka, and I say this for the benefit of those who might not have been aware of the change.

Mr. Speaker, I asked the Minister whether he had the authority to intervene in matters concerning the manner in which the band's chief and council members are elected and how they administer the band.

The Minister replied that he did not intervene or interfere with the elections or customs of the Indian government of the Oka band.

Mr. Speaker, what happens when there are two factions with totally different positions and there is a tie? Who decides? Does the Minister intervene to "split the band" or does he try and find out what the problem is with the system?

Mr. Speaker, I have here a submission that was presented to me by representatives of the Kanasetake Indian League for Democracy, which says: That in 1979, the Minister of Indian Affairs and Northern Development had recognized a hereditary system according to the Custom & Hereditary Chief formula, with 81 people who raised their hands in the hall, although there were 270 members who were eligible to vote present. That is what that this group had to say.

The band council, elected according to the hereditary system, says that they were duly elected according to the system they had always had, and that after elections were held in 1971 and 1979, the Indians who were against the system went to court. There were a number of problems with provincial court that heard the case, and later, they said: No, this is a federal matter, and so forth. On November 12, the same clan mothers decided to unseat the big chief they had elected, and the band members who were not aware of this—there might be a communications problem—but they were not aware of this at all, and, Mr. Speaker, as I explained earlier, they came to see me and asked me to intervene. I will read the last paragraph of the letter which says, in English, and I quote:

• (1815)

[*English*]

On behalf of the Oka Band Members who have signed this petition, I will appreciate this matter being addressed to the House of Commons without undue delay, from the viewpoint of acquiring government recognition of the fact that the people of Oka, no longer, cannot nor will not tolerate a dictatorship and are in desperate need of government assistance to entrench the democratic process once and for all.

[*Translation*]

Mr. Speaker, yesterday, I was told 230 members of the Kanasetake Band had signed the petition, out of 537 registered members. The petition reads as follows:

"We, the undersigned, members of the Kanasetake Reserve, would like to select candidates for the big chief's position and for other chief positions that will be available in the future. We also want to be able to have a say in the final selection and also in the term of the chief's mandate".

Mr. Speaker, it seems important to me that the Minister of Indian Affairs and Northern Development (Mr. McKnight) should be involved in an issue as basic as democracy when a dispute seriously divides a community plagued with economic conditions of a most prejudicial nature because many of its members live on welfare and there are no jobs. The Kanasetake Band does not live on a reservation as defined by the Indian Act. This is rather a federal land. This fact has given rise to various problems because they would like to be recognized and have their own territory.

Recently a decision was made and their land claim is now completed.

Now I would like the Minister to tell us what he intends to do about solving once and for all the problem raised by the Kanasetake Band's election system and since a new chief has just been elected it would perhaps be possible and I am looking forward to a reply from the Parliamentary Secretary on this matter.

[*English*]

Mr. Stan Schellenberger (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, the Hon. Member for Argenteuil—Papineau (Mrs. Bourgault) has raised a question about the Kanesatake Band system of local government and more specifically the method of selecting the chief and council. The present system of government, which is sometimes referred to as the life chiefs system, is rooted in the customs and traditions of the Iroquois confederacy and is viewed by many band members as a vital link with the Mohawk cultural tradition and a guarantee that the future maintenance of Mohawk identity will continue.

The band members opposed to the traditional chiefs' system are of the opinion that such a system is elitist and that it perpetrates the domination of the band membership by a few individuals. It should be noted, however, that the current system was adopted voluntarily by the majority of the band membership in 1969. Therefore, the solution for which the Hon. Member is looking lies within that system. It is the right and prerogative of the band members to amend or reject the current system by an additional majority vote.

As has been stated in the House, it is inappropriate for the Minister of Indian Affairs and Northern Development (Mr. McKnight) to interfere in any of the band affairs or to attempt to alter unilaterally its elective system. With respect to the Kanesatake Band there is also a compelling legal reason restricting ministerial action on the band's elective system. The lands occupied by the Kanesatake Band known as the Oka Reserve were purchased by the federal Government in 1945 for use by the band. However, strictly speaking the lands are federal Crown lands, not reserve lands, although they are commonly referred to as such. Therefore, the election provisions in the Indian Act, which apply only to reserve lands, cannot be invoked in this case.

• (1820)

As mentioned earlier, not only would a ministerial intervention be inappropriate, but the Minister is not in a legal position to take direct action to solve these difficulties. Officials are prepared to continue to work with the various factions in the band to seek a solution. The Minister is sympathetic to the difficult situation faced by the band, and would like to see a successful and early resolution of the problem. However, it must be recognized that the initiative to change is essentially in the hands of the band membership itself.

COMMUNICATIONS—VOLUNTEER FIRE DEPARTMENTS—RADIO LICENCE FEES

Mr. Gerald Comeau (South West Nova): Mr. Speaker, on June 26, 1986, the then Minister of Communications tabled legislation in the House which would require that federal and provincial government departments, agencies and municipalities, pay radio station licence fees on the same basis as private users. The consequences of this measure were not immediately apparent, but in due course they became known.

The many volunteer fire departments throughout Canada were included with those organizations which were going to be required to foot the bill for these changes. It was my feeling that those volunteer agencies could not afford this, and it should not be required.

In the course of the next few weeks, while continuing to receive more and more requests from unhappy volunteers, I made representations to the Hon. Minister on behalf of my constituents, and indeed all of Canada's volunteer firemen. Local fire departments and municipalities began a concerted effort to convince the Department of Communications that this measure was neither beneficial nor cost effective for our many volunteer fire departments.

Many of them passed resolutions such as the following:

WHEREAS fast, dependable communications are necesssary for municipal police, fire and public works departments and are demanded by the public they serve;

AND WHEREAS two-way radio plays a vital role in the communication network of most Nova Scotia municipal units;

AND WHEREAS a news release dated June 26, 1986 from the office of the Minister of Communications (distributed to N.S. municipal units by the Halifax office of DOC on September 9, 1986) stated that starting April 1, 1987 municipalities, along with provincial government departments, will pay radio-licence fees on the same basis as private users;

AND WHEREAS this will result in a 400 per cent annual increase to the cost of obtaining radio licenses;

THEREFORE BE IT RESOLVED that the Union of Nova Scotia Municipalities requests the Government of Nova Scotia to do everything possible to attempt to have the Department of Communications reverse their policy of license fee increases;

AND BE IT FURTHER RESOLVED that the Union of Nova Scotia Municipalities forward its concern over this unfair cost increase to the Federation of Canadian Municipalities for support at the national level.

The small municipalities and the volunteer fire deparments are the focal points for many of our rural communities. These dedicated citizens who devote so much of their time to public service certainly deserve and indeed have been assured of this Government's support and encouragement.

In the Throne Speech we promised further support to encourage the growth of volunteerism in our society. The proposed increases in radio licence fees would have averaged 400 per cent in Nova Scotia. I received 18 written submissions from volunteer fire departments within my riding seeking my co-operation and assistance in opposing these increases.

At the conclusion of the many strong representations made to the Hon. Minister in the House last Monday, I asked whether or not she had been able to resolve this matter. I was very pleased to hear her response, which I shall read:

Mr. Speaker, I thank the Hon. Member for South West Nova for his representations on this issue. Indeed, I have received representations on the issue from a number of other Members.

I should like to advise him and the House that I have decided to defer for the time being any changes to the regulations as they apply to radio licence fees for municipalities and volunteer fire departments.

• (1825)

I should like to commend the Hon. Minister and the Department of Communications for accepting the recommendations made on the matter. Indeed it is gratifying that the outstanding efforts of many volunteer firemen have been acknowledged in this way.

Since the Parliamentary Secretary to the Minister of Communications (Mrs. Mailly) is present in the Chamber this evening, I ask her to make a few comments on the subject.

[*Translation*]

Mrs. Claudy Mailly (Parliamentary Secretary to Minister of Communications): Mr. Speaker, I am pleased to reply to the question of my colleague. As the Minister said in response to his question of December 1, she gave serious consideration to his representations and concluded that she would not change anything to the preferential treatment now given to municipalities, therefore to volunteer fire departments in the communities represented by the Hon. Member and in other localities throughout Canada.

The Hon. Member had asked the Minister whether she would be prepared to refrain from taking regulatory measures likely to increase municipal radio licence fees. If I understand correctly, the Hon. Member's question specifically related to volunteer firemen, and his concern was due to the existence of the Bill which had been introduced in June and to which my colleague was referring.

First I should like to point out that Bill C-3 which will probably come up for second reading tomorrow and which has already been studied by the Senate has nothing to do with regulations governing municipalities and volunteer fire departments. Therefore he should not worry. This Bill has nothing to do with municipal preferential treatment. It is simply a matter of making the provinces and federal Government departments pay their share of radio licence fees. Until now, Mr. Speaker, both these groups had been exempted and Bill C-3 concerns them, not the municipalities.

The Minister will be holding consultations precisely to decide just how municipalities should fare with respect to the cost recovery operation mentioned by the Minister of Finance in November 1984. Clearly the Minister does not want to create problems for smaller municipalities and she understands quite well the importance of volunteer fire departments as well as the services they provide to thousands of small municipalities throughout Canada. Therefore, she will show the greatest responsibility and compassion before deciding what to do regulation-wise concerning municipalities. But it is not for today and it has nothing to do with Bill C-3. I should like to assure my honourable colleague that the Minister has duly received his representations and indeed, she has personally congratulated him for the effort he is making on behalf of his constituents.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1).

At 6.29 p.m. the House adjourned.

HOUSE OF COMMONS

Friday, December 12, 1986

The House met at 11 a.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

CANADA POST CORPORATION

CHRISTMAS STAMP POSTAGE RATE

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, this morning I received a letter from Denise North of Richmond, B.C., and I would like to share a part of it with the House. She writes:

This letter is concerning the 29-cent stamp that was issued at Christmas, as it can be used only on envelopes that have a matrix imprinted on.

This is unfair to a lot of Canadians who already have their cards from last year or from organizations who haven't taken part.

In the past few weeks we have seen supermailboxes that open easily, keys that fit all boxes, and now tick and stamp envelopes. When will Canada Post take the delivery of mail seriously and stop creating two classes of citizens? Some Canadians can send Christmas cards for 29 cents, and some Canadians have to send Christmas cards for 34 cents. Why can a 29-cent Christmas stamp not simply be a 29-cent Christmas stamp without having to buy a special envelope that ticks?

* * *

AIRPORTS

LONDON AIRPORT—IMPROVED FIREFIGHTING SERVICE

Mr. Terry Clifford (London—Middlesex): Mr. Speaker, airport safety is of great concern to the people of London—Middlesex and indeed to all Canadians. Safety has been the cornerstone of all the Government's transportation initiatives. No stone has been left unturned.

The crash firefighting rescue service standards set by the Minister of Transport (Mr. Crosbie) exceed the standards set by the ICAO. In fact Canadian standards are more stringent than those of the Federal Aviation Authority of the United States. A regular monitoring system of the people and equipment to do the job is in place. Category levels of service are appraised annually.

• (1105)

London airport will receive the new rapid-intervention vehicle which has both dry chemical and foam firefighting capabilities. Our Government is committed to safety. We will have the highest standards of people and equipment. As far as this Member of Parliament is concerned, safety at the London airport will not be compromised.

* * *

[*Translation*]

CANADA POST CORPORATION

REQUEST THAT RURAL SERVICE NOT BE CHANGED

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, the Canada Post project designed to curtail rural services drastically has shaken the 30 per cent of Canadians who live and work outside cities and urban areas. Canada Post intends to close 1,700 rural post offices and privatize 3,500 more over the next five years.

The Canada Post legislative mandate is to provide services to Canadians, no matter where they live. Whereas Canada Post is attempting to do away with rural routes; whereas a clan of Conservatives is trying to flout parliamentary traditions by holding secret meetings on this issue; and whereas the Prime Minister is giving us vague assurances that rural mail will not be wrecked, Canadian men and women serviced through Canada Post rural deliveries insist that such services be maintained as a matter of right.

* * *

[*English*]

CANADIAN WHEAT BOARD

HIGH QUALITY WHEAT—TREATMENT OF PRODUCERS

Mr. Bill Gottselig (Moose Jaw): Mr. Speaker, I would like to draw to the attention of the House a matter of great concern not only to my constituents but to all those producers in western Canada who sold high quality No. 1 and No. 2 wheat during the crop year which ended July 31, 1986. The Chief Commissioner of the Canadian Wheat Board indicated recently that there may have been some cross-subsidization of prices and, as a result, there is little likelihood of a final payment on the wheat sold during that time.

Since higher grades were sold at a significant premium to the initial prices throughout the crop year, this is not acceptable to producers of those grades. The objective of the pooling

system is to provide a producer with the average yearly price of the commodity he delivers, not to ensure a common return to all producers. I call on the Minister responsible for the Canadian Wheat Board to review this matter thoroughly in order to ensure that producers are treated fairly in this instance, as well as to set policy for the future.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

REQUEST FOR REIMBURSEMENT OF RETIREES AND EARLY RETIREES FROM 1985

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, older workers in Quebec and throughout the rest of Canada are ever more disappointed by this Conservative Government. I can say that the elderly people who came here to defend the interests of older workers in Quebec left disillusioned. Next Tuesday, in Quebec City there will be a general meeting of all older people who have been victimized by unemployment insurance benefit cut-backs. Similar rallies are scheduled for Montreal, Trois-Rivières, and the Lac-Saint-Jean region.

Quebecers will form a common front to support all retirees and all the 1985 early retirees who are seeking a full repayment of the money owed to them, and to fight against the Government's impending legislation under which there would be two classes of older citizens, to the extent that some of them would not be eligible for unemployment insurance benefits while they are looking for other work.

* * *

• (1110)

[*English*]

EXTERNAL AFFAIRS

ISRAEL—DEATHS OF PALESTINIAN STUDENTS

Mr. Alex Kindy (Calgary East): Mr. Speaker, on December 4, 1986, Israeli soldiers put up barricades to the entrance of Birzeit University on the West Bank. The Palestinian students protested the erection of the barricades with a sit-in. The Israelis shot two students, and violence erupted for 8 days. The end result was that 4 students were killed, 5 are missing, 52 were wounded, and 500 Palestinians were detained by the Israeli occupation forces.

Canada, with its track record as a mediator for peaceful solutions to international problems, should support the call for an immediate international conference on Palestine so as to correct the long-standing injustices to the Palestinian people.

AGRICULTURE

FUNDING OF PLANT GENETIC RESOURCE CENTRE

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, just as environmentalists in Canada are trying to protect endangered species of wildlife, plant geneticists at Agriculture Canada are trying to protect Canada's dwindling plant resources which are at risk because the Government has delivered severe cut-backs to agricultural research. The cut-backs last year, and further cut-backs of 22 per cent for 1986-87, have not only forced the Plant Genetic Resource Centre to ignore domestic plant varieties, but have also put our international collections in danger.

Canada holds the world's principal base collections of oats and barley, but it could face embarrassment because it is not taking proper care of its international collections.

When Dr. Charles Bishop, Canada's representative on the International Board for Plant Genetic Resources under FAO, complained to Dr. LeRoux, the then Assistant Deputy Minister of Agriculture, he was told that the level of technical support and storage capacity at Canada's Plant Genetic Resource Centre "has never been adequate and has in fact regressed over the past three years as a result of major budgetary cut-backs in our branch". These cut-backs must cease.

* * *

[*Translation*]

TRIBUTE TO CERTAIN MEMBERS OF PUBLIC SECURITY FORCE OF DRUMMONDVILLE, QUE.

Mr. Jean-Guy Guilbault (Drummond): Mr. Speaker, I would like to draw the attention of the House to some deserving members of the Drummondville police force. First of all, last June, the Governor General, the Right Hon. Jeanne Sauvé, awarded the medal for bravery to Réjean Paul-Hus.

Last week, acting on behalf of the Solicitor General and the Governor General, I awarded the police medal for distinguished service to 29 members of the Drummondville police force. This medal is awarded for outstanding service, to express the community's recognition for services rendered in high-risk areas.

These peace officers have demonstrated their ability to enforce law and order and their conviction: Justice for all.

I welcome this opportunity to pay tribute to individuals who have such distinguished record and who are dedicated to protecting the lives of their fellow citizens.

[*English*]

MEMBERS OF PARLIAMENT

ALLEGED DISCUSSIONS AT *IN CAMERA* COMMITTEE MEETING

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, Tories are a strange lot!

Mr. Fennell: Not as strange as you are.

Mr. Boudria: It would appear that yesterday in a Tory meeting one of the Tory members of the secret committee to discuss postal issues decided to "stool" on everybody else and to reveal what had gone on at the committee. Here is what the Conservatives in majority, seemingly less one, the one who probably stooled on the others, had to conclude: That Canada Post had made no attempts to interfere with Government plans to raise a first-class postage stamp to 36 cents; that rural post offices should be turned over to the private sector; that group mailboxes are supermailboxes, as some people dare call them, and they should remain; that large publications now benefiting from postal subsidies should lose them.

This appears to be a somewhat quasi-unanimous opinion of the Tory members on that committee. I wonder what the end report will look like. I wonder what the Tory who leaked it will look like once the others get hold of him.

* * *

• (1115)

HUMAN RIGHTS

U.S.S.R.—TREATMENT OF PROSPECTIVE JEWISH EMIGRANTS

Mr. Bill Attewell (Don Valley East): Mr. Speaker, in 1979 over 51,000 Jews were allowed to emigrate from Russia. For the last several years barely 100 Jews a month have been permitted to leave. In place of numbers the Soviet Union has adopted a cruel ploy of releasing high profile refusniks to mislead the world into thinking the U.S.S.R. is compassionate.

Nine months ago on February 11, 1986, Anatoly Shcharansky was allowed to leave Russia and join his wife, Avital, in Israel. We were thrilled by this news. However, we were deeply saddened to hear two days ago that Anatoly Marchenko, who was a member of the disbanded Helsinki Watch Group, died in prison. He had been imprisoned in Russia for over 20 years as a penalty for his fight for human rights.

The Soviet Union needs to be condemned in the strongest possible terms for its flagrant disregard of the human rights Accords it has signed.

S.O. 21

AGRICULTURE

SPECIAL CANADIAN GRAINS PROGRAM

Mr. Rod Murphy (Churchill): Mr. Speaker, after months of indecision, the Government announced the Special Canadian Grains Program which has greatly disappointed western farmers.

As reported in the *Winnipeg Free Press* on Wednesday, December 10, Bob Douglas, spokesperson for the Keystone Agriculture Producers of Manitoba, a large farm lobby group, said that he was disappointed and that he expected a severe reaction from farmers.

In an editorial in yesterday's edition of the *Winnipeg Free Press*, the following was reported:

> It took months for Prime Minister Brian Mulroney's Cabinet to decide how it was going to face up to its responsibility to assist western agriculture. When the equivocation ended, the Prime Minister used the distress of western farmers as a political tool—

With regard to the delay in the distribution of dollars, the Winnipeg *Free Press* editorial went on to indicate:

> Mr. Mulroney has no problem rolling aside such stones when he wants to corrupt the federal bidding process or to move a jail, at immense cost, to his own riding.

If I may add my own words, money was always found to bail out banks and to support unknown bank depositors. Money is going to pay off investors in the Bank of British Columbia, and capital gains will be 100 per cent tax-free for many investors. Why do our farmers deserve less?

* * *

CANADA MORTGAGE AND HOUSING CORPORATION

ISSUANCE OF MORTGAGE BACKED SECURITIES

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, the announcement last Wednesday by the Minister responsible for CMHC of the first issue of National Housing Act mortgage backed securities was a milestone in the history of residential dwelling finance in Canada.

The advantages of Canadian equivalents of the popular United States "Ginnie Maes" include the mobilization of further funds into residential construction, the stabilization of mortgage interest rates, and the creation of an attractive senior investment vehicle for both individuals and institutions.

As expected, once a vibrant secondary market and perhaps even a futures market develop, liquidity will be enhanced.

Congratulations are due to the Government, CMHC, and the involved financial institutions for their initiative in creating the new tradable mortgage backed securities guaranteed in terms of timely monthly payments.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

EXTERNAL AFFAIRS

UNITED STATES SALE OF ARMS TO IRAN—ROLE OF RCMP IN INVESTIGATION

Hon. Herb Gray (Windsor West): Mr. Speaker, in the absence of the Minister for International Trade my question is directed to the Deputy Prime Minister. Yesterday in Question Period the Minister for International Trade replied to my questions about the Canadian connection to the arms to Iran affair by saying:

—I can assure the Hon. Member that this issue is being thoroughly investigated.

After Question Period and later in the day, RCMP spokesman Belanger apparently told the press the following: "There is no investigation in this matter. There is no file on this matter. No one asked us to start an investigation". Would the Deputy Prime Minister explain the contradiction between what the Minister for International Trade told me and what RCMP spokesman Belanger told the press later in the day? Exactly what is the RCMP doing in this matter? Who is carrying out the investigation? What has the Government found out so far? In short, why is the Government apparently so much in the dark about the Canadian connection in this arms to Iran affair?

• (1120)

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, we are dealing here with a series of unconfirmed reports and speculative stories, all of which are being actively investigated. I would like to inform the Hon. Member that through our Ambassador in Washington and the United States Embassy, the Secretary of State for External Affairs raised the matter with Secretary of State Shultz yesterday.

Mr. Blackburn (Brant): Did he get the answers?

Mr. Mazankowski: I am also pleased to inform the Hon. Member that the RCMP have today begun an investigation into this whole matter. The Israeli Ambassador has been asked to co-operate since there has been some suggestion of Israel's involvement. Until such time as some of the facts or speculation that has been circulating can be confirmed, I think it is very unbecoming to comment upon names and a hypothetical situation.

[*Translation*]

INQUIRY WHETHER CIA DIRECTOR WAS TELEPHONED IN ORDER TO OBTAIN INFORMATION

Hon. Herb Gray (Windsor West): Mr. Speaker, the Acting Prime Minister calls these reports speculative. However, they were confirmed personally by the Director of the CIA, Mr. Casey.

I want to ask the Acting Prime Minister whether he, the Secretary of State for External Affairs or the Minister for International Trade or one of their officials have called Director Casey personally to get the information about this affair. If not, why have they not done, so at a time when it is so obviously necessary?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, it sounds like the Hon. Member attended the Foreign Affairs Intelligence Committee hearings. He seems to know more than even Secretary of State Shultz.

Mr. Broadbent: That is possible. Do not rule it out.

Mr. Mazankowski: The fact of the matter is that the Secretary of State for External Affairs has indeed made contact with Secretary of State Shultz. My understanding is that there has been contact with Mr. Casey and with the U.S. Senate Intelligence Committee Chairman and that it would be contrary to U.S. law to reveal any further information at this particular time.

REQUEST FOR NAMES OF CANADIANS ALLEGEDLY INVOLVED

Hon. Herb Gray (Windsor West): Mr. Speaker, what should worry the Canadian people is that everybody, including the press, already seems to know more about this matter than the Government.

It has been reported that External Affairs now knows the names of some of the Canadians involved in the Canadian connection to this arms to Iran affair. Will the Deputy Prime Minister give Parliament and, therefore, the public, the names now? Will he also tell us why the Government in its laxity in this matter appears to be condoning the actions of Canadians, directly contrary to Canadian Government policy against the export of arms to a country like Iran? Will the Deputy Prime Minister answer this definite question?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Hon. Member may have the luxury of indulging in innuendo and suggestions of wrongdoing without really having all the facts. He suggests that the reports that have been raised in the newspaper are accurate. Which ones does he consider to be accurate? That is not the information that we have been able to confirm at this particular time.

Mr. Gauthier: What have you confirmed?

Mr. Mazankowski: The American Embassy has told the Canadian Under-Secretary of State that it is impossible in the current circumstances to provide any further specific information. Notwithstanding that fact, I am trying to be as forthcoming as I can. I would hope that the Hon. Member would not want me to engage in idle speculation.

Mr. Garneau: Are you the Shultz of the Canadian Government?

Mr. Mazankowski: What I am going to give this House—

Mr. Garneau: Are you the Shultz of this Government?

Mr. Speaker: Order. It is not for the Chair to make any comment on the substance of questions or answers. But I point out that this is a lead question. It is a matter obviously of concern to the Chamber. I think that the Hon. Deputy Prime Minister should be permitted to answer the question.

Mr. Mazankowski: All I wanted to tell you, Sir, and the House, is that I will not deal in idle speculation and I will not comment on stories that are not confirmed. What I will endeavour to do is provide the House with up to date and accurate information. As the information comes to our attention I will be more than pleased to provide it to all Members of the House and the people of Canada.

• (1125)

Some Hon. Members: Hear, hear!

NON-DISCLOSURE OF INFORMATION TO CANADIAN GOVERNMENT

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, one thing the Deputy Prime Minister did confirm was that the Secretary of State for External Affairs had some private conversations with Secretary Shultz. In those private conversations did the Secretary of State for External Affairs get any explanation of why the Canadian Government was not informed about the Canadian connection in the Iran arms affair when the CIA knew about it on October 7?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am not sure whether the Secretary of State for External Affairs got an explanation. Needless to say, my understanding is that Mr. Shultz was rather short on information as well. Nonetheless, I can tell the Hon. Member that we have expressed our concern to the U.S. Government over this state of affairs. Naturally we are concerned about this breakdown.

CANADIAN GOVERNMENT'S CONCERN

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, it appears that it is not enough to express concern. Did the Secretary of State for External Affairs present a formal protest to the U.S. Government over the fact that the Canadian Government was kept in the dark on this matter?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): As I tried to indicate, Mr. Speaker, I am not sure of the details of the information available to Secretary of State Shultz. My understanding is that the information, if he had any, was at best very sketchy. Perhaps that is one of the reasons. Nonetheless, we have expressed very grave concern over this state of affairs, and as the investigation unfolds that will certainly be one of the factors taken into consideration.

[*Translation*]

REFUSAL OF INFORMATION TO CANADIAN AMBASSADOR IN UNITED STATES

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Deputy Prime Minister.

The Canadian Government was made aware of the situation 48 hours ago, and it has yet to receive the names of the Canadians involved in this affair. This is incredible.

[*English*]

Will the Deputy Prime Minister confirm that Ambassador Gotlieb was told either late yesterday or this morning in Washington that he will not be given access to the information which has now been revealed before the committee in Washington?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): My understanding, Mr. Speaker, is that it would be contrary to U.S. law at this particular time to release that information.

INQUIRY WHETHER PRIME MINISTER CONTACTED UNITED STATES PRESIDENT

Hon. Edward Broadbent (Oshawa): Mr. Speaker, it is not contrary to good relations between allies for one ally to inform another when its nationals are being used for covert operations. This matter clearly involves government to government relations at the highest level. Therefore, has the Prime Minister gotten in touch with President Reagan since this came out in the last 48 hours to express the desire of the Government of Canada, and specifically the Prime Minister's Office, to be fully informed by the President of the United States?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Hon. Member is making a number of assumptions in his preamble. I have tried to point out to the House that we are trying to make those confirmations. I appreciate the support of the Hon. Member, who phoned me this morning about another matter, in trying to be of assistance in this whole issue. I appreciate very much the way he has handled it.

The government to government relationship is ongoing and the Secretary of State for External Affairs has been in touch with Secretary of State Shultz. An investigation is going on. Clearly that is the process to be followed and it will continue to be followed.

REQUEST THAT PRIME MINISTER OBJECT TO TREATMENT BY UNITED STATES

Hon. Edward Broadbent (Oshawa): Mr. Speaker, the Secretary of State for External Affairs said on the news this

morning that Mr. Shultz did not know anything about it. We are getting most of our information from leaked reports in *The Washington Post* or other news reports. The head of the CIA himself apparently said that he was informed some two months ago of a Canadian connection. Taking all of that into consideration, does the Deputy Prime Minister not think it is about time that the Prime Minister of Canada raised an objection to the way that we, an ally, have been treated by the President of the United States in this very sensitive matter?

• (1130)

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I have received no indication that the United States administration has deliberately withheld information from Canada. The key point in the question of the Hon. Member was his reference to "leaked reports". That is what they are and I think they should be considered as such. Until such time as there is some semblance of confirmation about some of these reports and unconfirmed speculative stories, it is, with respect, certainly very difficult to draw the kinds of conclusions which the Hon. Member is drawing.

INQUIRY WHETHER GOVERNMENT KNEW OF POSSIBLE INVOLVEMENT OF CANADIANS

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, my question is for the Deputy Prime Minister. Yesterday I asked the Minister for International Trade the following question:

Was the Canadian Government informed in October of this year that Canadians were involved in the sale of arms to Iran?

After carefully reading the Minister's answer I find, as I found yesterday, that the Minister did not answer the question very clearly. Therefore, today I will ask the Deputy Prime Minister whether the Canadian Government knew, prior to yesterday, from any source whatsoever, that Canadians were involved in either the sale of, or the financing of the sale of arms to Iran?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I thought the Minister for International Trade answered that question very clearly. If she did not, I answered it very clearly this morning. The answer is that the Government was not informed of such activities before Mr. Casey testified before the Senate Committee. I said as well that we have expressed our concern over this state of affairs to the United States Government.

[*Translation*]

INQUIRY WHETHER PRIME MINISTER AND CERTAIN PUBLIC SERVANTS WERE INFORMED OF CANADIANS' PARTICIPATION IN SALE OF ARMS

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, the arms sale affair has been going on for a number of months. Apparently, the Department and the Secretary of State for External Affairs knew nothing about this. The Minister of State and her Department for International Trade knew nothing. We are told an investigation is under way. I would like to ask the Deputy Prime Minister whether the Prime Minister himself was informed and whether officials now or formerly informed by him were aware of participation by Canadians in the arms sale?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I think there is some ruling about repetitive questions. That is the same question I answered a little earlier. I invite the Hon. Member to read *Hansard*.

Mr. Garneau: Yes or no?

[*Translation*]

Miss MacDonald: He said no.

[*English*]

Mr. Garneau: No, he didn't say no.

Miss MacDonald: He did too.

Mr. Speaker: Order. Order, please. The Hon. Deputy Prime Minister has made reference to rules in this place. The Chair can only comment that if the same question is asked repeatedly, the likelihood is that the same answer will be given repeatedly.

INQUIRY WHETHER PRIME MINISTER CONTACTED UNITED STATES PRESIDENT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is also directed to the Deputy Prime Minister. Canadians have become very, very concerned about this issue because the Director of the CIA has given the impression that Canadians have indeed been involved in this very dastardly arms sale to Iran. Since the Secretary of State for External Affairs was unable to get any information from Mr. Shultz, has the Prime Minister of Canada been in touch with the President of the United States? After all, we have now known about this for two days. I assume that this is a serious enough matter that our Prime Minister would talk directly to the President.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, again, I think I responded to that question. Certainly it is a very serious matter because Canadians are implicated. They are implicated by speculative stories which have not been confirmed. Surely the object of the matter is to try to determine the facts, to learn whether there is any foundation to this. Certainly if there is, at the appropriate time whatever representations are required will be made.

REQUEST THAT PRIME MINISTER CONTACT UNITED STATES PRESIDENT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my supplementary question is also directed to the Deputy Prime Minister. I can think of no better way to get the

information than the Prime Minister of Canada speaking directly to the President of the United States. It is a serious enough matter. Taking into consideration the seriousness of the matter and the fact that every Canadian citizen is very concerned about the reputation of Canada and Canadians, would the Deputy Prime Minister explain why the Prime Minister of Canada has not done that? If, in fact, he has not, will the Prime Minister do it now?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Secretary of State for External Affairs has discussed this matter with Mr. Shultz.

Mr. Broadbent: He got no answer.

Mr. Mazankowski: Mr. Shultz speaks for the administration of the United States of America.

Mr. Broadbent: But he didn't know.

Mr. Mazankowski: Well, I presume if he did not know anything about it, perhaps the President did not either. I am not sure of that.

Mr. Murphy: Ask him.

Mr. Mazankowski: The fact of the matter is that those discussions and representations are taking place at a very high level. Surely the Hon. Member would not expect the Prime Minister to become involved without at least having obtained some basis and foundation as to whether the stories are true or not. That is what we are trying to do.

Mr. Riis: Not very successfully.

Mr. Mazankowski: We have used the mechanisms at our disposal to try to determine what is factual and what is not. The representations between the two Governments will continue.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF SWEDISH MINISTER OF LABOUR

Mr. Speaker: I wish to draw to the attention of Members the presence in the gallery of the Hon. Anna-Greta Leijon, Minister of Labour for Sweden.

Some Hon. Members: Hear, hear!

[*Translation*]

UNEMPLOYMENT INSURANCE

ALLEGED EXISTENCE OF SECRET STUDY—MINISTER'S POSITION

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, my question is directed to the Minister responsible for cutting unemployment insurance benefits in Canada. Mr. Speaker, on December 5, when I asked the Minister about the study by Mr. Dickinson on the annualization of unemployment insurance programs, the Minister, and I am quoting *Hansard*, answered that he was not aware of the study and that perhaps it was the Forget Commission.

I have before me today this secret study that was submitted to the Government in July 1985. I would like to know why the Minister was not aware of the existence of a study that is important to the reform of unemployment insurance programs and why he did not say so at the time?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the question of unemployment insurance, as the Hon. Member for Montreal—Sainte-Marie knows perfectly well, was examined from May or June 1985 to November 1986. During that period, dozens of documents were submitted, either to the Forget Commission directly or to the commissioners, at their request, and these studies were used by the Forget Commission in making its recommendations. The Minister of Employment and Immigration can hardly be expected to know every single document produced in the Department or at the request of commissions of inquiry on specific subjects.

RESPONSIBILITY FOR DOCUMENTS

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, I have to say the Minister is not running his department. The secret study I referred to was carried out between November 1984 and July 1985, and if we look at the report on the study, it is identical to one of the recommendations of the Forget Commission. So I still wonder why today, the Minister, who is responsible for an area that is particularly important to Canadians, is not aware of this study. Who is running the Department?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the trouble with the Hon. Member is that he always sees a connection between a document and the way a department is managed. Running a department involves more than being aware or not of the existence of a specific document. The document is part of a range of references the department and the Commission may use in drafting a report and recommendations on a subject that will be examined by the Government and on which we shall be making recommendations in May 1987, as I have said before.

[*English*]

EXTERNAL AFFAIRS

UNITED STATES SALE OF ARMS TO IRAN—U.S.-CANADIAN INFORMATION PROCESS

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, I have a question for the Deputy Prime Minister with regard to the allegations of a possible Canadian connection to the arms sale to Iran. Can the Deputy Prime Minister inform the House that he is satisfied with the process which occurred through which we did not find out anything about this until several hours after it had become public in the United States? Does he think there should have been information given by the American Government or the CIA to Canadian officials, perhaps the Canadian Security Intelligence Service, beforehand? Is the Deputy Prime Minister satisfied with the process? After all, we are a sovereign country and an independent nation. I think we should have been informed.

• (1140)

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I thought I answered that question. The answer is no. We have made our expressions of dissatisfaction to this effect to the United States.

CANADIAN POSITION

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, since the Deputy Prime Minister said that the Government has expressed its concern to the United States, will he explain whether it has sent a letter of protest to the American officials? If not, is it planning to send a letter of protest to the U.S. officials so that this does not happen again?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I have said that we have expressed our concern over the way this matter has been handled. This is the fourth time I have answered that question.

* * *

CORPORATE AFFAIRS

CONCENTRATION OF OWNERSHIP AND WEALTH

Mr. Bill Attewell (Don Valley East): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. I was very pleased to see the Government's concern about corporate concentration as mentioned in the recent Speech from the Throne. In an article in this week's *Maclean's*, the chairman of one of Canada's largest banks lashed out at corporate takeovers. What specific action will our Government initiate to examine the awesome problem of concentration of wealth in this country?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I believe it is worth pointing out that the Competition Act that was passed in June now makes it possible for the Government to annul any mergers that have a detrimental effect on competition in the market-place. Second, the Green Paper on financial institutions, written by the Minister of State for Finance, and the Standing Committee study will undoubtedly lead to legislation that will have an important bearing in the area of financial institutions. Finally, my officials are working on this subject to see if there are other changes we could make to the Canada Business Corporations Act. I understand that the Standing Committee on Consumer and Corporate Affairs is looking at corporate concentration as one of its items for study this term. I think that is an excellent idea.

* * *

UNEMPLOYMENT INSURANCE

FORGET COMMISSION REPORT—ANNUALIZATION CONCEPT—STUDY'S RECOMMENDATION

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. It concerns what I understand to be a secret document, entitled "Option for Change", prepared by Mr. Dickinson. In spite of previous attempts by the Minister to divorce himself from the Forget Commission Report and the recommendation concerning annualization, will he explain the coincidence that the same annualization scheme of Mr. Forget is the one that Mr. Dickinson prepared for his Department one and a half years ago, and which is in the document that I have in my hand? Can he explain that coincidence to the House?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the Hon. Member for Glengarry—Prescott—Russell never fails to be impressed whenever he spots the word "secret" on a document. It does seem to disturb him. I can only tell him what I told his colleague earlier: lots of documents are produced within the Department. As to whether there might be a coincidence or any kind of connection between this document and the Forget Commission recommendations, the Government is not called upon to do anything. It is quite possible that—I have just received the document mentioned by my colleague opposite—Mr. Forget has drawn inspiration from it, but Government policy is not involved at all. For the third time today I repeat that we will make recommendations in May, and until then we will familiarize ourselves with documents of every description, including some which are no longer secret.

REQUEST FOR EXPLANATION OF FORGET REPORT RECOMMENDATIONS

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, what is obvious is that Mr. Forget not only drew

inspiration from this report, but he also copied parts of it. So can the Minister tell the House how it is that a recommendation which absolutely no-one, no witness claims to have made but which originated from his Department via this report ended up among those advocated in the Forget Commission study? Why is he still trying to divorce himself from this recommendation, which happens to be his own?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, if I may use words with which the Hon. Member is familiar, he has been unable to uncover a connection between the document and myself, he has established a connection with Mr. Forget. If Mr. Forget saw fit to include it in his report he did not seek permission from the Minister of Employment and Immigration. He quite simply decided to use that document. As I said, we will refer to it at the appropriate time, in May next year.

* * *

[*English*]

EMPLOYMENT

GENDER WAGE GAP—WOMEN'S SALARIES

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. It is a myth that the wage gap for women is improving. When one examines the statistics closely, they show that full-time and part-time working women, taken together, usually earn only 57 cents for every dollar earned by men. What does the Minister intend to do about the increasing trend to low paid, unprotected part-time jobs into which increasing numbers of women are being forced? This means they are being forced into poverty.

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I find the question asked by the Hon. Member for Vancouver East interesting. You know that jointly with the Department of State for the Status of Women, we are examining thoroughly the whole question of women's salaries, women's income and whatever substantial efforts we want to make to improve on women's employment conditions and income.

I think that in the past two years, there have been very clear-cut improvements in the contribution of women on the labour market as well as in their income level.

However, it is obvious that we were far behind and that very few things were done before us. Moreover, we are quite encouraged at present and we will keep doing our job.

[*English*]

FULL-TIME JOBS FOR WOMEN—GOVERNMENT POLICY

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, since privatization, down-sizing, and contracting out, which are policies of the Government, are threatening full-time jobs particularly for women, what steps will the Minister and his colleague, the Minister responsible for the status of women, take to ensure that full-time jobs presently held by women, particularly in the federal jurisdiction, will not be lost? We are very concerned that they will be lost as a result of these federal government policies.

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the problem of part-time jobs is a very complex, one especially since there are some jobs available in both the private and public sectors. Many women prefer that type of employment because again it is easier for them to fit into this combination.

Now the Government is trying to implement—through job creation procedures—the employment strategy, especially women's re-entry on the labour market whenever it is possible or they want it so. We are trying to create a market for full-time jobs but it is a step by step process.

[*English*]

Mr. Speaker: Order, please. The Hon. Member for South West Nova.

* * *

FISHERIES

GEORGES BANKS—EFFECT OF PROPOSED OIL DRILLING ON FISHING INDUSTRY

Mr. Gerald Comeau (South West Nova): Mr. Speaker, my question is directed to the Minister of Fisheries and Oceans. He will know that Texaco Canada Resources is proposing to drill exploratory wells in Georges Banks, some of the world's most lucrative fishing grounds. He will further know that the fishing industry and community have expressed grave reservations about such a proposal. Will he indicate to the House his views on this most controversial subject?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, the concern of the Hon. Member for South West Nova is obvious because the livelihood of hundreds of fishermen living in this area could well be negatively affected if appropriate precautions were not taken in regard to any drilling proposals on Georges Banks. Until I receive specific technical proposals from Texaco, and the report of the Gulf of Maine Advisory Committee which advises me on this issue, we are not prepared to approve any proposals for drilling on Georges Banks.

Oral Questions

CANADA POST CORPORATION

CHRISTMAS STAMP POSTAGE RATES

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, my question is directed to the Minister responsible for Canada Post. This morning I received a letter from Denise North of Richmond, British Columbia. The letter concerns the 29-cent stamp that was issued for Christmas and which can only be used on envelopes that have a matrix imprinted on them. This is unfair to many Canadians who already have their Christmas cards. Will the Minister tell Denise North, and thousands of other angry Canadians who cannot use the 29-cent stamp to mail their Christmas cards, why a 29-cent stamp is not like any other stamp, and why it is not available to all Canadians?

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, the Hon. Member is referring to a program that was put in place in 1985 by Canada Post, in partnership with the Greeting Cards Association of Canada, including such groups as UNICEF. The program is aimed at using standardized envelopes which may be processed faster and in a more economical way by Canada Post. The money saved in doing this is given back to the clients of Canada Post through the offering of the 29-cent stamp. I guess it is to the advantage of Canadians who can use it.

• (1150)

[*Translation*]

INQUIRY WHY CREATION OF TWO CLASSES OF CITIZENS WAS PERMITTED

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): According to the letter, Mr. Speaker, this service is not available to all Canadians and, apparently, only a few companies produce this envelope, and both the card and the envelope must be bought at the same time.

I do have a supplementary question. Why does the Minister allow Canada Post to create two classes of citizens, namely those fortunate enough to mail a Christmas card for 29 cents, and others who must pay 34 cents? Does that reflect the Canada Post Christmas spirit?

Hon. Bernard Valcourt (Minister of State (Small Businesses and Tourism)): Mr. Speaker, I am trying to make the Hon. Member understand that envelopes are standardized under this program. They are sorted by optical scanners, so Canada Post can save money and pass such savings on to its customers.

EXTERNAL AFFAIRS

INQUIRY CONCERNING PROTEST MADE TO UNITED STATES ON ALLEGED CANADIAN PARTICIPATION IN ARMS SALE

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, my question to the Deputy Prime Minister relates to his earlier answer. He said a protest has been made to the United States with respect to this Canadian connection. What kind of protest was made?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I have said that the Government has expressed its concern over this state of affairs to the United States. I suppose that it was done through the normal channels.

Mr. Broadbent: You suppose?

Mr. Mazankowski: I am not sure just what precisely the Hon. Member is after. Is he asking me whether I protested formally or if someone did? Through the normal channels, a protest was made.

NATURE OF PROTEST

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, a protest can take the form of a telephone call to the Ambassador, or a much, much stronger communication. Will the Deputy Prime Minister please come clean with the House and tell us at least—this information—what kind of protest has been communicated to the United States on this serious matter?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I will undertake to obtain for the Hon. Member the precise form of the protest, the time, the hour, the date, and who presented it, and I will report to him next week.

* * *

[*Translation*]

OFFICIAL LANGUAGES

INQUIRY HOW GOVERNMENT CAN PRESERVE QUALITY AND QUANTITY OF SERVICES WHILE CUTTING PROFESSIONAL STAFF IN HALF

Mr. Jean-Robert Gauthier (Ottawa—Vanier): The President of the Treasury Board being absent, Mr. Speaker, I will direct my question to the Deputy Prime Minister.

Yesterday, the President of the Treasury Board stated in the House, and I quote:

> With respect to linguistic training, the Government is still fully aware of the need for this program. We are trying to make it more effective and more properly geared to the requirements of our employees.

Yet, Mr. Speaker, the Government announced on November 27 to civil servants and language teachers that it was planning to cut as many as 325 person-years from a total of 703 person-years, a cut of nearly 50 per cent.

How can the Government expect us to believe that it will maintain the quality and quantity of services, while cutting half of the professional staff?

[*English*]

Hon. David Crombie (Secretary of State): Mr. Speaker, perhaps I could assist the Hon. Member in the absence of the President of the Treasury Board. As the Hon. Member well knows, we have under review a Bill dealing with language, which Bill may assist and meet the concerns registered by the Hon. Member.

QUALITY OF TEACHING—EFFECT OF STAFF REDUCTION

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I will repeat my question which has nothing to do with the law pertaining to official languages. It has to do with cutting language training courses.

On November 27 the Department announced that 325 person-years would be cut from the 700 or so people who perform this training at this time. How can one entertain the idea that we will improve, as the Minister told me yesterday, the quality and quantity of teaching when half of the teachers are being cut from the system?

Hon. David Crombie (Secretary of State): Mr. Speaker, since the Hon. Member is dealing with a question which he asked yesterday of the President of the Treasury Board, I think the only thing I can do is take it as notice and advise the President of the Treasury Board when he returns to the House.

* * *

ENERGY

NATIONAL ENERGY BOARD FORECAST OF NATURAL GAS RESERVES

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, in the absence of the Minister of Energy, Mines and Resources I will address my question to the Parliamentary Secretary, who I am sure will be pleased to answer.

Are the Parliamentary Secretary and the Government aware that this week the National Energy Board released a report on supply and demand up to the year 2005? The report reveals what we all know, that is, we are running out of sweet light crude oil. The report also includes the stunning revelation that in 15 years—in the year 2002—we will be running out of conventional natural gas. Does the Parliamentary Secretary remember when we were told that we had 300 years' supply? Is the Government aware of this and, if so, why is it taking steps to make it easier and not more difficult to export all our good easy-to-get Canadian natural gas?

Mr. Jack Shields (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I am always pleased to answer my hon. friend's questions. The report is a good piece of analysis which will make an important contribution to the debate that is shaping up on energy policy. As the Hon. Member obviously knows, the Minister of Energy, Mines and Resources will be meeting with his provincial counterparts in a co-operative way so that they can address the very serious problems outlined by the Hon. Member.

GAS SURPLUS TESTS

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, eyes glaze over and pens drop when one asks about natural gas. These are really interesting revelations about Canada's future. Will the Parliamentary Secretary answer this question? Why is the Government removing safeguards, for example the gas surplus tests, rather than putting into place protections and policies so that Canadians will have easily accessible, cheap natural gas in the future?

Mr. Jack Shields (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, certainly some of the domestic downside risks have been outlined in the report that we have received. As I say, it is a very succinct and good report. It is available for discussion by the provincial Governments and Ministers their counterpart in the federal Government. I remind the Hon. Member that he is a member of the Standing Committee on Energy, Mines and Resources and that the committee is also studying the very serious questions outlined in the report.

* * *

HOUSING

CO-OPERATIVE HOUSING—1986 STATISTICS

Mr. David Berger (Laurier): Mr. Speaker, my question is for the Minister of Public Works. In reply to a question yesterday on co-operative housing the Minister said:

—we have been able to accommodate more than twice the number of households—than any other Government had been able to do in the history of Canada.

From 1981 to 1985 the co-operative housing sector built 5,500 units per year. If the Minister's program is so great will he tell us why not one single unit of co-operative housing has been built this year?

Hon. Stewart McInnes (Minister of Public Works): Mr. Speaker, I would ask the Hon. Member to review my answer. The reply concerning the large number of accommodations was in general and not peculiar to the co-op program. The second part of my answer was relative to the co-op program. The program is new. It took a long time to work it out with the provinces. It is now in place and progressing well.

[*Translation*]

INQUIRY WHETHER PROGRAM WILL BE AMENDED

Mr. David Berger (Laurier): Mr. Speaker, the Minister has recognized yesterday that there were problems in connection with this program. Could he give us immediately the assurance that it will change the program to guarantee a minimum of 5,000 units per year and allow low income families which are in need of a minimum assistance and who are now excluded from this program to participate?

[*English*]

Hon. Stewart McInnes (Minister of Public Works): Mr. Speaker, the co-op program is a market oriented program with a provision to include some lower income families. We have programs to accommodate those in need. They are outside the co-op program.

* * *

• (1200)

INCOME TAX

CAPITAL GAINS EXEMPTION

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, my question is for the Minister of State for Finance. We have learned that the Income Tax Act which will be coming before the House again allows capital gains covered by the lifetime capital gains tax exemption to be exempted from the alternative minimum tax. Can the Minister explain why wealthy Canadians should not pay minimum tax on capital gains and why the Government is giving this Christmas gift to the rich when unemployed Canadians have no pay cheques to look forward to at Christmas?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, the Hon. Member has stated only half of the situation. For the purpose of calculating the alternative minimum tax, capital gains will be put in income at the full rate and not be given the 50 per cent deduction. The alternative minimum tax will be calculated after that. The division in half of capital gains which ordinary people can do will not occur under the alternative minimum tax.

MINIMUM TAX CALCULATION

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, the Minister is telling us that capital gains will get special treatment and if taxed at all will be taxed at half of the minimum tax rate for everything else. Why do the deductions from income in calculating the minimum tax allow people deductions when they have taken the vow of perpetual poverty, made charitable donations and paid medical expenses and, lumped in with those things which are socially worth while, provide another exemption so that people will pay less on capital gains? What kind of gift is that?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, according to statistics I have seen, in the first six months of 1986 the lifetime capital gains exemption has created $3.2 billion worth of new investment in the small business sector alone.

Some Hon. Members: Hear, hear!

Some Hon. Members: Table it.

Mr. Hockin: The Investment Dealers Association tabled that report last month as the Hon. Member would know if he read it. As a result of that, thousands and thousands of people have been put to work, particularly in small businesses.

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[*Translation*]

TRANSPORT

INQUIRY WHY GOVERNMENT HAS NOT YET AUTHORIZED PURCHASE OF ROLLING STOCK

Hon. André Ouellet (Papineau): Mr. Speaker, I have a question for the Deputy Prime Minister. Could he inform the House why his Government has yet to authorize VIA Rail to purchase the rolling stock it so badly needs if it is to provide an adequate service to railway passengers?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I know that the Minister of Transport is seized with that particular issue. As the Hon. Member knows, when I was Minister of Transport I tried to work out an arrangement with the consortium whereby procurement could be made at an affordable level. Those negotiations had gone on for some time and my sense is that the matter is still being considered by the Minister and his cabinet colleagues.

REQUEST THAT MINISTER APPEAR BEFORE COMMITTEE

Hon. André Ouellet (Papineau): Mr. Speaker, I thank the Deputy Prime Minister. I know that he was very committed to transport but I have the feeling that his successor is not, as he has not yet appeared before the Standing Committee on Transport. Can I have the assurance of the Deputy Prime Minister that indeed the Minister of Transport will appear very soon and answer positively to the request of the Chairman of the Transport Committee to appear before the committee to explain the situation?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, first and foremost let me point out that the current Minister of Transport is as vigorous and active in pursuing good Progressive Conservative government policies in transport as I was, and perhaps he is doing a better job at it. Perhaps that is why he does not have to appear before the committee.

STATUS OF WOMEN

FUNDING OF WOMEN'S ORGANIZATIONS

Mr. Sid Fraleigh (Lambton—Middlesex): Mr. Speaker, my question is addressed to the Secretary of State. There is a great deal of concern on the part of many Canadians about what they perceive as being discrepancies in the funding of women's groups. I might add that it is a perception that is shared by myself and a good many of my colleagues. When will the Minister resolve this contentious issue?

Hon. David Crombie (Secretary of State of Canada): Mr. Speaker, the process we use at the Department of Secretary of State for the assessment of all applications is a just and fair one, and I expect to continue that process.

* * *

CANADA POST CORPORATION

POSTAL SUBSIDIES FOR MAGAZINES

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, the Canadian public relies on its national magazines to bring it national and world news from a Canadian perspective. These magazines, including *Maclean's* and *Saturday Night*, are key to keeping Canadians aware of news from their own perspective but the financial viability of these magazines will be at risk if their Canadian postal subsidies are reduced.

My question is directed to the Deputy Prime Minister. Does the Deputy Prime Minister want Canadians to read Canadian news from a Canadian perspective? If the postal subsidies are removed, that will not happen. Will the Deputy Prime Minister keep the postal subsidies for Canadian magazines?

Hon. Flora MacDonald (Minister of Communications): Mr. Speaker, the Canadian publishing industry is vital to the existence of this country and will continue to be so. The entire question of postal subsidies and the postal corporate plan has been reviewed by a Parliamentary Committee of the House. I would trust that the Hon. Member would allow that Parliamentary Committee to report.

COMMITTEE RECOMMENDATION

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, the Parliamentary Committee to which the Minister has just referred has suggested that postal rates be cut. That would put Canadian magazines into jeopardy. Does the Minister agree with jeopardizing *Maclean's*, *Saturday Night* and Canadian readers?

Hon. Flora MacDonald (Minister of Communications): Mr. Speaker, I wonder if the Hon. Member understood what she said. She said that the committee has just recommended that postal rates, and I suppose postal rates of all classes, be cut.

Perhaps she would allow the House in its entirety to examine that report.

* * *

IMMIGRATION

APPEAL BOARD'S OVERRULING OF MINISTER'S DEPORTATION ORDER—REQUEST FOR FEDERAL COURT ACTION

Mr. Gerry St. Germain (Mission—Port Moody): Mr. Speaker, I have a supplementary question on immigration directed to the Minister of State for Immigration. Has the Minister come up with a solution or a way of handling the situation of the ruling made by the Immigration Appeal Board in British Columbia? Is he prepared at this time to carry out a further appeal, possibly to the Federal Court of Canada, on this very important issue?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, it is clearly under IAB jurisdiction. No matter how repugnant the activities of this individual, he has certain legal rights. We are within the appeal period and there is definitely an appeal based on error in law.

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PRIVILEGE

ALLEGED WITHHOLDING OF INFORMATION—SALE OF BANK OF BRITISH COLUMBIA—SPEAKER'S RULING

Mr. Speaker: The Chair will now make a ruling on a matter raised on December 1 by the Hon. Member for Ottawa Centre (Mr. Cassidy). The Hon. Member presented a well reasoned argument relating to the legislation recently adopted to permit the takeover of the Bank of British Columbia by the Hongkong Bank. He also provided me with additional information by way of documentary material. I thank him for so doing.

The Hon. Member alleged that during the debate on the legislation in this House, certain information was withheld. He also complained that information which had been provided to a committee of the other place had not been made available to this House. The Hon. Minister of Finance (Mr. Wilson) assured the House that no information was intentionally withheld. We are therefore faced with an argument as to whether information was withheld or not.

The Hon. Member for Ottawa Centre, together with certain other Hon. Members, feel that they have a grievance because, having co-operated in expediting the passage of the legislation in question, they were not as fully informed of the facts as they should have been. The Hon. Minister of Finance does not accept that the grievance is well founded. He maintains that Ministers dealt with all questions raised in committees of both Houses and indicated that his colleague would be prepared to

appear before the Finance Committee to answer further questions.

The situation is one that is familiar in this House. Some Hon. Members believe they have a grievance and, as a result, there is a dispute. However, grievances and disputes do not constitute questions of privilege. They are matters of debate. I cannot find, therefore, that the matter complained of by the Hon. Member for Ottawa Centre has any relevance to parliamentary privilege.

I would like to add that the point raised by the Hon. Member for Ottawa Centre is a legitimate one in the sense that it is of very great importance for a Government to make availalble to all Hon. Members working on committees the same information that is available in other places. I thank the Hon. Member for Ottawa Centre for his intervention.

* * *

• (1210)

POINTS OF ORDER

CORRECTION TO ANSWER

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, I rise on a point of order. In my response I did not wish to mislead the House. What I wished to indicate clearly was that we are within the appeal period, and that there is an appeal possible on error in law. I did not wish to indicate that we were necessarily appealing, but it is something that the officials may wish to look at. I wish there to be a clear indication that there is a possibility only on the error in law.

Mr. Speaker: The Hon. Minister has properly brought this information to the House. The Chair would remind all Hon. Members that under our long tradition of the rule of law, all of us must be careful in what is said with respect to a case that is presently before a judicial or quasi-judicial tribunal, a court, or a case that may be appealed. I thank the Hon. Minister for his comments.

CORRECTION TO QUESTION

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, I rise on a point of order. During the course of my questions to the Minister, I used the term "postal rate" instead of "postal subsidy" when referring to the funds from the Department of Communications. I wish to change the word with respect to the cut from "postal rate" to "postal subsidy".

Mr. Speaker: The Hon. Member has noted a distinction which is profound, and which sometimes escapes all Hon. Members and the Canadian public.

ROUTINE PROCEEDINGS

[*English*]

FINANCE AND ECONOMIC AFFAIRS

PRESENTATION OF THIRD REPORT OF STANDING COMMITTEE

Mr. Bill Attewell (Don Valley East): Mr. Speaker, I have the honour to present in both official languages the third report of the Standing Committee on Finance and Economic Affairs in relation to Bill C-23, an Act to amend the Income Tax Act and a related Act, with amendments.

[*Editor's note: See today's Votes and Proceedings.*]

* * *

[*Translation*]

PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have the honour to present a petition signed by a group of Canadians from the Province of Quebec, who are asking the Government to have Parliament reject the proposals that will increase the price of drugs for Canadian men and women, and who are opposed to the Bill introduced by the Canadian Government that will change the patent system for drugs.

[*English*]

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. Mike Cassidy (Ottawa Centre): I also have a petition which is signed by a number of citizens of my Province of Ontario who are very concerned about low-level flight training of pilots of NATO countries at the Canadian Forces Base in Goose Bay, Labrador, and who humbly pray and call upon Parliament to ensure that the Prime Minister (Mr. Mulroney) ends all low-level flight training at the Goose Bay Forces Base, and cease negotiations with NATO for establishment of a larger base there.

PRAYER FOR PEACE SERVICES—MEAFORT UNITED CHURCH

Mr. Gus Mitges (Grey—Simcoe): Mr. Speaker, it is a pleasure for me to present and support a petition on behalf of the congregation of the Meaford United Church, Meaford, Ontario, in my riding of Grey—Simcoe who participated in the Prayer for Peace Service, and who have now delivered their personal petition for peace to the House of Commons to ensure that all government levels continue to work for peace and harmony throughout the world.

DENIAL OF SECOND-CLASS POSTAL RATES

Mr. Gus Mitges (Grey—Simcoe): I am pleased to present and support a petition from the residents of Stayner, Ontario and surrounding area in my riding of Grey-Simcoe who protest in the strongest terms the action of the Chairman of Canada

Post who unilaterally has unfairly denied second-class mailing privileges to the *Presbyterian Record*, the national magazine of the Presbyterian Church of Canada.

This action will raise the monthly mailing costs from $3,600 to $17,000 which is prohibitive. The petitioners call upon the Government to intervene and reverse this unfair decision.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have 10 petitions signed by hundreds of Canadians who humbly submit to the House that the Government of Canada has imposed a retaliatory tariff on imported books in the English language which has limited the access of Canadians to literature and information. The tariff has had little negative effect on the publishing industry in the United States, yet it penalizes Canada's consumers, book publishers, book sellers, distributors and Canada's culture. Rising book prices have placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries.

The undersigned petitioners humbly pray and call upon Parliament to rescind this tariff which threatens to do irreparable harm to the Canadian book industry and compromises federal policy on cultural industries in respect to free trade negotiations. This petition is humbly submitted.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, I have some petitions that have been sent to me by citizens in Ontario who point out that in their opinion the training of pilots at Goose Bay to fly under the radar into eastern Europe is a provocative and aggressive war-fighting action that tends to endanger world peace.

The petitioners therefore call on Parliament and the Prime Minister (Mr. Mulroney) to end all low-level flight training at Goose Bay, and to cease negotiations with NATO for the establishment of a larger base there.

LOCATION OF DANGEROUS GOODS TRANSFER POINTS—VANCOUVER

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, I have several petitions. The first one is from a number of people in the greater Vancouver region who are very concerned about the relocation of dangerous goods transfer points into Vancouver east. The petitioners call upon the House to order the Canadian Transport Commission to immediately relocate the transfer of all hazardous commodities to a location outside the inner harbour of Vancouver, and further, that a permanent solution is finalized to the movement of hazardous commodities which will be acceptable to the citizens of greater Vancouver.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Ms. Margaret Mitchell (Vancouver East): The next petition is from citizens in Burnaby and New Westminster. It calls upon the federal Government to reject proposals that are contained in the proposed changes to the Patent Act that will impose high drug prices on Canadian consumers, and will be particularly unfair to senior citizens.

The second petition on the same subject is from citizens in Coquitlam, North Vancouver, North Delta, and Langley.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, I rise once again to protest the tax on reading and to ask the Minister of Finance (Mr. Wilson) to stop finding reading so taxing. I have received hundreds more petitions in my office from your humble servants who wish to ask you to plead with the Government of Canada to rescind the retaliatory tariff on imported books in the English language limiting the access of Canadians to literature and information. This tariff has had little negative effect on the publishing industry of the United States, yet it penalizes Canada's consumers, book publishers, book sellers, distributors, and Canada's culture. I hope that the Minister of Communications (Miss MacDonald) is listening. Whereas, rising book prices have—

Mr. Speaker: Order, please. The Hon. Member for Mount Royal (Mrs. Finestone) was hoping that the Minister was listening. I have to advise her that the Chair is also listening and the Hon. Member is going on too long.

Mrs. Finestone: May I deposit these, Sir?

Mr. Speaker: The Hon. Member has presented her petition, and the Chair thanks the Hon. Member for the petition and the intervention.

REMOVAL OF MAILBOXES BY CANADA POST

Mr. Andrew Witer (Parkdale—High Park): Mr. Speaker, I am honoured to present to the House a petition on behalf of Parkdale—High Park residents, and to add my endorsement to their call for the House of Commons to intervene and effect a return of their mailboxes, some 700 of which have been removed from Toronto neighbourhoods in recent months. The names on this petition represent residents in my constituency on Springhurst, Spencer, Jameson, Close, and Cowan avenues who have been affected by these removals.

• (1220)

Mr. Dan Heap (Spadina): Mr. Speaker, I have the honour to present a petition from residents of Spadina who also complain about the removal of letter boxes and the great inconvenience which will be caused, especially to the elderly and the young, in crossing dangerous streets to go to farther away boxes.

They call upon Parliament to ensure that these boxes will be replaced and that Canada Post will not remove the boxes again until it has consulted with the communities affected.

Introduction of Bills

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Dan Heap (Spadina): Mr. Speaker, I also have the honour to present a petition from a number of people in the Province of Ontario who object to the Government's current legislative attempt to change the Patent Act in a way which will cause unnecessary increases in drug prices. They point out that it will hurt low-income people and people on fixed incomes, and that it is an unnecessary concession to Americans in the matter of free trade. They call upon Parliament to reject these proposals on account of the increase which will injure Canadians without any assured benefit.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. Dan Heap (Spadina): Mr. Speaker, I also have a petition from a number of people in Toronto, Dartmouth, and Halifax, Nova Scotia, objecting to the present low-level flight training of pilots of NATO countries at the Canadian Forces Base in Goose Bay, Labrador, because it disrupts the way of life of native people there who have better ways to earn a living than by being servants on the base.

It also is a provocative act in that it relates to the possible bombing of the Soviet Union by low-level flights. Therefore, the undersigned ask Parliament to ensure that the Prime Minister (Mr. Mulroney) will end low-level flight training at the Goose Bay Canadian Forces Base and cease negotiations with NATO for the establishment of a larger base there.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Les Benjamin (Regina West): Mr. Speaker, I have the duty and privilege to present a petition containing dozens more names from Senior Power in western Canada. They present a grievance which is common to them, in the certain assurance that this honourable House will therefor provide a remedy.

They petition the Parliament of Canada to reject proposals to amend the Patent Act which will increase prescription drug prices for Canadians.

PROPOSED CLOSURE OF CN SHOPS—NEW BRUNSWICK

Mr. Dennis H. Cochrane (Moncton): Mr. Speaker, it is my duty and privilege to present to the House a petition signed by a number of constituents in southeastern New Brunswick, particularly workers at the CN shops. It outlines the CN proposals with regard to the facility and urges the Government to postpone any decision by CN to close the shops until the workers have had an opportunity to appear before the Transport Committee of the House of Commons.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is my pleasure and indeed honour to present a petition on behalf of a large number of constituents who again ask the federal Government to reconsider its plans to change the Patent Act relating to prescription drugs. They say it will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy necessary prescription drugs.

They also suggest that the proposed measure will unfairly hurt those Canadians whose health needs require the purchase of prescription drugs on an ongoing basis. They suggest that the proposals will also result in higher costs to provincial government drug plans, and that it is another example of the Canadian Government's concession to the United States at the expense of average Canadians during free trade negotiations.

They are simply asking the Government to reject the proposals affecting the Patent Act which will increase prescription drug prices to all Canadians.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Roland de Corneille (Eglinton—Lawrence): Mr. Speaker, it is my privilege to present a petition on behalf of petitioners from the area of Toronto. They are deeply concerned about the policy of the Government in terms of the tariff on Canadian books, the limitation on the publication of Canadian books.

I wish to present this petition on their behalf and to point out that the Government's retaliatory tariff on imported books in the English language has limited the access of Canadians to literature and information and, therefore, endangers our culture and our economic well-being.

[*Translation*]

Mrs. Claudy Mailly (Parliamentary Secretary to Minister of Communications): Mr. Speaker, on a point of order.

The Hon. Member who just presented a petition referred to a tariff on Canadian books, but I think the tariff only applies to American books.

[*English*]

The Acting Speaker (Mr. Paproski): There is no necessity to comment upon petitions.

Introduction of Bills. The Hon. Minister of Justice, stand; the Hon. Minister of Justice again, stand; the Hon. Member for Hull—Aylmer, stand; the Hon. Member for Nickel Belt, four times, stand; the Hon. Member for Hastings—Frontenac—Lennox and Addington, stand—

Mr. Gauthier: What is this "four times"?

The Acting Speaker (Mr. Paproski): Four times for the Hon. Member for Nickel Belt.

Mr. Gauthier: Four Bills?

The Acting Speaker (Mr. Paproski): Yes, four Bills. If there are four in the name of the same individual, I do not see any reason I should have to do it four times, just to expedite the business of the House.

Mr. Gauthier: Mr. Speaker, I just want to caution the House. If we accept that procedure, an Hon. Member may not be ready to proceed with his first Bill but may be ready to proceed with his second Bill. Therefore, if they are grouped together, they are all stood together.

The Acting Speaker (Mr. Paproski): I understand that, and I am sure the House understands it. The Hon. Member for Saskatoon East, stand; the Hon. Member for Peace River, stand; the Hon. Member for Edmonton West, stand; the Hon. Member for Kamloops—Shuswap, stand; the Hon. Member for Kamloops—Shuswap, stand; the Hon. Member for Kamloops—Shuswap, stand; the Hon. Member for Kamloops—Shuswap, three more times, stand; and the Hon. Member for Nickel Belt, stand.

* * *

LIAISON

REDUCTION OF QUORUM OF COMMITTEE

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there have been prior discussions, and I think Your Honour would find disposition on the part of Hon. Members opposite to accept unanimously the following motion. I move, seconded by the Hon. Minister of State for Immigration (Mr. Weiner):

That, notwithstanding any standing or special order of the House, quorum on the liaison committee be reduced to 10 from 15.

The Acting Speaker (Mr. Paproski): The House has heard the terms of the motion.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I should like to confirm what the Hon. Government House Leader has just said. There have been considerable consultations, and I believe there is unanimous support for the motion.

The Acting Speaker (Mr. Paproski): Is it agreed and so ordered?

Some Hon. Members: Agreed.

Motion agreed to.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 35 and 39.

[*Text*]

MR. PIERRE BERTON—GOVERNMENT GRANTS

Question No. 35—**Mr. Graham:**

In the past ten years, did Mr. Pierre Berton receive any government grants and, if so, in what amounts?

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): No.

CITY OF OTTAWA—BYWARD MARKET AREA

Question No. 39—**Mr. Gauthier:**

1. To the knowledge of the government, do Heritage Canada, Heritage Ottawa, the Canadian Institute of Urban Planning and 15 other community associations fear that the construction of high rise buildings in the Byward Market area will destroy its historical character, increase traffic and block the sun from shining upon this 150 year old market and, if so, will the government invite the National Capital Commission to take a position in the matter as soon as possible?

2. Is the NCC one of the principal landlords in the Byward Market area and, if so, will the Commission act as a good corporate citizen by blocking the construction of a 17 storey hotel which would destroy the Market's historical heritage?

Hon. Stewart McInnes (Minister of Public Works): 1. The Government is aware of the concerns of the numerous groups opposing this project, including those listed above, and the various impacts that this development may have on the area.

The National Capital Commission has made its position known to the Mayor of Ottawa and Council in proposing to support the city of Ottawa in reviewing building heights on the north side of Rideau Street.

There is now reason to believe that the issue will be resolved at the municipal level.

2. As a good corporate citizen and major land owner in this key urban area, the National Capital Commission is cognizant of the fact that the mandate and planning for the Byward Market properly rests with the host municipality, the city of Ottawa. Nevertheless, the Commission shares many of the concerns expressed by some of the organizations noted. In fact, in its plan for Canada's capital, the Commission has identified the Byward Market as a special interest area due to its contribution to the image of the capital. Consequently, the Commission has offered professional assistance to the city of Ottawa if the city wishes to study possible height restrictions in the area, including not only the project site in question, but on the entire block between Dalhousie Street, Rideau Street, Sussex Drive and George Street.

[*Translation*]

Mr. Lewis: Mr. Speaker, I would ask that the remaining questions be allowed to stand.

The Acting Speaker (Mr. Paproski): The questions enumerated by the Parliamentary Secretary have been answered. Shall the remaining questions stand?

Some Hon. Members: Agreed.

• (1230)

[*English*]

BUSINESS OF THE HOUSE

Mr. Mazankowski: Mr. Speaker, before we proceed to Orders of the Day, I might advise that the first item of business to be called will be Bill C-3, an Act to amend the Radio Act, standing in the name of the Minister of Communications (Miss MacDonald). My understanding is that there have been discussions and indeed there has been agreement to proceed with this particular piece of legislation through all stages in the House, that is, second reading, Committee of the Whole, report stage and final reading today. I think if you put that proposal to the House you will find that there is unanimous agreement to adopt that course.

Mrs. Finestone: There is no agreement with that.

Mr. Riis: Mr. Speaker, there have been discussions that Bill C-3 would be introduced at second reading then we would go to Committee of the Whole, report stage and third reading so that if there were views and concerns that Hon. Members wanted to put, and if there were amendments Hon. Members wanted to put at report stage, that opportunity would be available. I know in the discussions that we had with the Government House Leader that was the agreement, but perhaps there have been some other problems. From the interjections that I have heard it appears there is some concern that there might not be an opportunity to debate or to put on the record various points or to suggest amendments. That certainly is not the case. Those opportunities will be provided.

Mr. Mazankowski: Mr. Speaker, clearly that is my understanding. I thank the House Leader for the New Democratic Party for that observation. There were discussions and there was an agreement with the House Leaders at a meeting yesterday. I just want to remind the Hon. Member for Kamloops—Shuswap (Mr. Riis) that we in no way want to limit or prevent the Hon. Member for Mount Royal (Mrs. Finestone) from making her points of view and debating all stages of the Bill. We are seeking an agreement to proceed with all stages of the Bill in the House rather than referring it to the committee.

Mr. Gauthier: Mr. Speaker, I apologize. I was not informed of any agreement to proceed with all stages at this time. I take it our critic, the Hon. Member for Mount Royal (Mrs. Finestone), has strong views on the question and was not informed either. Therefore, I have to reserve my position for now. I am not saying this is final, but until I have some consultations with the Hon. Member for Mount Royal.

Mr. Mazankowski: Mr. Speaker, could I ask the Hon. Member for Ottawa—Vanier (Mr. Gauthier) whether he would agree to proceed with this measure on second reading and reference to Committee of the Whole? Would he agree to that?

Mr. Gauthier: Mr. Speaker, I think it would be an advantage to proceed with second reading at this time and then we will see in the course of debate how it evolves and if we can change it.

Mr. Riis: Mr. Speaker, just so that there is no misunderstanding at all, we are now going to conduct second reading. Presumably there is an assumption that since we are making a special arrangement through mutual consent to deal with Bill C-3 potentially at all stages today, not necessarily, we are also agreeing that amendments, where appropriate, would be considered as well.

GOVERNMENT ORDERS

[*English*]

RADIO ACT

MEASURE TO AMEND

Hon. Flora MacDonald (Minister of Communications) moved that Bill C-3, an Act to amend the Radio Act, be now read a second time and referred to a Legislative Committee.

She said: Mr. Speaker, I am very pleased to be presenting this Bill for debate today. I may say in looking at it that one could say it is a modest little Bill. Nevertheless, embodied in its intent and proposals are certain more basic assumptions.

Bill C-3, an Act to amend the Radio Act, will help in promoting economic renewal by ensuring financial equity and prudent administration of a very vital government service, that is, spectrum management, which provides for the effective operation of our telecommunications network and broadcasting system, and helps our enterprises to become and remain competitive.

At the same time, Bill C-3 will promote social justice by ensuring that through licence fees the costs of planning and managing the radio spectrum are shared equally among its direct beneficiaries and not borne by the general taxpayer. In other words, the people who use this service would pay for it, not the general taxpayer. The legislation will eliminate the exemptions that public sector spectrum users now enjoy from licence fees. These exemptions are unfair, since those who enjoy them often compete with private sector users who must pay licence fees.

In this electronic age, the capacity of businesses to offer services competitively often depends upon their ability to communicate quickly and efficiently. This ability depends, in turn, upon a high quality, interference free, radio frequency spectrum. The spectrum is what you might term an invisible resource, but the services which depend on it have clearly visible benefits.

Radio and television entertain and inform. Microwave and satellite facilities give us access to each other and to the world. We can be more confident of safety in the air and at sea

because the spectrum is managed effectively to permit reliable radio navigation, air traffic control, radar and two-way voice and data flow. Mobile radio on land ensures a quick response in emergencies, safety on construction sites and in frontier exploration, and efficient and economical movement of people, goods and information. Simply put, Mr. Speaker, use of the spectrum can save time, money and lives.

Since 1912 we have seen the limits of the usable spectrum expand hundreds of thousands of times. Expansion of the usable spectrum has not resulted from some physical accident. It has not come about just by chance. Rather, it has been made possible through the development and mastering of technology that exploits the particular characteristics of each of its parts. Technological innovations such as digital transmission, trunking and cellular technologies have also served to expand the capacity of the spectrum.

In addition to increases in the uses of the air waves, we have also seen vast increases in the number of users. In the past 40 years the number of radio licences in force in Canada has risen over 100 times to three-quarters of a million in 1986. In only 20 years the number of mobile radio stations alone has grown from 60,000 to over a half a million, not including the 355,000 stations licenced in the general radio or CB service.

The Government of Canada, through the Department of Communications, is given the task of ensuring the orderly development and management of the spectrum in Canada. This involves assigning appropriate positions on the spectrum to particular uses and setting corresponding equipment standards.

International agreements are often required to ensure that our spectrum needs are met. These require extensive planning and negotiation with other countries. Domestic regulatory action is also taken to ensure that the spectrum resource is shared equitably among all Canadians. The role of the Government, quite simply, is to allow as many Canadians as possible ready access to a high quality radio spectrum and all its benefits.

• (1240)

Technology has responded to the challenge of mastering the properties of previously unusable portions of the spectrum in order to open them up for practical use. There are new challenges, however, to which a purely technical response is inadequate. We are being called upon to manage, with fewer resources, a radio communications environment made ever more complex by new applications which marry telecommunications and computer technologies. These include digital data, mobile radio and intra-building communications. We are committed to greater efficiency and cost control. The number of person-years devoted to spectrum management has been reduced and is now less than it was 10 years ago, despite sizable increases in the licensed population.

Nevertheless, we are also committed to cost recovery. Bill C-3 has been developed to ensure that legislation affecting the management and use of the spectrum in Canada is an effective tool serving government efforts to maintain the quality of, and accessibilty to, an increasingly crowded spectrum. Our objective is to recover the full cost of this management effort from all its beneficiaries. We wish to remove the exemptions that now apply to certain users and to create, through legislative reform, a more equitable environment for all spectrum users, large or small, public or private.

We have changed the radio licence fee structure significantly since 1984. Radio licence fees were increased substantially for private sector users two years ago. This was in accordance with the principle that the cost of planning and managing the spectrum resource should be borne by the beneficiaries of that effort and not by general tax revenues. Further regulatory revisions, introduced on April 1, 1986, served to make the licensing process and fee structure more responsive and equitable, a step in the regulatory reform process to which this Government is commmitted. I can report that no further general increase in licence fees is now required. Private sector users in Canada are carrying their fair share of the cost of spectrum management. However, under the current Radio Act, public sector users are not.

Public sector radio users have long enjoyed fee exempt status. Over the years this has resulted in regional and sectoral inequities. Public utilities in some parts of our country do not pay radio licence fees, while similar utilities in other parts of Canada do indeed pay. Private sector companies who pay radio licence fees are often in competition with public sector companies who do not. For example, we now have a situation where Alberta Government Telephones, an Alberta Crown corporation, competes head to head with Cantel, a private company, in the delivery of cellular mobile telephone services. Exempting government users from paying licence fees is clearly inequitable. It is also poor management. This change will spread radio licence fees evenly across Canada among 140 provincial government departments and agencies and 40 federal government departments and agencies. The total dollar value is in the order of $10 million based on available data. Government organizations which make only light use of the spectrum should be encouraged to release licences, and thus scarce spectrum resources, for other users. However, the present system creates no such incentive.

Bill C-3 would redress these problems. It would correct the regional competitive imbalances which have crept into the radio licensing system. It would ensure that all users of the spectrum pay their fair share. Its passage would result in more prudent management of government resources. The radio spectrum is a limited resource and is managed for the benefit of all Canadians no matter where they live. The Bill is intended to respond to the new reality of communications in Canada, a reality characterized by a reliance upon competitive forces and equitable management of national resources.

Fairness and equity, cornerstones of this Government's regulatory reform strategy, will be well served by Bill C-3. The common property nature of the spectrum resource requires

that it be managed with efficiency and every possible application of equity. It is not only reasonable that all those who benefit from government management of the radio spectrum resource should bear an appropriate portion of the cost. Our commitment to fairness and equity requires it.

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, I am pleased to have this opportunity to speak on Bill C-3, an Act to amend the Radio Act and bring fairness and equity across the spectrum governed by this Act. Although the Bill is only a few lines long we should not be lulled into believing it is not important. It is very important. If passed in its present form it will have important ramifications for those government institutions which utilize radio frequencies for communication purposes.

At the present time the federal Department of Communications is charged with the responsibility of setting the rules for those who wish to use the radio spectrum in Canada for purposes other than broadcasting to the public. The Department regulates these users by means of a licence to operate at a certain frequency and power in a certain place so that there is no interference with others using the spectrum. In short, the Department is concerned with spectrum management. It is an onerous responsibility, not obvious to the ordinary Canadian, but one which impacts on the safety of their every day lives.

This is not the first time this Bill to amend the Radio Act has been introduced by the Government. During the last session of Parliament the previous Minister of Communications introduced for first reading Bill C-126, which was identical to this Bill. That Bill died on the Order Paper when the Government chose to prorogue. Why would the Government choose to introduce such a Bill on the next to last day before it prorogued? The only logical answer seems to be that it lacks a sense of timing and direction in its legislative agenda. If cost recovery is the goal it should have legislated on time.

Bill C-3 establishes a user-pay principle. Current provisions of the Radio Act exempt federal and provincial government departments and agencies, as well as certain Crown corporations, from paying radio licence fees. Bill C-3 would remove that exemption. As a result, those government departments and agencies would pay the same licence fees as a private sector user. That strikes me as being fair and equitable.

• (1250)

Opposition Parties are sometimes accused of being too negative in their approach to legislation introduced in Parliament. I would like to begin by highlighting some of the positive aspects of this Bill and indicating why I am in accordance with it.

The positive feature of charging government departments for radio licences is that those departments may be forced to reconsider whether they really need to occupy a radio frequency. Charging an entity for a service which has previously been provided free may force the entity to reconsider the need for the service in the first place and to become more efficient managers. Therefore, it is possible that some Government agencies which currently hold licences but make minimal use of radio frequencies may decide to surrender those licences. As a result, a number of frequencies may be freed up for users. As the Minister pointed out, there has been tremendous growth in this sector and there is a need to free up frequencies.

The second positive aspect of Bill C-3 is that the revenues generated from the new fees to be charged to government agencies should enable the Department of Communciations to recover fully the cost of operating its radio frequency spectrum branch. Therefore, the radio frequency spectrum branch of the Department would no longer be a drain on the federal Treasury but would become fully self supporting. I certainly support that initiative.

With respect to the private sector fee increases, Bill C-3 should also please those in the private sector who have to date been paying licence fees to support the operations of the radio frequency branch of the Department of Communcations. I understand that for the year 1985-86 private users received a very hefty increase in licence fees. I am sure these users will have a sense of relief, fairness and equity at the prospect that government users of radio frequencies will now be bearing a fair share of these costs. By placing private users and government users on the same footing, Bill C-3 will reduce one advantage previously enjoyed by government, namely, the exemption from radio licence fees. For example, when a Crown corporation such as Petro-Canada communicates through radio frequencies with its drilling rigs, the corporation will now be assessed licence fees on the same basis as would a private oil company such as Texaco.

I understand that the Crown corporation known as Alberta Government Telephones has been exempt to date from paying licence fees with respect to its cellular telephone operations. The Minister alluded to that in her speech. Yet, private firms competing with Alberta Government Telephones in the same cellular telephone market have been paying radio licence fees. Bill C-3 should eliminate this particular cost advantage enjoyed by a company such as Alberta Government Telephones.

The concern I have with regard to that is that there may not be a full understanding and appreciation of the impact of these costs to Alberta Government Telephones. According to the new fee schedule which I received from the Minister's Department, this will cost Alberta Government Telephones $1,089,122. In addition, the Saskatchewan Power Corporation will be charged $59,000. In her speech the Minister indicated that Ontario pays fees while Quebec does not. The cost to Hydro-Quebec will be $437,352. The Nova Scotia Power Corporation will pay $41,180. The New Brunswick Electric Power Commission will pay $26,000. Newfoundland and Labrador Hydro will pay $25,000 and B.C. Hydro will pay $210,790. These are large sums of money. The total for the Saskatchewan Telecommunications Network will be well in

excess of half a million dollars. The Government of Saskatchewan will have to pay $695,522. The cost to the Manitoba Telephone System will be close to half a million dollars.

With those amounts of monies involved, I feel very strongly that the views of the hydro companies, telecommunciations industries and the governments upon which this will impact should be heard. For that reason I think that this Bill, although it consists of only three lines, should be examined quite carefully. The people who will be impacted should have an opportunity, through the Government's consultative mechanisms, to know exactly what the result of this Bill will be. I was informed by the Department of Communications of the amount of money involved with respect to licence fees. I hope the Minister's Department was in communication with the Departments impacted in order that they would be aware of the effect on them.

I have listed some of the positive aspects of Bill C-3, but my Party would not be doing its job as the Official Opposition if we did not point out some of the problems which we perceive the Bill may create.

One example is Section 2(3) of the Radio Act. It should be pointed out that while Bill C-3 purports to amend Section 2(2) of the Radio Act, the Bill leaves Section 2(3) of that same Act in place. Section 2(3) gives the federal Cabinet the power, on the recommendation of the Minister of Communications (Miss MacDonald), to exempt a federal Government radio frequency user from the provisions of the Radio Act itself. The Cabinet cannot exempt a provincial Government user.

One of the objectives of Bill C-3 is apparently to provide for equality of treatment among all users of the spectrum, be they federal Government, provincial Government, or private sector. Even the Department of Communications itself will have to pay radio licence fees.

Having provided for this equality in Bill C-3, I trust that, unless the Minister of Communications has very strong reasons for doing so, she will not proceed to recommend to Cabinet the exemption of federal agencies from the Radio Act, for to do so would be to remove the equality of treatment which we are told the Bill is intended to provide. If there is no indication of this in the Bill through amendment or the inclusion of some change in Section 2(3) of the Radio Act, there is no way of assuring provincial Governments and hydro electric companies that they will never be subject to an Order in Council which could change the rules of the game, which is allowed under Section 2(3) of the Bill. I think the Minister should consider that. I want to discuss that in committee when the Bill is before it.

Although the Government indicates that the fees to be charged government users under the Bill will be calculated on the same basis as the fees already assessed to the private user, Bill C-3 does not so provide. Rather, the drafters of Bill C-3 seem content to allow the regulations to stipulate that the fee assessment will be the same. This means that even if Bill C-3 is passed—Mr. Speaker, I would like direction from the Chair. I have some very important information and observations to bring to the House with respect to this Bill. As it is almost one o'clock, I ask your guidance. Shall I continue my remarks at two o'clock?

The Acting Speaker (Mr. Paproski): Yes, the Hon. Member will have the floor at two o'clock. It being one o'clock, I do now leave the chair until two o'clock this day.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

The Acting Speaker (Mr. Paproski): When the House rose at one o'clock the Hon. Member for Mount Royal had the floor.

[*Translation*]

Mrs. Finestone: Mr. Speaker, I was commenting on the rather significant aspects of Bill C-3 now before the House, a measure which does not appear to be overly controversial—all three lines of it—but which will affect all Hertzian wave users in Canada.

Mr. Speaker, Bill C-3, an Act to amend the Radio Act, reads as follows:

Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. Subsection 2(2) of the *Radio Act* is repealed and the following substituted therefor:

"(2) Subject to subsection (3), Her Majesty in right of Canada and each province is bound by this Act."

EXPLANATORY NOTE

Clause 1: This amendment sould repeal the exemption from the payment of licence fees granted to Her Majesty in right of Canada or any province.

It has been recommended that the procedure of the Department of Communications be changed so that expenditures incurred by the Department may be recovered.

[*English*]

Although the Government indicates that the fees to be charged government users under the Bill will be calculated on the same basis as the fees already assessed to private users, Bill C-3 does not so provide. Rather, those who drafted Bill C-3 seem content to allow the regulations to stipulate that the fee assessment will be the same. This means that even if Bill C-3 is passed, there is absolutely no assurance, other than the good will and the word of the Minister, that government and private sector users of the spectrum will be assessed licence fees calculated on the same basis. I accept the Minister's good will and her word, but it is not law. The Government could still amend the regulation to require one class of user to pay higher fees, be it the Government or the private sector.

Therefore, I hope the Government will ensure that once Bill C-3 has passed, regulations are consistent to ensure this

equality of treatment. I will be recommending an amendment to the effect that the revenues be capped to the cost recovery for the Department of Communications, and that fairness and equality be assured for the public and private sector. In that regard, I want to discuss in the Legislative Committee the most effective procedures as perceived by the Department of Communications, the Minister and her staff to be able to provide the equity she talked about in her presentation.

Let me deal with the revenues to be raised by the Bill. According to the recent briefings and figures that were supplied to me by the Department of Communications, I understand that the current shortfall between the amount of revenue generated by the radio frequency spectrum branch of the Department and the cost of operating that branch is approximately $10.1 million. I am also informed by officials of that Department that the Government projects that Bill C-3 will allow it to generate an additional sum of $10.1 million from federal and provincial government agencies.

I want to make two comments about those figures. First, the Minister said this morning that the calculation was not final. Second, the Department of Communications seems to hold the view that the passage of Bill C-3 will lead some government users to give up their licences, thereby reducing the amount of licence fees collected. One wonders if the Government is aware that its projections of $10.1 million in additional revenues would appear to be based on the assumption that all current government licence holders will continue to retain their licences. One also wonders whether there may be far in excess of the $10 million raised by this procedure when we consider all the new users who are presently using this service.

Second, the prediction of $10.1 million in additional revenue to be generated by Bill C-3 also fails to take into consideration that new regulations announced by the Government in its press release on June 26, 1986 will likely generate a further $2 million in revenue from Canadian municipalities. I will have more to say about municipalities later.

It is also noteworthy that the report of the Nielsen Task Force on management of regulatory programs included a graph on page 186 which showed that the radio frequency branch of the Department cost $45 million, with a revenue of only $600,000. The Department briefing indicated that only $10.1 million was needed to make the whole procedure self-supporting. Therefore, one can only conclude that there is some confusion in government circles on exactly how much additional revenue will be generated, how much will be needed and how we can assure that this becomes strictly a cost recovery mechanism rather than an additional revenue generator for the federal treasury.

I support the Government's attempt to institute the cost recovery principle and I think it is very important that it be outlined and defined in this Bill. The Bill should include reference to capping the cost recovery that is envisaged.

I am advised by the Department of Communications personnel that they do not expect that new staff will be needed to assess new licence fees against government agencies and Crown corporations. While I appreciate that much of the additional work can be done by programming computers, I am concerned that the Department may have overlooked one point. The point is that although the names and addresses of the government users are already on the computer file of the Department of Communications, departmental personnel may, after the passage of Bill C-3, have to go out into the field to ascertain the number of base stations and mobile units which are held by each of the government users. Since I understand that the new fee will be computed according to the number of base stations, that is, the number of headquarters, plus the number of mobile units, that is, the units in each individual car or truck, extra personnel may be needed to make these calculations. If this is not the case then it could be cleared up in a legislative committee hearing which could refine and define the procedures which are to be used to evaluate the cost to be recovered from each of the organisms that will be touched by this Bill.

• (1410)

I hope that the Government is aware that Bill C-3 could have important budgetary consequences on certain government departments which are heavy users of radio frequency transmissions. For example, I am in receipt of figures from the office of the Minister of Communications which show that the RCMP will be faced with new licensing fees of approximately $1,012,562 as the result of the passage of Bill C-3. The RCMP was previously exempt from paying such fees. I trust that the Government will not push ahead with this Bill without considering this new drain on the resources of that agency and on the costs to the Government itself.

This is where Clause 2(3) of the Bill could be used by Government and were it could exempt this particular department, and others which I will note. It would restore the whole sense of equity and fairness. For example, the federal Department of Fisheries and Oceans will receive a bill for $189,166. I do not know if that is a firm figure or otherwise. I do not know whether the Department knows that it will receive such a bill. The bill for the Department of Communications will be $27,000. As I have said, the bill for the Royal Canadian Mounted Police will be $1,012,562. How will that affect the Force and from where will that sum be forthcoming? Will it be a new allocation or a supplementary allocation? For the House of Commons it will cost $10,860.

I would now like to deal with some of the Crown corporations on which this Bill will have an impact. With respect to the Canadian Broadcasting Corporation the impact will be $132,204. With respect to TeleGlobe Canada the bill will be $4,364. The figure for Petro-Canada will be $75,791. With respect to Canada Post, which we hope will break even, the figure will be $26,834. I have outlined the cost of a number of these initiatives in the cost-recovery program. The question is who will be paying for it? In the end it will be the hydro and utility subscribers, as well as telephone subscribers.

Although the Government in its findings and in this document indicates that the expense revenue from provincial Government departments will be $4.4 million and $2.7 million from provincial Government agencies, there are over $7 million coming from provincial Governments which have not as yet to my knowledge been calculated into their over-all budgeting procedure. I think the least we could do is allow them to let us know how they are planning to handle this situation. Will it be through an increase in user fees directly to the telephone subscriber, or will it be directly to the user of the electricity and heat that is coming through because they are using this radio frequency to communicate with their fleet of trucks? With respect to the $3 million which will have to come from federal Government departments out of existing budgets there is nothing with respect to municipalities in this legislation.

I am also advised by the office of the Minister of Communications that the passage of Bill C-3 will mean that the CBC, which was previously exempt, will have to pay more. It is a well known fact that the Government has already cut the budget of the CBC. Perhaps I am being too generous when I use the phrase "cut the budget" since it might be more accurate to say that it was savaged. Will the federal Government increase the CBC's budget to cover the cost of this new licensing fee? I will be seeking an answer to that question and others when the Bill is referred to a legislative committee.

I wonder whether provincial Crown corporations such as *Hydro-Québec* have been made aware that it will face new radio licence fees to the tune of $437,000. I know that there was a short, sharp line in the Budget of the Minister of Finance (Mr. Wilson) back in February that was supposed to have advised all these organizations that they would be receiving bills with respect to radio licence fees. I do not know if they were aware of the extent of the bill. I do not know if they have made provisions for it and what is their point of view. The telephone companies in the prairie provinces which will be required to pay substantial new fees as a result of this Bill may have something important to say about it.

Thus my question is, who will pay in the end? The Minister of Finance will recover these funds into his General Revenue Fund but the provincial Governments and Hydro-Québec will have to go to the users, that is, the taxpayers, with respect to something which is a hidden tax to the homeowner, the businessman and the private telephone subscriber. I hope the Government is aware that this housekeeping cost-recovery measure will cost, and cost us all. It will shift the tax burden once again to the provinces and to the utility companies with no cap on it in its present form.

I referred earlier to the effect this Bill will have on municipalities. I have received correspondence from the head of the municipalities of Canada and from many of the mayors to find out just what was meant in the communiqué which reads:

> Communications Minister Marcel Masse, in a measure supportive of the Government's deficit-reduction plans, today tabled legislation that would require federal and provincial government departments and agencies, along with municipalities, to pay radio licence fees on the same basis as private users, beginning April 1, 1987.

Under the Radio Act as it now stands departments and agencies of the Crown are exempt from paying licence fees. The communiqué goes on to explain why the Minister feels that all users of this spectrum, both public and private, should be put on an equal footing for the first time, which will equitably apportion the costs of the spectrum management among all licence users. We have little indication that there will be any change to that. The Bill is identical, all but in number, to a previous Bill.

The Ministers have changed but the present Minister answered a question in the House which leaves cause for concern and consideration again. In response to a question asked by the Hon. Member for South West Nova (Mr. Comeau), who asked the Minister if she has been able to resolve the matter with respect to volunteer fire departments which would be required to pay individual licensing fees for their two-way radios which might have an added substantial cost to the operation of such fire departments, the Minister said:

> Mr. Speaker, I thank the Hon. Member for South West Nova for his representations on this issue. Indeed, I have received representations on the issue from a number of other Members. I should like to advise him and the House that I have decided to defer for the time being any changes to the regulations as they apply to radio licence fees for municipalities and volunteer fire departments.
>
> These changes are quite separate and distinct from those included in Bill C-3 which applied to federal and provincial agencies and Crown corporations. They will be proceeded with. However, the changes as they affect municipalities and volunteer fire departments will not be proceeded with.

The question remains, does that mean at all or for the time being? The Minister can giggle and be as nasty as she wishes, but her answer is unclear. If she were the mayor of a municipality she would have certain concerns. If she were the head of a volunteer fire department she would have the right to a clear and unequivocal answer from the Minister and not just a snicker. That is not an answer, and I would suggest that she take her responsibilities concerning these people a little more seriously.

• (1420)

When the Government first introduced the Bill to amend the Radio Act, it issued the press release to which I have just referred. Was the news release misleading? Was the Minister's answer ambiguous? It does give the impression that either now or some time in the future, at the whim of the Minister, the Bill could certainly have an impact which would require municipalities to pay radio licence fees. In fact, municipalities are already paying radio licence fees pursuant to regulations issued under the Radio Act.

Bill C-3 itself does not target municipalities. Rather, it would appear that the Government intends to amend the regulations with respect to municipalities in order to require municipalities to pay fees on the same basis as private users. Municipalities are presently paying fees on a reduced basis so

there had better be some clarification of the equity and fairness to which the Minister referred.

There is no control over fees in this Bill. It is through regulations that municipalities have been charged fees. The intention of the Government is clearer than it would have wished it to be. Did the prior Minister of Communications indicate that municipalities should pay? Is the Government hiding this and will it spring it on municipalities later? I think the Government must come clean on this and I would like it clarified.

Some municipalities may not fully appreciate the additional costs which would be incurred. Those municipalities that use radio frequencies to communicate with garbage collectors, snow removers and street maintenance workers may receive unexpected bills from the federal Department of Communications. Furthermore, municipalities which operate their own police departments, fire departments or ambulance services may also pay more for radio licences. Based on the discussions I have had with a number of prominent mayors of Canadian municipalities, it is not at all clear to them or to me whether or not municipalities have been consulted by the Government about the proposed legislation, or that they have had their fears allayed. I would suggest that in committee, it would be much appreciated if the Minister would table any correspondence in that regard and assure the municipalities of their situation.

In order to clear up the confusion on this issue, the Hon. Member for South West Nova pointed certain things out and received an answer for the time being. I suggest that we should find out the answer once and for all as there remains some confusion about the Minister's comment that she will not proceed with the regulations for the time being. How can municipalities plan budgets?

As I said, I do wish to have this clarified but I do not wish to be obstructionist. I do not wish to cause unnecessary delay, but many people who will be touched by this Bill have concerns. I would suggest that we hear from those people as quickly as possible, as we would when dealing with any Bill that would impose unanticipated taxes or have a large impact. These people have a right to be heard.

I would also suggest that the Bill proceed to a Legislative Committee or the Standing Committee so that various provincial Government agencies or agencies such as the CBC, the RCMP and Alberta Government Telephones will have an opportunity to make representations. I do not expect that the committee's deliberations should have to be lengthy, but I do not wish to deprive interested parties of the right to appear and state their views. I would urge that this Bill be moved to committee and that deliberations take place so we may arrive at the proper decision.

Mr. Les Benjamin (Regina West): Mr. Speaker, I listened with interest to the Minister and to the spokesperson for the Official Opposition. I think I understand the objectives of the Government. I am a little bit at a loss, though, as to which side the Official Opposition is on. Perhaps it is on all sides. I heard the Hon. Member for Mount Royal (Mrs. Finestone) compliment the Minister in the early part of her speech and then complain about a few things in the latter part of her speech. This causes me to hope that she will have many amendments to move when we get into committee and report stage.

The Minister said that this Bill will help our enterprises, enterprises meaning those that use the public airwaves, to become more competitive and that the general taxpayer will not have to pay for this. I take it from that that she meant that the general taxpayer would not have to pay for the provision of infrastructure and other services provided by the federal Government. She said that the Bill would provide more confidence in safety in the air, at sea and on the land. This causes me to raise the point about the Department of National Defence cancelling all radar, direction, air-speed and ground-speed services to commercial aircraft flying in northern Canada and the high Arctic without the knowledge of the Minister of Transport (Mr. Crosbie). So much for safety in the air.

When I raised this matter with him earlier in the week, the Minister of Transport was good enough to send me a letter the next morning saying that he was looking into the matter. I suspect that he was slightly annoyed about it. I suspect that the Minister of Communications (Miss MacDonald) did not know about it either. The Department of National Defence probably did not tell her either that these services for commercial aircraft that had been provided for several decades by the Department of National Defence would no longer be provided as of October 1 of next year.

The Minister said that in terms of domestic services, this Bill would provide for all Canadians to share equally and that it was a part of regulatory reform. I would like to raise a question about this equal sharing on the part of all Canadians. Here we have a situation of the Crown taxing the Crown. Taxpayers' money will be shifted from one pocket to the other or, more accurately, taxpayers' money will be taken out of a different pocket, in this case the municipalities pocket.

Taxpayers have at least four pockets. They have one for the federal Government, one for the provincial Government, one for the municipal Government and another for the educational system. This Bill provides that the federal Government will tell the taxpayers to take this money out of their municipal Government tax pocket rather than their federal Government tax pocket.

In response to a question put in the House by the Hon. Member for South West Nova (Mr. Comeau) about fees to be paid by police departments, fire departments and volunteer fire departments, the Minister said that she would like to advise the Hon. Member and the House that she had decided to defer for the time being any changes to the regulations as they apply to radio licences for municipalities and volunteer fire departments. We, in our caucus, do not think that is good enough. A year from now the Minister may be promoted to a higher level, and a subsequent Minister may decide "for the time being"

has expired. Pressure on this Minister by the President of the Treasury Board (Mr. de Cotret) and the Minister of Finance (Mr. Wilson) may require her to decide "for the time being" has expired.

• (1430)

I think the Minister in her heart of hearts has no objection to building an exemption into the Bill for organizations such as police departments, municipal fire departments, volunteer fire departments, ambulances, municipal or volunteer emergency measures organizations, forest fire-fighting operations, and search and rescue operations. Why should non-profit public bodies that are set up by the taxpayers either through a municipal or a voluntary organization, for example, police departments, fire departments, volunteer fire departments, ambulance services, search and rescue operations, forest fire-fighting operations, have to pay for using something that already belongs to them, that is, the air waves in Canada? There should be a fee charged for the use of public air waves for private profit. I agree with that, and I think that my colleagues agree. But surely any public utility or service that does not make a profit should not have to pay, through taxes, for the air waves that they already own.

The federal authority in its provision of the infrastructure for these public utilities and volunteer organizations which operate for the public's well-being and safety has a duty to accept this as part of the service. They pay their federal taxes to provide those services. Why should it be necessary to transfer taxpayers' contributions from the federal taxpayer's pocket to a municipal taxpayer's pocket? Why should they have to pay for something they already own?

In the past few years since 1976 the same thing has been going on in transportation, and it is being repeated in this Bill. When the Government of the day established VIA Rail with a $1 item under the Estimates, VIA Rail got stuck for something like $75 million to $80 million worth of old railway passenger cars and locomotives, most of which belonged to Canadian National. About three-quarters of that money was for Canadian National cars. So here we had the spectacle of the Canadian taxpayers paying for all these railway cars and locomotives that they already owned. They paid for them a second time. That is a Conservative and Liberal version of sound business practice. I call it ripping off the taxpayers, not sound business practice.

The rail passenger action force set up by the then Minister of Transport who is now the Government House Leader (Mr. Mazankowski) not only asked the question, but strongly objected to the taxpayers paying through VIA Rail to Canadian National for property, that is, stations, trackage, that the taxpayers already owned. That was a spectacle of the taxpayers paying a second time. This started VIA Rail off with the deck stacked against it.

Again I have to say if that is the Conservative-Liberal version of sound business practice, then us socialists will have to teach them some lessons about sound, fair, business practice. I find that incredible. If that was tried in the private sector, it would laugh you out of town or lock you up. But the taxpayer can be victimized a second time, and annually thereafter.

The City of Regina is taking a hard look at what will have to be done with a deficit budget, and what will have to be picked up in extra fees for the police and fire departments. No chances can be taken on the Minister's assertion in *Hansard* that at some future date it will not be faced with having to pay fees for the radios in their police cars, fire trucks, and ambulances. Therefore, it is taking a hard look at its budget and does not know what to budget. I heard the figures that the City of Regina would be stuck with fees of $50,000 to $100,000 for all these fees to the federal Government. Regina is part of the whole general Canadian population that owns the air waves. No profits are being made; in fact money is lost on police services, fire departments, ambulance services, search and rescue, and other types of emergency operations. The taxpayer should not be required to pay any fees for radio services using air waves that belong to all Canadians.

There is no justification for any public service that is not operating for a profit to pay for the use of the air waves. There is no justification for transferring the taxation required at the federal level for this infrastructure. The Minister mentioned the facilities that the federal Government provides, as well it should. But why transfer the taxpayers' costs of those services from the federal Government to the provincial or municipal level? Is the objective to make the federal Government and its deficit look better, and the provincial or municipal deficit look worse? It does not speak well for a Government of any political stripe to be that mean—and I hate to use the word small—for an amount of $10 million in additional revenues for the federal Government, which does not amount to very much in the total scheme of things around here.

• (1440)

A public utility, whether it be a telephone company or a power corporation, established for the purpose of providing a public service and meeting a public need, not for the purpose of making a profit, should also be exempt. There is a difference between Bell Canada and Alberta Tel, Saskatchewan Tel and Manitoba Tel. The publicly owned and operated telephone companies in the three prairie provinces provide a service. Any profits they make are put back into the utilities. The shareholders, namely, the people of the three provinces, are not eligible for and do not expect dividends or a return on the investment they make, through their taxes, in the telephone companies. They do not expect, ask for, or get dividends. However, in the case of Ma Bell, there are many shareholders looking for dividends or for a cut of the profits. This is why telephone services in Ontario, the Territories, and parts of Quebec cost more than they do in the three prairie provinces. They cost more because the prime imperative of Bell Canada is to make a profit. If we told Bell Canada tomorrow that it could only operate on a break even level, it would say to the

Governments of Ontario, Quebec and the Territories, we quit; you take it over.

This is not the case with the telephone companies in the three prairie provinces. They are not there to make a profit. They are there to provide the most economical service possible to the people of the three provinces. For the years in which they make profits, the profits go back into capital investment or, if any part thereof goes into the provincial treasuries, in turn the provincial treasuries guarantee loans when they have to go out on the capital market to borrow.

There is no comparison between Bell Canada and the telephone companies of the three prairie provinces having to pay radio fees. The Minister should agree to including in the Bill that those kinds of public utilities, as well as the ones involved in emergencies concerning the health, safety, and security of the citizenry, be exempted from fees.

The people who are shareholders in the ownership of our air waves are being asked to pay again for something they already own. Through their federal income taxes they have already paid for the various facilities of the Department of Communications. They have paid for them once. Now the Minister wants them to pay again for something for which they have already paid when it comes to infrastructure and facilities in the Department of Communications. Surely that does not make good business, economic or social sense.

When the matter is before the committee, I hope the Minister will present an amendment to exempt those functions in society. There is no plausible reason for going to those lengths.

I must confess that I do not understand why Ontario Hydro pays the fees and Quebec Hydro does not. They are both public companies with shares all over the place. I understand that Quebec Hydro may not be a Crown corporation—

Mr. Boudria: It is. They both are Crown corporations.

Mr. Benjamin: In that case, Quebec Hydro, Ontario Hydro, Saskatchewan Hydro, and Manitoba Hydro are equal in that respect. They are public utilities. The prime principle for their existence is to provide electrical power at cost. They are not in existence to make a profit first and to provide service second. They are in existence to provide an essential public service.

It would be great if the Minister included a regulation that any power corporation, be it publicly or privately owned, which does not put its profit back into the enhancement of service, infrastructure, or capital requirements, should pay a fee. There is a fundamental conflict in the legislation.

The Minister agreed that she would defer, for the time being, any fees which apply to radio licences for municipalities and volunteer fire departments. I accept her word and believe her. She does not want to charge them a fee. Why not have it included in the Bill? I am sure the Minister has received representations from the urban and municipal associations, fire departments, and police departments across the country. It is nothing more than financial nit-picking. The Government may feel that it is at the bottom of the revenue barrel. However, it is boring a hole through the bottom of the barrel trying to get below the bottom of the bottom, to get a few million dollars in revenue which will make no difference whatsoever.

If it is the desire of the Minister's officials to show that the Department is breaking even, tough cookie. If their objective is to indicate that the Department is paying its own way, at the expense of municipalities, volunteer fire departments, search and rescue operations, and forest fire-fighters, their objective is badly skewed and their priorities are misplaced. They cannot have it both ways. They cannot make taxpayers pay more than once for the services they receive.

It is futile and improper to transfer a tax burden from the federal authority to a municipality. It would be bad enough to do that to a province. However, to transfer those costs from the federal authority to the provincial or municipal authorities surely is not only improper but an evasion of federal responsibility. The federal Government is in charge of Canadian public air waves. Therefore I agree with the Minister that it is its responsibility to administer efficiently and fairly those air waves. There is no argument about that. Surely it is not fair to transfer the cost of a proper and constitutionally based responsibility from the federal Government to a provincial Government, a municipal Government, or a non-profit organization. It does not stand up to examination. It is patently wrong and totally unnecessary.

If we were talking about hundreds of millions of dollars or billions of dollars, I suppose one would be hard put to object in light of the government deficit, that is, if one lost a lot of sleep about the deficit. I do not lose a lot of sleep about it. About 80 per cent of that deficit we owe ourselves. The Government borrows money from us and pays it back through our Canada Savings Bonds, guaranteed investment certificates, treasury bills, bonds or whatever.

• (1450)

There is no fiscal or financial imperative here for the Department of Communications to be trying to make taxpayers pay again for something they already own, and I mentioned the situation of VIA Rail and the CNR. Asking the taxpayers to pay a second time for something they already own is not even funny, but it is sort of endemic in every department. Public domain is the property of the public.

When you apply the principle of user pay across the board, started by the late unlamented Otto Lang, which the Conservatives decried as vociferously as we did—probably even more so because there were more of them—to something that already belongs in the public domain it is self-defeating. It is self-defeating in the sense that you are saying to the people of Canada that the air waves belong to them. Then you are telling them that, while they have paid federal tax to cover infrasture and the cost of the Department of Communications, they now have to pay again through their municipalities. They will pay fees for their little radios, police cars, fire trucks,

volunteer fire departments and search and rescue operations unless those are operated by the federal Government and are exempt.

I think of the hundreds and hundreds of hours put in by volunteer pilots with their aircraft searching for downed aircraft. Why charge them a fee for their radios?

Mr. Boudria: Agreed.

Mr. Benjamin: Are we that desperate that we have to nitpick and pick up every spare copper that the federal Treasury can get? That does not say much for the greatness of the minds of those in the Government, and it does not speak well for the officials in the Minister's Department.

I hope the Minister of Communications will rise in her place and tell us that she does have at least one, preferably two or three amendments, that would put in practice her own view. I believe her and I accept her word that she has considered the representations made by the urban municipal associations, police and fire departments. I hope she defers this Bill for the time being. I want to say to the Minister though, as sincerely as I can, that her statement really is not good enough. To make sure that nobody will charge fees on these kinds of public services, public utility operations, one must put it into the legislation. I, and I believe my colleagues and my caucus, have no objections to those paying a fee who use the public airwaves to make a private profit. They should pay a fee because they are renting part of the airwaves. We have no objection to that. But you do not pick on ambulances, fire trucks and police cars. For God's sake use your heads over there if you are capable. This is so crazy that it would be laughable, except that it is so bad in principle.

Surely the Government has no other alternative but to extend the legislation in a small way, and that will not in any way affect the Government's ability to collect revenues from radio and television stations. The Minister wept tears over Cancom, a private telecommunications company in Alberta having to pay this fee while the Alberta Government Telephones did not. My hon. friend, the Hon. Member for Mount Royal, did not think that was very nice. I am subject to correction on this, but I think Cancom is part of the CNCP operation and a few other fast buck operators. If they want to use the public airwaves for private profit, then they should damn well pay a fee. Why should Alberta Government Telephones, which the taxpayers bought and paid for, have to pay a fee—

Mrs. Finestone: One million dollars worth.

Mr. Benjamin: —just because Cancom does? The Government telephone systems in Alberta, Saskatchewan and Manitoba are not there to make a profit, they are there to provide a service. That is why they are publicly owned and that is why our telephone rates are lower than in the rest of Canada. That is a return on the taxpayers investment in those three provinces.

This Bill flies in the face of good fundamental principle. The federal authorities are responsible for what comes under federal jurisdiction, and through the general tax system collect moneys to cover the costs of the Minister's Department and all other Departments. The taxpayers pay for that. Why then turn around and ask taxpayers, through their police departments or city councils or whatever, to pay a second time? I wish I had a spare million dollars because I would take the Minister to Federal Court about double taxation. We could have a lot of fun with that. It is just so bad in principle that I hope the Minister will agree that there needs to be an exemption built into the Bill for municipalities, police departments, fire departments, volunteer fire departments and search and rescue operations that are not federally operated. The Department of National Defence is already exempt, as it should be when it comes to search and rescue. I suggest to the Minister that she charge a fee for the use of radios by the Department of National Defence when it is flying Cabinet Ministers or Members of Parliament around the country, since all aircraft are now under the Department of National Defence. In those instances they should pay a fee. Charge them $5 or $10 for each flight for the use of radios when flying Ministers, or even me, somewhere.

Mind you, Mr. Speaker, all you are doing is taking money from one department to another. I started out by saying that when you charge municipalities radio fees, the four pockets that taxpayers have, one for the federal Government, one for the provincial Government, one for the municipal Government and one for education—

Mr. Daubney: Mr. Speaker, I rise on a question of privilege. I feel my rights, not just as a Member but as a citizen of Canada are being infringed upon. I have been subjected throughout this session, on my duty day, to having to listen to a speech by the Hon. Member for Regina West (Mr. Benjamin). I feel under the Charter of Rights that that is cruel and unusual punishment, Mr. Speaker.

Some Hon. Members: Oh, oh!

• (1500)

The Acting Speaker (Mr. Paproski): The Hon. Member for Regina West (Mr. Benjamin) has three minutes left in his speech.

Mr. Benjamin: Mr. Speaker, I understand and appreciate the Hon. Member's remarks. One reason I pick Friday as a duty day is because that is the day you can get on in Question Period and make a speech more than once.

Miss MacDonald: Whether or not it means anything.

Mr. Benjamin: There are hardly any other Members around. The Members sitting here on a Friday are the most dutiful Members of the House of Commons.

Mr. McDermid: Beautiful?

Mr. Benjamin: Dutiful.

Mr. McDermid: Oh, sorry.

Mr. Benjamin: Dutiful. They deserve full credit for it. I do not take umbrage at the Hon. Member's remarks. All I can say is that I wish in his case I had a better, more understanding and thoughtful audience.

Some Hon. Members: Oh, oh!

Miss MacDonald: But he is dutiful.

Mr. Benjamin: I am anxiously awaiting, as are my colleagues, for the Minister to accept an amendment or move one herself which will provide the exemptions in the instances I have mentioned. That would include provincial government telephone systems whose profit goes back into the system and no individual shareholder or taxpayer makes a buck out of it. If she will do that she will still be able to charge equitable fees to those who use the public air waves for private profit.

* * *

BUSINESS OF THE HOUSE

DISPOSITION OF PRIVATE MEMBERS' BUSINESS

The Acting Speaker (Mr. Paproski): I have received written notice from the Hon. Member for Etobicoke—Lakeshore (Mr. Boyer) that he is unable to be present in the House on Monday, December 15, 1986 to move his motion for second reading of Bill C-209 during the hour for Private Members' Business. Accordingly, I am directing the table to drop that item of business to the bottom of the order of precedence. Since notice will thereby be removed, the hour for Private Members' Business will be suspended and, pursuant to Standing Order 39(2), the House will continue with the business before it prior to that hour until the ordinary hour of daily adjournment.

GOVERNMENT ORDERS

[*English*]

RADIO ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Miss MacDonald that Bill C-3, an Act to amend the Radio Act, be now read a second time and referred to a legislative committee.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is a pleasure to have an opportunity to comment on Bill C-3, a very thin Bill in content and principle. It looks so innocuous yet it has incredible implications for the taxpayers of Canada. It is the intention of the NDP to move with some haste to complete second reading of this Bill and get the Bill into committee. As so many people have indicated, it is important that amendments be made and that the Government be straightened out on this issue.

By and large Bill C-3 will remove the exemption from payment of radio licence fees now enjoyed by federal and provincial governments and their agencies. The Government expects to raise in the order of $10 million a year through this Bill. That money will come from public bodies such as Alberta Government Telephones, Quebec Hydro, Telesat, Petro-Canada, SaskTel and Manitoba Tel. The Department of Communications tells us that licence fees will now range from $5,000 a year to as high as $1 million from agencies such as Alberta Government Telephones. Of course, that cost will be passed on to the various ratepayers, which means the cost of telephone service in Alberta and other western provinces will increase.

In fact, while no one has made the point, this Bill discriminates against western Canada. The Bill identifies western Canadian Crown corporations and government telephone systems and adds to their costs. The lion's share, as is often the case, of this $10 million in additional revenue will come from hard pressed western provinces. This is one more example on a growing list of federal government initiatives which discriminate against western Canadians.

As my colleague, the Hon. Member for Regina West (Mr. Benjamin), indicated, additional fees will be levied on a number of organizations. What we should be doing is considering why the Radio Act originally exempted public broadcasters. There were and still are very strong arguments against the Crown taxing the Crown. The public owns the air waves already. Is it appropriate to expect public agencies and organizations oriented toward public service to now pay to use the air waves they already own? We say this is an inappropriate form of taxation. Radio licence fees are paid so that public property, the air waves, can be soundly managed in the public interest. Certainly the use of air waves should be regulated, but should taxpayers be required to pay for the use of their own property?

The federal Government, of course, is using this mechanism to reduce the deficit. In other words, Canadian taxpayers are going to be asked to pay for the use of something they already own so that the Government can collect millions of dollars in order to reduce the federal deficit. Yet in a sense all the Government is doing is transferring the cost to other jurisdictions. I suspect you are asking why I say that. I want to read from a magazine called *Forum*, a publication on communications for those involved in municipal Government. In its September-October issue of this year it said that this Bill, and I quote:

> —would require municipalities to pay radio licence fees on the same basis as private users beginning April 1, 1987 (for police, fire and emergency services). Former Communications Minister Marcel Masse stated that the proposed amendments to the Radio Act are in keeping with the Government of Canada's deficit-reduction plans as outlined in the Finance Minister's November 1984 Economic Statement and May 1985 Budget.

Municipal leaders have commented that the proposed amendments are inappropriate insofar as they are aimed at essential public services.

That is a critical point. They are talking about police protection, fire protection and emergency services. Those organizations will now be taxed by the federal Government to use what they already own. Does that make any sense? Is that logical? No on both counts.

The chairman of the Task Force on Financing Municipal Governments, Mr. Herb Taylor, said Canadian municipalities must do everything they can to encourage the Government to reconsider this very punitive method of deficit reduction on the backs of our policemen, firemen and emergency service workers.

It is reasonable to suggest that if the Government is doing this to raise $10 million a year, surely that is an example of being penny wise and pound foolish. If the Government wants to raise $10 million, may I simply suggest two other areas which would cause an awful lot less pain, be an awful lot more equitable, and would be considered by all Canadians to be a very prudent move.

• (1510)

One of these would be to reform the tax system so that corporations which, in some years, have profits of hundreds of millions of dollars, pay some tax. Mr. Speaker, I know you would think that surely to goodness corporations in Canada which are profitable do pay tax. In fact, there are nearly 80,000 corporations in Canada which make a considerable profit each year, in some cases hundreds of millions of dollars, that do not pay a single cent in income tax. If these corporations paid their fair share of taxes, not only would we make up the $10 million a year which this Bill is attempting to collect, but we would collect billions more.

I understand that later today we may hear a statement by one of the Ministers on the Port-Cartier prison. This is the prison which the Prime Minister (Mr. Mulroney) wanted to build in his constituency against all the recommendations of every group and individual concerned with the penal system in Canada. Putting it in his constituency will cost Canadian taxpayers in excess of $41 million. In other words, if it was built where it should be built, we would save $41 million. If all this incredible, punitive legislation is designed to do is raise $10 million in an effort to reduce the deficit, surely that is silly and ought to be changed.

I will conclude by reading a question asked by a Conservative Member of Parliament on December 1. He said:

Mr. Speaker, my question is for the Minister of Communications. Some time ago I made representations to the Minister on behalf of the volunteer fire departments of Canada. It has been proposed by her Department that volunteer fire departments be required to pay individual licensing fees for their two-way radios. This would have added substantial costs to the operations of the volunteer fire departments. Has the Minister been able to resolve the matter and continue the previous practice of charging one licensing fee?

Today the Minister of Communications (Miss MacDonald) is bringing in legislation which will levy considerable additional fees on volunteer fire departments, volunteer ambulance services and various Crown corporations such as the Saskatchewan Telecommunications Network, the Manitoba Telephone System and Hydro-Quebec. We urge the Government to reconsider proceeding with Bill C-3. It makes no sense. If the Government wants to raise funds for deficit reduction, surely there are more appropriate ways which would have the support of the people of Canada, such as corporate tax reform.

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

Some Hon. Members: Question.

The Acting Speaker (Mr. Paproski): Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to, Bill read the second time and referred to a legislative committee.

* * *

SENATE AND HOUSE OF COMMONS ACT

MEASURE TO AMEND

The House resumed, from Thursday, November 20, consideration of the motion of Mr. Mazankowski that Bill C-20, an Act to amend the Senate and the House of Commons Act, be read the second time and referred to a legislative committee, and the motion of Mr. Rodriguez (p. 1351).

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there have been discussions among the Parties. There is unanimous agreement among the House Leaders that this Bill be referred to a Committee of the Whole rather than a legislative committee. While I am on my feet, I have two amendments to move to Bill C-20. These amendments have been agreed to unanimously by the other House Leaders. One of them requires a Royal Recommendation. I would like permission to table the Royal Recommendation now before we proceed to Committee of the Whole.

[*Editor's Note: See Today's Votes and Proceedings*]

I would like to acknowledge that one of these amendments was made partially due to the advice and urging of the Speaker, which we appreciate.

The Acting Speaker (Mr. Paproski): Before we go to Committee of the Whole, are we going to withdraw the previous question?

Mr. Gauthier: Mr. Speaker, I recommend that we work in an orderly fashion. We are still at second reading, as far as I can see. We can hardly go to Committee of the Whole before we give the Bill second reading. I ask for guidance.

The Acting Speaker (Mr. Paproski): The question is on the motion for the previous question. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion (Mr. Rodriguez) agreed to.

The Acting Speaker (Mr. Paproski): The next question is on the motion of Mr. Mazankowski, that Bill C-20, an Act to amend the Senate and House of Commons Act be read the second time and, by unanimous consent, referred to a Committee of the Whole. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to, Bill read the second time and, by unanimous consent, the House went into committee thereon, Mr. Paproski in the Chair.

• (1520)

The Deputy Chairman: Order. House in Committee of the Whole on Bill C-20, an Act to amend the Senate and House of Commons Act.

On Clause 1—Override as of January 1, 1986

Mr. Lewis: Mr. Chairman, we filed an amendment to Clause 1. We may have been a bit premature in suggesting that we should be dealing with the amendment now. It probably would be better dealt with at report stage. It has been distributed to all parties. Perhaps we could in fact carry on, having passed Clause 1, moving to Clause 2, and then dealing with that particular amendment at report stage.

The Deputy Chairman: There is no debate at the report stage, so we will have to deal with it now in Committee of the Whole. Is the Parliamentary Secretary moving the motion?

Mr. Lewis: I so move.

The Deputy Chairman: These changes go beyond the scope of the Bill and require the unanimous consent of the House. Is there unanimous consent?

Some Hon. Members: Agreed.

Mr. Lewis: I move:

That Clause 1 of Bill C-20 be amended by

(a) striking out lines 4 and 5 on page 1 and substituting the following:

1. (1) Subparagraph 34(3)(b)(i) of the *Senate and House of Commons Act* is repealed and the following substituted therefor:

"(i) the percentage that the Industrial Aggregate for the first adjustment year is of the Industrial Aggregate for the second adjustment year, and"

(2) Subparagraph 34(4)(a)(i) of the said Act is repealed and the following substituted therefor:

"(i) the "first adjustment year" is the last twelve month period preceding the commencement of the period in respect of which the sessional allowance is to be determined for which the Industrial Aggregate or the Consumer Price Index, as the case may be, is available on the first day of the period in respect of which the sessional allowance is to be determined, and"

(3) Paragraph 34(4)(b) of the said Act is repealed and the following substituted therefor:

"(b) the "Industrial Aggregate" for an adjustment year is the average weekly wages and salaries of the Industrial Aggregate in Canada for the year as published by Statistics Canada under the authority of the *Statistics Act*."

(4) Section 34 of the *said* Act is amended by

(b) striking out line 1 on page 2 and substituting the following:

"(5) Subsection 34(6) of the said Act is"

The Deputy Chairman: Shall the amendment carry?

Mr. Gauthier: Mr. Chairman, may I ask the Parliamentary Secretary to give us a short explanation of the amendment? I understand that the previous Act was based on the composite index as put out by Statistics Canada and that we are now proceeding with an amended Industrial Aggregate. Can he tell us if there is anything we should know about this change and whether we should be aware of how the composite index is arrived at or how the aggregate index would be arrived at in the future, so that we understand exactly what is happening?

Mr. Lewis: Mr. Chairman, the terminology "Industrial Composite" was terminated with the December, 1985 Estimates. The new terminology and new information kept by Statistics Canada, I am informed, is referred to as the Industrial Aggregate.

Mr. Boudria: Mr. Chairman, the wording of page 2 of the Bill is a little unclear in relation to the wording of the last sentence of the amendment. It is listed as part (b) of the amendment, but listed in such a way as to make it rather difficult to understand. Could we get some further explanation from the Parliamentary Secretary as to just what it is that Clause (b) of the amendment amends? Does it amend page 2 of the Act and therefore is it completely separated from the previous line which amends the Act? I gather that Subclause (b) amends the Bill itself, is that correct?

• (1530)

Mr. Lewis: Mr. Chairman, after consultations I am advised that Subclause (b) as shown in the amendment is simply a substitution for what appears on page 2 by "striking out line 1 page 2 and substituting the following".

The Deputy Chairman: Shall the amendment carry?

Some Hon. Members: Agreed.

Amendment agreed to.

The Deputy Chairman: Shall the clause, as amended, carry? The Hon. Member for Glengarry—Prescott—Russell.

Mr. Boudria: Mr. Chairman, I have discussed this matter privately with the Parliamentary Secretary. I seek his assurance with respect to the texts in French and in English on page 2 from lines 4 to 11. The English does not appear to be the same as the French. I seek the assurance of the Parliamentary Secretary that it is his understanding and the understanding of his official that in fact the two mean the same. I think that I

can see a difference between the two, but if I receive such an assurance from the Parliamentary Secretary then that will be sufficient.

Mr. Lewis: Mr. Chairman, I wish to thank my colleague for bringing this matter to my attention. We have had discussions in this respect. It is our understanding that the two paragraphs are in agreement as drafted.

The Deputy Chairman: Shall Clause 1, as amended, carry?

Some Hon. Members: Agreed.

Clause 1, as amended, agreed to.

Mr. Lewis: I seek some clarification from the Chair, Mr. Chairman. During discussions with respect to this Bill a method of handling as easily as possible the $1,000 reduction in salaries was discussed. There was an agreement to move an amendment which would see deductions come off the next four pay cheques, that is, the pay cheques for December 31, 1986; January 31, 1987; February 28, 1987; and March 31, 1987. It is my understanding that this could be done by adding a new clause to the Bill. This matter has been discussed among the Parties.

The Deputy Chairman: I do not have a copy of the amendment.

Mr. Lewis: I will read it to Hon. Members. It states:

That Bill C-20 be amended by adding after line 11 on page 2 the following:

2. The amount of one thousand dollars referred to in subsection 34(4.3) of the /Senate and House of Commons Act/, as enacted by subsection 1(1), may be deducted from any amount payable to a member of the Senate or the House of Commons pursuant to that Act during the fiscal year ending on March 31, 1987.

I apologize to the Chair. It was my understanding that copies of this amendment had been distributed to officials of both Parties. I thought it had been done. Obviously it has not been done. On behalf of the Government I apologize for the fact that it was not done.

The Deputy Chairman: Is it the pleasure of the House to adopt Clause 2?

Some Hon. Members: Agreed.

Clause 2 agreed to.

The Deputy Chairman: Shall the title carry?

Some Hon. Members: Agreed.

Title agreed to.

Mr. Boudria: Mr. Chairman, I just want to be entirely clear here with respect to the procedure. I gather we have agreed to go back to Clause 1 or is this a separate clause numbered 2?

The Deputy Chairman: This is a new clause numbered 2.

Bill reported.

The Acting Speaker (Mr. Paproski): When shall the Bill be read the third time? By leave, now?

Some Hon. Members: Agreed.

Mr. Weiner (for the Deputy Prime Minister and President of the Privy Council) moved that Bill C-20, an Act to amend the Senate and House of Commons Act, be read the third time and passed.

Motion agreed to and Bill read the third time and passed.

The Acting Speaker (Mr. Paproski): We need unanimous consent to take up the next order of business. Is there unanimous consent?

Some Hon. Members: Agreed.

• (1540)

Mr. Riis: Mr. Speaker, we are certainly prepared to give unanimous consent to expedite the passage of Bill C-14 today with the understanding, of course, since we are recognizing that report stage and third reading discussions would begin today, that the House would also welcome any amendments that might be put at report stage.

Mr. Lewis: Mr. Speaker, that undertaking was given when discussions took place. I think, however, that the word was "accept" rather than "welcome".

* * *

EXCISE TAX ACT AND EXCISE ACT

MEASURE TO AMEND

The House proceeded to the consideration of Bill C-14, an Act to amend the Excise Tax Act and the Excise Act, as reported (without amendment) from a legislative committee.

Mr. Nelson A. Riis (Kamloops—Shuswap) moved:

That Clause 5 of Bill C-14 be deleted.

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, I would like to begin by thanking my colleagues for putting the process in motion so that we may have expeditious passage of this Bill today. I do wish to speak to the amendment which of course would, in effect, remove the very heart of the Bill. It would prevent us from increasing the rate of the federal sales tax in the way Clause 5 outlines. The motion put by the Hon. Member for Kamloops—Shuswap (Mr. Riis), if passed, would cost the Consolidated Revenue Fund $1.1 billion to $1.25 billion according to my calculations.

I know Hon. Members on all sides of the House want to see the Government of Canada give solid leadership in dealing with the deficit. Of course, this package of excise tax increases must be passed in order to come to terms with government expenditures and to continue our resolve to decrease the deficit.

I know Hon. Members are aware of the considerable success we have had in meeting our target of decreasing expenditures. If it had not been for some unforeseen calamities that have occurred in the economy, we would have been right on target. Because of the calamities, including the agricultural situation and the price of oil and gas, we have had to look to new ways of raising revenue. Of course, that is what Clause 5 of this Bill does.

The federal sales tax increase of 1 per cent contained in this Bill would raise between $1.1 billion and $1.25 billion next year. As well, because of this Bill, we will not be required to increase income taxes any further than we have to date and we will not have to increase corporate taxes or customs charges and duties.

We are going through a process of tax reform. This process will look at the federal sales tax system to which the Hon. Member for Kamloops—Shuswap is speaking. If we can bring in a broader based federal sales tax, we may be able to decrease the level of taxation even further than that of which the Hon. Member is thinking after we have finished with tax reform. Until then, of course, it is imperative that the Bill as written, including Clause 5, be passed.

Federal sales tax reform will do something for which the people of Canada have waited decades. It will put in place a fair system. As we all know, federal sales tax is now applied to commodities and to manufacturing but not to the other two-thirds of the economy, the service sector. We would like to bring down the high rate of federal sales tax and spread it across a wider base. That will be part of tax reform, together with the lowering of marginal rates of personal income tax and corporate tax. It is very important that we do that.

If we did away with the federal sales tax entirely, my calculations indicate that personal income taxes would have to be increased by almost 50 per cent at the lower end. There simply would not be enough income at the top end to make up the difference. The Hon. Member is not suggesting a total removal of the federal sales tax, but theoretically, if there were no federal sales taxes, we would have to load revenue production on to the personal income taxes.

In this particular case, $1.1 billion is about one-twelfth of the problem. If we are to raise the $1.25 billion which could very well be raised through Clause 5 through the personal income tax route instead, we would have to raise taxes not only at the high level but at the middle level and that would be unacceptable given our present tax rate, particularly while the Government is absolutely determined to decrease the levels of personal income tax after tax reform.

Mr. Benjamin: What about corporation tax? What would you do about that?

Mr. Hockin: Corporate tax as well will be studied. In corporate tax reform, we must look at the tax preferences and deductions that are in place as well as the tax losses and all of the things that make it more difficult for us to receive the revenues from the corporate sector that we believe we should receive. All of that is being looked at in the context of tax reform.

I welcome the Hon. Member's amendment in the sense that it is forcing us to think about in which direction we should go with the mix in our tax system. I also welcome the fact that all Hon. Members have agreed to give this Bill speedy passage. However, I must say that until the tax system is reformed, it is important that we not break from the direction this Bill is taking us. This Bill will give us the revenue required over the next year or two to put in place a more comprehensive and effective regime.

As you know, Mr. Speaker, this Bill provides for a federal sales tax credit, an innovative and very important reform. It helps to reduce the regressive effect of a sales tax increase on low-income Canadians. As we went through the Bill in committee, there were many good questions put on this matter. We found out that with the average increase of 1 per cent per capita in federal sales tax, a person earning $15,000 or less annually would pay about $25.30 more, but we will give a $50 credit per adult. We are not just making a slight gesture toward people in that income bracket, but more than compensating them for the increased taxes they might have to pay.

• (1550)

Moving further and looking at the $25 per child, for a family including a wife, husband, and four children, there will be a credit of $200. From the calculations that I have, that more than compensates—

Mr. Cassidy: It is $150.

Mr. Hockin: It is $25 per child, plus $50 per adult for the example of the prepayment of the child tax credit. The Hon. Member is quite correct that it is $150 for the example that I gave for the federal sales tax credit.

I am grateful that Members on all sides of the House are taking an interest in the question of taxation. We wish to have all the ideas produced in the next six months in a very intensive way so that our tax reform will be effective.

It is my hope, and it is in the spirit of the amendment that over-all federal sales tax levels will be able to be diminished as a result of the BTT or some variant of it that we can bring in through tax reform.

Finally, we must remember that the over-all thrust of this legislation is to help us continue on track with decreasing the deficit. That is what has given Canadian people the confidence to invest in this economy and create the thousands of jobs that have been created. It has also given us confidence in our dollar, and kept our interest rates at a moderate level. If we do not come to terms with the deficit, we will find that our interest rates will be so high that our job creation will start to fall back, and the strength and the great confidence in our economy will dwindle.

Over-all this is a measure aimed at controlling the deficit which will do so in a way that is not regressive.

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I wish to talk about this particular section and what it means in terms of the over-all changes in the sales and excise taxes which are contained in Bill C-14.

I asked the Hon. Minister of State for Finance (Mr. Hockin) a question in the House today about why the Government was giving yet another gift to the very wealthy Canadians by allowing the lifetime capital gains tax exemption to be partly free of the minimum tax. The Hon. Minister gave many irrelevant answers. He did refer to the sales tax credit. But what he did not say was that on the one hand we give a very small credit to families under very limited circumstances at the same time that we are increasing their cost of living by the increase in the sales tax which came into force on April 1, 1986. On the other hand we are giving very generously, because it turns out that the one income that people can have which will be partially exempted from the minimum tax, which I think most Canadians feel should be subject to the minimum tax, is going to be capital gains. Most capital gains income is earned or gained in some other way by people who are among the top 5 per cent of income earners in the country. So those people get a gift at Christmas from the Government—and it will be dealt with next week—and at the same time we are putting up the general sales tax from 11 per cent to 12 per cent. What this Bill does is to simply confirm what the Government did effective last April 1.

The motion moved by the Hon. Member for Kamloops—Shuswap (Mr. Riis) is to delete Clause 5 of the Bill. Clause 5 of the Bill has the purpose of increasing the sales tax to 15 per cent on wine and liquor, to 8 per cent on certain other products, and to 12 per cent on the sale price of most goods covered by the manufacturers sales tax.

Our concern is that the Government has chosen for the third time in a row to use a regressive means of taxation for raising revenues in its quest to fight the deficit. A regressive form of taxation is one that bears more heavily on people of modest incomes than it does on people who are wealthy. In other words, we are fighting the deficit on the backs of ordinary Canadians.

The figures are quite convincing, and I wish to read a couple into the record. In the February 26 Budget the sales tax increase for an average family will add about $150 to their cost of living. On top of that there is a cigarette and alcohol increase which will add about $20. The 3 per cent surtax which will be borne for the first time by average Canadians will add $170. The total is $340. In the Budget of May, 1985, there was $150 added by the broadening of the sales tax base. There was $75 added by the increase in the cigarette and alcohol tax.

There was $50 added by the increase in the gasoline tax. There were other increases which have been read into the record on a number of occasions in this House which bring the total increase for the average family to $512.50. I believe that we were estimating for a family in the $30,000 to $35,000 income range. In the November, 1985 Economic Statement there was a sales tax increase which at that time added $150 to the tax burden of the average family. In addition, it raised oil and gas prices by $200. It raised unemployment insurance premiums by $102. The total over the three Budgets plus the Economic Statement was $1,304.50.

The New Democrats have put those figures on the record, they have been communicated to the ministry, they have been put out through the press, and not once have those figures been challenged. I believe that is because the ministry accepts that our calculations are accurate for an average family with an income of $30,000 or $35,000 a year.

How much does that family benefit, if at all, from the sales tax credit which is being proposed? Well, none at all, because the sales tax credit will come into force for families with up to $15,000 a year of gross income. By the time it reaches a family of four, their eligibility for any sales tax credit will be extinguished when they hit an income of $18,000. In addition, the amount of the sales tax credit is all of $150 for a family of four with an income of $15,000 a year, which is 1 per cent of their income, not a heck of a lot. It disappears very quickly. For example, people in my constituency who are living at the poverty line for a major urban community like Ottawa, which is in the order of $20,000, will pay extra sales tax and will not receive a nickel's worth of benefit from the sales tax credit, which has been introduced in complementary legislation by the Government, and which we will be looking at next week.

I am particularly concerned by the fact that the Government in the Budget statement last February stated that it recognized that sales tax is a regressive tax unless something is done to soften the blow. In principle, it said what we have been saying, which is that sales tax cannot be increased unless measures are brought in to ensure that it does not bear as harshly on poor people and people with modest incomes as it does on people who are very wealthy. In principle, we are saying the same thing.

We are moving to delete this particular increase in sales tax precisely because the Government failed to follow up its principle with something practical to recognize what we mean. Since November of 1985, in the last 25 months, we have had one increase in the sales tax of $150 for the average family, a second increase in sales tax of $150 and now a third increase in sales tax of $150. There have been increases on cigarettes and alcohol which amounts to close to $100. There have been gas tax increases of $50. These are all taxes that tend to be regressive. The total of these various taxes would be in the order of $700.

• (1600)

What have we had to counter that? We have had one sales tax credit. Did the Government do anything to protect ordinary low-income families from the sales tax increase in November, 1984? Not at all. Did it do anything to protect those families from the sales tax increase and the gas tax

increase in the 1985 Budget? Not at all. All it did was bring in something which in a modest way will reach a very limited group of families who are really very poor. They need far more to make ends meet than the sales tax credit which accompanies the sales tax increase.

When we debated the issue the other day in the Standing Committee on Finance and Economic Affairs, I made constructive suggestions. I had heard what was suggested by the National Council of Welfare, that the sales tax credit should be in the order of several hundred dollars for a family of four rather than $150. In fact I moved that the sales tax credit should be $200 per adult, that is, $400 for a couple or a single parent with a child, and $100 per child beyond that. It could be phased out between $15,000 and $28,000 per year for a family of four. If implemented, it would ensure a substantial measure of progressivity in terms of the application of sales tax.

I see that my time is about up. The Government is talking about bringing in a business transfer tax. It will be a hidden form of federal sales tax reaching many areas which are not taxed right now. It is saying that we should not worry about the regressivity factor because even though it is taxing almost everything one can look at, buy, consume, or get service from, it will have some kind of tax credit to offset the effect on people with modest incomes.

I do not think the Conservatives have awakened to the fact that $20,000 these days is not a heck of a lot of money on which to raise a family. The Government is giving its blueprint for the future sales tax credit with the BTT. If this is the model it chooses, it will be inadequate. This is why we are saying the particular clause should be deleted. The Government is wrong to be increasing sales tax year after year without taking adequate provision to ensure that people with low and modest incomes, working Canadian families, are in fact protected and not hit by a regressive tax levy that they can ill afford to pay.

As I said at the beginning of my remarks, if the Government can give a gift to wealthy people by exempting them, at least partially, from a minimum tax on their capital gains, it should be able to do it progressively and equitably for ordinary Canadians.

[*Translation*]

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, I also have some comments to make on this amendment. First of all, we have here a political party that promised, during the last election campaign, that it would not raise taxes but reduce them, and today, if we look at sales tax alone, we have already had three increases: 1 per cent in November 1984, 1 per cent in May 1985 and 1 per cent in 1986.

Mr. Speaker, when the Minister appeared before the Committee and when he spoke this afternoon in the House, he was constantly referring to the sales tax credit for families with annual incomes of $15,000 or less. First of all, these incomes are below the poverty level, so the tax credit is not really adequate. I think that these people, with the meager $50 they will be getting . . . It is regrettable that the Government should burden people in this way by increasing taxes. Although it says it is refunding money to poor families, Mr. Speaker, with some simple arithmetic it is easy to figure out that for every 1 per cent increase in sales tax, this means an increase of $175 for a family with two children. So if we take the last three sales tax increases, we get a total of $525, and the tax credit referred to by the Minister would then add up to $150. So a family, a couple with two children and an annual income of $15,000 has had to pay $375 more in federal sales tax since September 1984.

Mr. Speaker, this is a situation we cannot accept, and maintaining the position we took on second reading, before the Committee and this afternoon as well, we intend to vote against the Bill. The Minister also referred to tax reform. We have been waiting for his proposals for some time, because we are anxious to know what they contain, what exactly the Government is going to propose. Up to now, we have not had much more than grand statements and window dressing. Everyone wants tax reform, but it all depends what kind.

Will it mean that, for instance, the Income Tax Act will be simplified or will the reform apply to all tax legislation? Will Canadians be able to make some sense of all this and realize what it is going to cost them, what a tax is, because today, there is no way we can make any sense of all this. For instance, not long ago, in fact last Saturday, we read in the Montreal *Gazette* about a small business, Alexander Ceramic Studio, which, because it had exceeded the $50,000 limit for business turnover, automatically became subject to federal sales tax. The owner of the business could no longer keep up with his competitors, and he actually lost money, first because of the additional financial outlay because he had to pay the tax retroactively, and second, he lost customers because he had to charge federal sales tax, while his competitors next door did not because they had not yet reached the $50,000 ceiling, and so, to get out of this mess, he had to reduce sales so that he would stay under the $50,000 limit.

Mr. Speaker, I hope that in the tax reform process all these things will be taken into account and in connection with the famous business tax which the Conservative Government is getting ready to introduce, I hope it will keep in mind all those small businesses which, once that tax has come into effect, will need to have a license, to report and to be subjected to all the redtape and accounting that such a tax will entail.

A tax reform should lead to a reduction in paperwork, but we have a tax here which will increase the paperwork since at least 500,000 small businesses will probably have to comply.

I therefore urge this Government to recognize that very special situation and take into consideration the last budget.

In committee, Mr. Speaker, we received a brief from the National Anti-poverty Organization. According to the figures published by the National Welfare Council, couples with two children having an income of about $20,000, which is below

the poverty line in many Canadian urban centres, will pay 1.3 per cent of their family income to cover the extra cost of the sales tax and excise tax increases provided for in the 1985-86 budget. Because very often in their speeches, Government Members when talking about the sales tax credit refer only to the 1 per cent in the last budget. But with the whole package, the 1985 and 1986 budgets, we will find that this meager $50 is not enough to cover that tax, especially for families with income below $20,000.

What about those with incomes of $22,000, $25,000? That is where the whole question lies, Mr. Speaker. It is my view that the Government was fully aware of that when it decided to grant an income tax credit for families with income below $15,000 it knew very well it wanted to set a limit. That was no doubt a noble gesture to hide the true intention, this Government's real objective with all those tax increases.

Mr. Speaker, I intend to support this amendment, and I would like to add that there is one amendment that deals with the whole issue of the price of wine. We are becoming increasingly aware that we have our own wine industry here in Canada. We are starting to make good Canadian wines. There are Canadian vintners, and I think the Government should realize this and perhaps abolish sales tax altogether on wine produced in Canada.

• (1610)

[*English*]

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I want to put a few words on the record at report stage of Bill C-14, an Act to amend the Excise Tax Act and the Excise Act. By and large, Bill C-14 imposes a whole range of new taxes on the people of Canada. The amendment before us was put forward to eliminate the increases in the federal sales tax. I think it is important that Members of Parliament are aware—

The Acting Speaker (Mr. Paproski): I regret to interrupt the Hon. Member. I thought he was rising on a point of order. This is the Member's motion. Therefore, I must recognize his colleague, the Hon. Member for Spadina (Mr. Heap). I am afraid I cannot allow the Hon. Member for Kamloops—Shuswap (Mr. Riis) to speak again.

Mr. Dan Heap (Spadina): Mr. Speaker, I am glad you intervened to secure justice, even within our Party.

Some Hon. Members: Oh, oh!

Mr. Heap: I am very happy to second this motion and support the direction which the Hon. Member for Kamloops—Shuswap (Mr. Riis) has taken and will be taking again. I am also pleased to have a chance to say a few words on this Bill before I leave.

What we have here is another sales and excise tax increase. I suppose the Government figures people will not notice because it is only 1 per cent in general, up from 11 per cent to 12 per cent and, along with the excise tax, it will be only $170 for the average family. The trouble is that it comes on top of $1,300 in sales tax increases since November of two years ago. It is this Government's philosophy to keep reducing the effect of tax on the rich and increasing the effect of tax on low and middle-income people.

Mr. McDermid: What about the sales tax credits?

Mr. Heap: This philosophy of the Government is different from the philosophy that we heard about some years ago, which was to trickle down. This is a philosophy of trickle up. There will be a little Mickey Mouse sales tax credit to the poor which will not come near matching what has been taken away from them in these regular sales tax increases. For the middle-income people, there will be no tax credit. The ones who have more money than they need to spend, the ones with really high income levels, will not mind paying these sales and excise tax increases. They are gaining on the income tax cuts and the increasing loopholes, such as the loopholes being made for more and more money going to fewer and fewer people through the capital gains tax relief by flipping property and playing real estate games. That sort of tax will be made more free to the really rich, and they will not mind paying 1 per cent extra on the ordinary necessities of life.

The pretended philosophy of the Government is that if we scoop money from the poor and give it to the rich then the rich will create jobs. That philosophy is not working, Mr. Speaker. Notwithstanding the statistics that the Government manipulates regarding jobs, the working people in this country as a whole are growing poorer. The rich do not spend in the same way as the poor. The rich spend a good deal of their money on luxuries, many of them imported. That does not create jobs in Canada. They spend their money travelling abroad. That does not create jobs in Canada. They probably send $10 billion or $20 billion every year out of this country in investments. There is no evidence that those billions of dollars created by the work of Canadians sent abroad by the rich, who have been able to collect them, create jobs in Canada. This philosophy of trickle up is making the country poorer.

What we have is a warning indication from some of the established groups in our country who provide a sort of monitoring, a sort of check on what is going as a result of these regular increases in the sales tax. The quarterly economic review published by the Department of Finance shows that in April and May, 1986 the disposable income of Canadians fell by 2 per cent. The Conference Board of Canada agrees that consumer spending will be slowed by the Conservative tax increases.

The consumers in the great, great majority in Canada are the low and middle-income people. It is those consumers whose failure to keep up the level of spending that our credit economy looks for who are causing a slowdown in the economy. Their disposable income is decreasing, the effect of which is beginning to depress the economy. If people cannot spend, then people cannot work to sell. If no one is buying, the stores do not buy and workers are laid off. This is how sales tax hits

the country as well as hitting the low income and middle income people.

It would be well worth while if the people who rule this country, the people on the other side of the House, would pay attention to the statements put out by the bishops of the Roman Catholic Church three years ago in which they advocated what they called the preferential option for the poor. Their argument has a basic strong logic: A country that looks after the needs of its poorest people will find that the needs of its richest people are also looked after. It does not work the other way around. A country that rigs the tax laws the way this Government is doing, so as to take from the poor and give to the rich with a sort of vague promise that the rich will use that money to create jobs for the poor—a country that scoops from the poor to give to the rich—is ruining its own economy. It has happened many times before in history. We can see it in front of our eyes in Canada under the misguided philosophy of this Government.

That is why I support this motion to delete the 1 per cent sales and excise tax increase from this Bill, because it will not help Canada. It will bring a little more revenue to the Government perhaps at the beginning but by depressing the spending power of the vast majority of Canadians by depressing the market, a dependence on their spending power, it will cause greater troubles for our country. I ask Hon. Members to think about what they are doing this time. Two years ago it could be taken as excusable perhaps because we had a new Government, perhaps it did not know what it was doing, but by now it cannot use this excuse—

Mr. Boudria: Yes, it can.

Mr. Heap: It cannot get away with the excuse. The Hon. Member says that perhaps the Government will when it is blamed for what is happening. But the Government has had time in two years to see what is happening. During those two years Conservatives have taken twice as much through sales and excise tax increases as they have through income tax increases; $6.7 billion as opposed to $3.3 billion. Those tax increases were not paid mainly by the rich but rather by middle-income earners. It is the poor and middle-income earners who are being hit by this Government. Not only will they suffer immediately and directly, the country as a whole will suffer unless the Government wakes up to the harm it is doing.

• (1620)

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, we just heard an NDP Member say that the Government perhaps did not know what it was doing two years ago but today we can no longer make that accusation; the Government now knows what it is doing. However, I want to go on record as saying I totally disagree with anyone who suggests the Government knows what it is doing. I want everyone to know that before I give the rest of my remarks.

As we discuss this amendment to Bill C-14, it is important to know the commitments that those people across the way, who do not know what they are doing, made to the people of Canada before the last election. They made several promises as you will recall. I have raised those on one or two occasions in the past. They are listed in the book of 338 Tory promises, a copy of which anyone can have if they write to me, no postage stamp necessary, requesting a copy of the book of 338 Tory promises.

As I was saying, on the page dealing with small business it says that the Tories were to reduce the level of taxation facing small business and the complexity of the tax system with which they must cope. I know you want to know if it was the Tories who made that promise. The answer is yes. That is one thing the Conservative Party promised to do. What do we see instead? We see budgetary measures which mean tremendous increases not only for families but for small businesses such as the corner grocery store and small manufacturers. They all have to pay increased taxes as a result of the Government's budgetary measures.

My colleague, the Hon. Member for Ottawa—Vanier (Mr. Gauthier), indicated to me earlier today that since the Government came to office the tax increases amount to something in the order of $3 billion. Not bad considering they were telling small businesses they were not going to face a tax increase.

[*Translation*]

If we look at the average and especially the cumulative impact of these taxes, we see that there is a broadening of the sales tax base. In other words, it means that the average Canadian, people like you and me, Mr. Speaker, it means that our constituents will now have to pay tax on certain items that were previously exempt.

Obviously, this is going to create problems for a great many people, for small businesses and especially for families on middle and low incomes.

[*English*]

We note as well the increase in alcohol and tobacco excise taxes. The amendment before us would remove that increase. Among other things, the tax on wine was increased from 14 per cent to 15 per cent. That is enough to drive a person to drink.

It is extremely frustrating to look at what the Conservatives are doing to the average Canadian. For example, let me bring to your attention, as I think I may have before, the cost of these new taxes and who is going to pay for them. A couple with two children making $15,000 a year will have to pay an extra $255 in taxes. Do you think that family has an extra $255? If they do, which they likely do not, I am sure they do not want to give it to the Tories, particularly when one considers their record.

You will know, because I brought it to your attention in the House earlier this week, that the Government spent $2.6

million for the Shamrock Summit in Quebec City, and the emphasis is on the first syllable. The Shamrock Summit saw five jets flying from Ottawa to Quebec City carrying one Minister each. I know they were Cabinet heavyweights but surely they could have doubled up. I know the Minister of State for Finance (Mr. Hockin), who is in charge of watching the purse-strings, is concerned about that kind of activity by his colleagues. He drives back and forth from London in his car, and he would not want to see others flying in jets all over the place.

Then we hear the Government is going to pay the legal bills of a Member of this House amounting to $350,000. Why? Who knows. I see the junior Minister of National Defence (Mr. Beatty). He should know about wasteful government expenditures. He is well versed on the topic, and a participant, too. The Minister of State for Finance should know that this move to pay a former Minister's legal bills is without precedent.

I have a lot more to say on unnecessary government expenditures, such as the $1 million spent on the Far East trip by the Prime Minister (Mr. Mulroney), but given the sense of fair play which the Liberal Party has always had, I do not want to delay the debate unduly. Given the festive season and the co-operation which is developing in this House, I think I will end my remarks and merely ask all Members to vote for the amendment which would stop these tax increases from going ahead.

[*Translation*]

Mr. Speaker, in concluding, I would urge all Members and of course you yourself to vote in favour of the amendment that would reduce the incredible tax increases that the Conservatives want to impose on the Canadian people.

[*English*]

The Acting Speaker (Mr. Paproski): The question is on the motion. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mr. Paproski): All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mr. Paproski): All those opposed will please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mr. Paproski): In my opinion the nays have it.

Some Hon. Members: On division.

The Acting Speaker (Mr. Paproski): I declare the motion lost.

Motion (Mr. Riis) negatived.

• (1630)

Mr. Hockin moved that the Bill be concurred in.

The Acting Speaker (Mr. Paproski): Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there have been discussions among the Parties. In view of the progress made today, that is, completion of the second reading debate on Bill C-3, the completion of Bill C-20 at all stages and the completion of report stage on Bill C-14, we suggest that the Chair now call it five o'clock.

The Acting Speaker (Mr. Paproski): Is there unanimous consent to call it five o'clock?

Some Hon. Members: Agreed.

[*Translation*]

The Acting Speaker (Mr. Paproski): Order! It being five o'clock, this House stands adjourned until Monday next at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 4.31 p.m.

HOUSE OF COMMONS

Monday, December 15, 1986

The House met at 11 a.m.

ROUTINE PROCEEDINGS

[*English*]

AUDITOR GENERAL'S REPORT, 1986

TABLING OF REVISION TO PARAGRAPH 7.95

Mr. Speaker: I have the honour to lay upon the Table the revised paragraph 7.95 to the Report of the Auditor General of Canada to the House of Commons for the fiscal year ending March 31, 1986. I remind Hon. Members that this document is deemed to have been permanently referred to the Standing Committee on Public Accounts.

* * *

THE ADMINISTRATION

REGULATORY REFORM—FIRST ANNUAL REGULATORY PLAN—1987

Hon. Barbara McDougall (Minister of State (Privatization)): Mr. Speaker, I rise today pursuant to Standing Order 19(6) and as Minister responsible for regulatory affairs to inform the House of an important milestone in the implementation of the Government's regulatory reform strategy. Hon. Members will recall that the Minister of Finance (Mr. Wilson) identified regulatory reform as an important contributor to economic growth and job creation when he announced the Government's agenda for economic renewal in November 1984.

The Government subsequently developed a comprehensive regulatory reform strategy as a result of the work of the Ministerial task force on program review. The strategy and our smarter regulation policy were announced in February. Since then, there has been virtually constant action in the Government to bring about needed and practical improvements in regulatory programs and the federal regulatory system.

Regulation is the use of law to control or prohibit private behaviour. A democratically elected Parliament is recognized as the source of those laws and of regulations affecting the freedom of all the people. It follows that Parliament has a special responsibility in encouraging sound, practical regulatory reform.

Of course, a major purpose of the regulatory plan is to respond still further to the Government's commitment to open Government. The document gives the public early notice of our intentions and this will help individuals to influence reglation at the start and not just at the end of the regulatory pipeline.

[*Translation*]

That is why I see it as especially appropriate to announce in the House today that we are releasing, simultaneously with this statement, the first annual regulatory plan prepared by a federal Government.

The regulatory plan for 1987 provides a comprehensive list of regulatory initiatives planned by 25 federal Departments and agencies for next year.

It is the result of the introduction of compulsory planning and priority setting introduced to the federal regulatory system as a result of the regulatory reform strategy. Because it covers all planned federal regulatory activity during a specific 12-month planning period and because it has been approved by Cabinet as a planning document, the 1987 regulatory plan goes well beyond the scope and objectives of the old regulatory agendas.

[*English*]

In the same spirit, I see the annual plan becoming a very useful reference document for Members of Parliament. Copies of the 1987 plan are being circulated at this time to Members' offices as well as copies of an information kit prepared to accompany the plan's release.

One of my main objectives has been to ensure that the plan is a useful tool for Members of Parliament and I hope they will let me have any suggestions on how we can improve next year's edition. This is a good example of how the smarter regulation policy is producing practical, helpful improvements that have long been needed.

[*Translation*]

Hon. Bob Kaplan (York Centre): Mr. Speaker, I was asked to act as Liberal critic on this matter because I happen to be co-chairman of the Joint Committee on Regulations. That is why my reply will not be as charitable as the Minister may have wished.

[*English*]

I have to say that I am interested in this document but I cannot receive it with the kind of enthusiasm with which the Minister has delivered it. It is not all that different from the regulatory agenda approach introduced years ago by my colleauge, the Hon. Member for Windsor West (Mr. Gray) when he was the President of the Treasury Board. Like that document, the trouble with this document is that it is not a law

of Canada. It is not a regulation. It has no status or authority, other than a commitment by the Government to comply with it. In other words, any Department will continue to be free to put out regulations whenever it likes. Those regulations will stand or fall, not in relation to this plan but in relation to the law.

• (1110)

I regret that after the commitment the Government made to the regulatory reform process that it has not been prepared to do something that will have more authority than justify a statement. I hope that it will not unduly encumber the process of Departments, and that in cases where regulations have very little consequence that those regulations will be able to go forward and will not be encumbered by all this material, which although it is well intended, has to be characterized as additional red tape for departments. It is red tape that could produce good results. I do wish to indicate that it is not always a good thing, unless it is applied with sensitivity and taken seriously by the departments.

I am suspicious about the commitment of the Government to regulatory reform because of the behaviour of the Government and its caucus in relation to the regulatory process. This is a good time to mention it, because the Government wants the country to accept this document and to see it as a reform. Since it has no legal authority, it will only have meaning if the Government is committed to it.

These are the reasons that the Government has very little commitment to regulatory reform. First, it has not yet acted to amend the Statutory Instruments Act. In 1983 when Mark MacGuigan was the Minister of Justice he made a commitment that the Statutory Instruments Act would be amended. It has no teeth, it has no disallowance power, and no one was more enthusiastic about Mr. MacGuigan's commitment than the Opposition. So all of this regulatory process could be effectively controlled by a regulatory instruments process. No amendments have been introduced to carry that out.

Second, the attendance of Conservative members at the Standing Joint Committee on Regulations and other Statutory Instruments has prevented us from doing our job. Four meetings have been called with two Liberal members, one NDP member, nine Conservative members—

Mr. Speaker: Order, please. There may be problems with attendance at committees, and there are sometimes problems with attendance in the House. Hon. Members know that we have a long tradition of not commenting on it. The Chair does not know what the problems in attendance might be. It may have nothing to do with lack of diligence, it may be other more pressing obligations. I would ask the Hon. Member, who is an experienced Member, to not comment further on that particular matter.

Mr. Kaplan: I wish to simply say that for four meetings the committee has not been able to review regulations because there was no quorum.

An Hon. Member: Were you there?

Mr. Kaplan: Yes, I was.

Mr. Speaker: Order, please. It is quite appropriate for the Hon. Member to say that unfortunately there was not a quorum. But it is not appropriate to single out any particular Member. The Chair is mindful that I have just heard at least one Member question whether or not the Hon. Member for York Centre (Mr. Kaplan) was there. This is an issue which I do not want to get into. Perhaps the Hon. Member for York Centre could complete his remarks.

Mr. Kaplan: My third point in challenging the credibility of this Government as a regulatory reformer is the behaviour of the Minister's former Department when she was Minister of State for Finance in dealing with regulations which we brought to the attention of the Government that challenged its constitutional authority. The committee has the responsibility of reviewing regulations. Although I could have mentioned several, I have mentioned the Hon. Minister's Department because she is charged now with the SOR/82-359, the Natural Gas and Gas Liquids Tax Regulation.

On December 5, 1984, our legal counsel wrote to the Department asking them to respond to a challenge to a regulation to its authority. There was no reply to the letter. On April 10, 1985, we wrote again. A committee of Parliament wrote to the Minister's Department and did not even receive the courtesy of a reply saying that our letter would be looked into.

The first letter was on December 5, 1984, the second letter was on April 10, 1985, the third letter was on August 20, and there was not even the courtesy of a reply from the Minister's Department. On January 2, 1986 our legal counsel wrote and again there was no reply. On April 17, 1986 the co-chairman of the committee and the vice-chairman wrote to the Minister asking for a reply to all these letters that had been written. There was no reply. On September 17, 1986 we wrote again and asked the Government to deal with, in our view, a breach of the regulations and there was no reply. So these are the reformers. I will believe it when I see it.

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, I wish to say a few words on the statement by the Minister. They will be very few because the spokesman for the New Democratic Party on this particular issue had a prior commitment. We did not receive notice of this from the Minister's office or a statement ahead of time. I am not sure whether it was the Minister's office that was late in sending it, or whether the confusion resulted on our side. Maybe it was Canada Post. But we have not received notice of it. The Member for Vancouver—Kingsway (Mr. Waddell) is our spokesman on this particular issue and he has other commitments at this time.

I wish to say to the Minister that we follow this issue. It is an important issue for people. We know about the committee that has been going on. The only point that I wish to make this

morning is that this issue of regulatory reform is an issue which we should make sure works on behalf of the average Canadian who is affected by the laws of Canada. There will always be regulations. There will always be reform and update of regulations, regardless of which Government is in power. There must be a process that ensures that the regulations of Government work on behalf of ordinary citizens. All too often the ordinary citizen is met with red tape, regulations, and guidelines that are beyond his or her comprehension. They tend to see parliamentarians and public servants, particularly at the federal level in Ottawa, drafting very complicated regulations that can only be interpreted by lawyers, or accountants, and sometimes for the benefit of lawyers and accountants.

It is encumbent upon all of us in the three Parties in the House to make sure that the regulations are drafted in the most efficient and effective way possible that work and serve ordinary Canadians.

[*Translation*]

People are the most important factor. There are Canadian men and women across this country who have to work with federal Government programs, any programs. We have a policy for farmers, a policy for fishermen, a welfare policy, there are Old Age Security pensions, just about anything, Mr. Speaker. But the main thing is to communicate with Canadians across this country.

[*English*]

It is very important in any reform process that we have input from ordinary people, and from their organizations and associations.

The Acting Speaker (Mr. Paproski): Statements by Ministers. The Hon. President of the Treasury Board (Mr. de Cotret).

* * *

CORRECTIONAL SERVICES

PORT-CARTIER PROJECT—POSSIBLE CONFLICT OF INTEREST

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, on November 5, 1986, I indicated that, further to the request of my colleague, the Solicitor General of Canada (Mr. Kelleher), I was asking that a review be made of the circumstances which surrounded the award of the Port-Cartier project direction contract to Bechtel Québec Ltd. The request for such a review followed allegations that the Code of Conflict of Interest may have been breached. This review has been completed. The following facts were brought to my attention.

In July, 1985 Correctional Services appointed Mr. Robert McCulloch, then at the service of Correctional Services, interim project director for the Port-Cartier project. Robert McCulloch was a Bechtel Canada employee, working in the public service by way of an Interchange Canada agreement. Since this agreement was coming to an end, it was decided to retain the services of Robert McCulloch by contract.

• (1120)

A request was forwarded to Bechtel Canada Limited to prepare a proposal which would be relied upon to draft a project direction contract. Correctional Services attempted to enter into a sole source agreement with Bechtel. This attempt was not accepted, and the Department of Supply and Services required that requests for proposals be sought.

[*Translation*]

In December 1985, the Minister of Supply and Services invited thirteen companies to submit proposals. Eight, including Bechtel, responded. After an analysis of the proposals, three out of eight were retained for consideration, including Bechtel. The latter company was awarded the contract because its proposal was judged to be the best and least costly. An analysis of the circumstances of the entire process has shown that once the decision was made to go ahead with the construction of a penitentiary institution within a relatively short time frame, the flexibility required to develope a work plan and policies was somewhat reduced.

Mr. McCulloch should not have been appointed as acting director for the project since it was known that he would not be able to perform those duties up to the project's completion.

[*English*]

The analysis further indicates that Robert McCulloch's status, for example, a senior Bechtel employee and Correctional Services officer, placed him in a conflict of interest situation as soon as it was determined that Bechtel was to be requested to prepare a proposal which would lead to a contract. Robert McCulloch should then have been removed from both the project and the contracting process which would lead to a contract with the firm, Bechtel.

Robert McCulloch who, by the term of his Interchange agreement, was subject to the Conflict of Interest Code, and senior Correctional Services employees should have been more concerned about the conflict of interest situation which existed, particularly since in September, 1985, when these events were unfolding, the Prime Minister (Mr. Mulroney) tabled in the House a Conflict of Interest Code, which code was introducing clearer and tougher rules.

I have asked my colleague, the Solicitor General (Mr. Kelleher), to require the Correctional Services Commissioner, Rhéal Leblanc, to examine carefully the facts which surround the matter and take such measures as he feels are needed to deal with it.

I have also asked my colleague, the Hon. Minister of Supply and Services (Mrs. Vézina), who has accepted, to terminate the contract between Robert McCulloch, Bechtel, and the Crown in the public interest.

The Solicitor General will also be taking the necessary steps to provide for the continuation of project direction through the offices of Correctional Services and Public Works Canada.

The decision to terminate the contract is consistent with the Government's commitment with respect to the Conflict of Interest Code.

Mr. John Nunziata (York South—Weston): Mr. Speaker, I should first like to indicate that the Official Opposition was only provided with a copy of the Minister's statement literally minutes ago. It would seem to me that there should be some common courtesies in the House. Where statements are to be delivered by Ministers, they should be given to opposition Parties in advance, in order to give opposition Parties an opportunity to assess properly the statements to be made. I hope the Minister will recognize the difficult position in which he puts the Official Opposition in trying to respond to as important a statement as the one made by the Minister. Be that as it may, I will attempt to respond to the statement of the Minister.

It is obvious from what the Minister stated that there has been a conflict of interest, that rules and regulations were not followed in this particular case. We in the Opposition have indicated from the start that an investigation was necessary into the whole question of the prison in the riding of the Prime Minister (Mr. Mulroney).

The Auditor General indicated that $41 million of taxpayers' money was literally frittered away because of the Prime Minister's desire to locate the prison in Manicouagan, his riding. The Prime Minister, through Ministers of the Crown, indicated on a number of occasions that there was a need for a prison in Port-Cartier, notwithstanding the fact that the Auditor General concluded there was no such need for a protective custody prison in Manicouagan. Despite the statements of the Auditor General, the Government continued to insist that in fact there was a need. In effect, the Government, through various Ministers of the Crown, called in question the objectivity and the independence of the Auditor General. It was unprecedented in the history of the Office of the Auditor General for Ministers of the Crown to attack the Auditor General with regard to his objectivity and with regard to his independence.

I see you signalling, Mr. Speaker—

The Acting Speaker (Mr. Paproski): One minute.

Mr. Nunziata: With the leave of the House, I would ask for the opportunity to complete my comments.

Some Hon. Members: No.

The Acting Speaker (Mr. Paproski): I am allowing the Hon. Member an extra minute to complete his comments.

Mr. Nunziata: Perhaps I will have to make comments at another time. However, the bottom line is that there has been a conflict of interest. They are holding Mr. McCulloch responsible; they are making a scapegoat of him. In fact the Minister should be held responsible and the Minister should resign. If not, the conflict of interest guidelines are a farce.

They are saying that Mr. McCulloch was responsible for putting himself in a conflict of interest situation. I suggest that it is the Prime Minister who put Mr. McCulloch and Bechtel in a conflict of interest situation by insisting a prison go in his riding and by insisting that the contract be completed by September, 1988. It is the Minister's resignation which is needed, not simply the termination of the contract. This leads me to another point—

The Acting Speaker (Mr. Paproski): I regret to inform the Hon. Member that his time has expired.

[*Translation*]

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, it was obviously the Prime Minister (Mr. Mulroney) who gave directions to go full speed ahead with the plan for a penitentiary at Port-Cartier, without regard for the consequences.

The President of the Treasury Board (Mr. de Cotret) has now recognized the existence of a conflict of interest that was pointed out here in the House. However, he has not blamed the Prime Minister, although it was the Prime Minister's insistence on this project—despite the cost and despite the fact that all Government tendering practices would be and were adhered to—that created this situation.

[*English*]

I recall to Hon. Members of the House that the Prime Minister (Mr. Mulroney) decided he wanted to have this prison as a bon-bon to give to the people of Port-Cartier. It is clear that Port-Cartier would prefer to have real development, development which provided a variety of jobs, not just prison guard jobs. However, when it was decided in the first place, he incurred an estimated $41 million in extra costs because of the relocation of the prison from Drummondville. The report of the Auditor General indicated that it would have been $10 million cheaper to have renovated the prison in Laval rather than to move it to Drummondville.

The Government decided to move at full speed and damn the consequences. It is now turning around and making a statement that poor Mr. McCulloch is to blame, that he should have realized there was a conflict of interest and should have kept out of it when he was asked if he would please stay on for a few months at the end of his Interchange Canada contract in order to get the project under way. It seems that the Government should have understood that if it were asking this particular official, who had been in Government for a very short period of time on an Interchange contract, it should have looked at the question of conflict of interest.

To blame the Commissioner of Correctional Services, Mr. Rhéal Leblanc, for the fact that the contract was not put forward correctly and that there was a conflict of interest also begs the real question—why was the Government going at such a pace? We know the reason. It was because the Prime

Minister wanted to cut the blue ribbon on the project before a possible election in May or June, 1988. That was the reason. It was a politically motivated project. The Government now finds that it has egg on its face. However, I welcome the fact that it has decided to put on the brakes in terms of the particular contract.

• (1130)

I want to tell the people at Bechtel Canada that I regret their having been drawn into this matter for reasons I do not believe were their responsibility at all. I think that a private sector company has been ill served by the Government which put political priorities ahead of doing business in the ordinary way that the Government should, namely, in a way in which the bidding process is fair, above board and gives a fair chance to everybody. If Bechtel's bid was the lowest bid, then in the normal course of events it should have been awarded the contract. The fact that a conflict of interest emerged was not Bechtel's fault, was not Mr. McCulloch's fault, it was the Government's fault because Brian Mulroney wanted that prison in Port Cartier.

The Acting Speaker (Mr. Paproski): The Hon. Member's time has expired. Presenting reports from Interparliamentary Delegations.

Mr. Cassidy: Mr. Speaker, I have a point of order. Because I knew my time was limited in responding to statements I want to say that I express grave concern over the practice of the Government to give statements to Opposition critics—

The Acting Speaker (Mr. Paproski): Order. Presentation of Reports from Committees.

* * *

GOVERNMENT OPERATIONS

PRESENTATION OF FIRST REPORT OF STANDING COMMITTEE

Mr. Felix Holtmann (Selkirk—Interlake): Mr. Speaker, I have the honour to present in both official languages the first report of the Standing Committee on Government Operations.

Pursuant to provisional Standing Order 99(2), your committee requests a Government response to this report. This report addresses a number of concerns relating to the Canada Post Corporation, namely, changes in rural mail delivery; closure of rural post offices; reduction in subsidies for weekly newspapers and changes in the mailing status of religious periodicals; delivery services in new subdivisions; technical deficiencies of supermailboxes and reliability of service. I emphasize that your committee intends to exercise its power under provisional Standing Order 96(2) to review and report to the House from time to time on the progress achieved by Canada Post in implementing its corporate plan.

I wish to express, on behalf of the committee, my appreciation for the contribution of many Members of Parliament who attended the meetings although they were not members of the committee.

[*Editor's Note: See today's Votes and Proceedings.*]

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PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, it is my honour and duty to present a petition on behalf of, I think, most of the citizens of the town of Blaine Lake, including a number of very high profile Conservatives. The petition calls upon Parliament not to put through changes to the Patent Act which will increase prices of prescription drugs for Canadians and to allow production of generic drugs and the lower cost of drugs to continue.

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I am presenting a petition from residents of my riding in Winnipeg with regard to the patent drug legislation which the Government has before the House. They point out that this legislation will increase the cost of patent drugs to consumers, to people who have to rely on patent drugs on an ongoing basis, that it will increase the cost to taxpayers because of increased costs for provincial drug programs. The petitioners indicate that this legislation is a gift to the multinational drug companies and they call upon Parliament to rescind the legislation.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have the honour to present several petitions in the name of constituents and residents of this country. Whereas the Government of Canada having imposed a retaliatory tariff on imported books in the English language which has limited the access of Canadian literature and information and: whereas the tariff has had little negative effect on the publishing industry of the United States yet penalizes Canada's consumers, book publishers, booksellers, distributors and Canada's culture and; whereas rising book prices have placed a strain on the book acquisition policies and programs of our nation's public and specialized libraries, the petitioners humbly pray and call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries in respect of free trade negotiations.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, I have a number of petitions from the villages of Drake and

Dundurn in my riding. The petitioners note that the Government's proposals to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy necessary prescription drugs. They humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

Mr. Rod Murphy (Churchill): Mr. Speaker, I have the privilege to present another petition under Standing Order 106. This petition relates to the attempt of the Government to change the Patent Act. People from Flin Flon, Cross Lake, Grand Rapids, St. Boniface and Thompson indicate in their petition that they believe this will only increase drug prices for Canadian consumers, that it will severely restrict the ability of average Canadians to buy necessary prescription drugs, and that this is only another example of the Canadian Government giving concessions to the United States at the expense of average Canadians in the free trade negotiations. Therefore, the petitioners humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

* * *

FISHERIES IMPROVEMENT LOANS ACT

MEASURE TO AMEND

Hon. Thomas Siddon (Minister of Fisheries and Oceans) moved for leave to introduce Bill C-32, an Act to amend the Fisheries Improvement Loans Act.

The Acting Speaker (Mr. Paproski): Shall the Hon. Minister have leave to introduce the Bill?

Some Hon. Members: Agreed.

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

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

The Acting Speaker (Mr. Paproski): Is it agreed?

Some Hon. Members: Agreed.

[*English*]

I wish to inform the House that because of the ministerial statements Government Orders will be extended today by 25 minutes beginning at 1 o'clock p.m.

• (1140)

GOVERNMENT ORDERS

[*English*]

FARM IMPROVEMENT LOANS ACT

MEASURE TO AMEND

Hon. John Wise (Minister of Agriculture) moved that Bill C-31, an Act to amend the Farm Improvement Loans Act, be read the second time and referred to a legislative committee.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there have been discussions among the parties and I believe you will find there is unanimous consent to handle all stages of this Bill, including reference to Committee of the Whole, in this sitting.

Mr. Maurice Foster (Algoma): Mr. Speaker, we have agreed to this even though introduction of the Bill has been delayed for months. We would like to have the Bill go to committee where we would have the time to deal with it, but in view of the necessity to have it passed before the end of the year we have agreed to deal with it in Committee of the Whole.

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, this is a brief extension of a law which has been in effect since 1945 and we will accept it continuing for another six months.

The Acting Speaker (Mr. Paproski): Is there unanimous consent?

Some Hon. Members: Agreed.

Mr. Wise: Mr. Speaker, as was indicated, the purpose of Bill C-31 is to extend for six months the Farm Improvement Loans Act. The Act has always contained a sunset clause. The initial period of the Act was three years, and it has been extended since then, from time, to time usually for three-year intervals. This has provided an opportunity to reconsider the provisions of the Act and amend it as necessary to ensure that it continues to meet the needs of Canadian farmers.

The last extension of this Act involved the period of 18 months from July 1, 1985 to December 31, 1986. It was our intention to carry out a full review of the program during that 18-month period so that we would be in a position to propose needed amendments to make it more useful and then extend it for a longer period of time.

Substantial work has been done on this review. However, the need to deal with some very serious financial problems facing farmers has made it impossible to complete the review and the necessary consultations with farm organizations and lenders across the country. It is because of the need to provide additional time to complete the review and the necessary consultations that I seek an amendment to the Act which will

extend my authority to guarantee new loans for an additional six months.

Over the course of the review it has become apparent that in some ways the Act has indeed achieved many of its original objectives. When the program was first introduced some 41 years ago, in 1945, there was little mid-term credit available to farmers from commercial lenders. Between 1945 and the middle-1960s a very substantial part of the credit provided to farmers was guaranteed under this Act. In the late 1960s and through the 1970s the use of the program declined as commercial lenders introduced their own loan programs for farmers. The decline in the number and dollar amounts of loans extended under the Act continued into the 1980s as the serious financial difficulties facing agriculture caused farmers to cut back on their investment in farm machinery, equipment and buildings. Despite that decline, the program continues to occupy a small but very significant place in the field of agricultural credit. In 1985, the last year for which figures are available, there were just under 12,000 loans extended for a total amount of $165 million.

While this program occupies only a relatively small part of the over-all agricultural credit field, it is important to remember that it is only one part of the over-all contribution of the federal Government to the credit needs of Canadian farmers. The Farm Credit Corporation has long played a major role in long-term agricultural credit. With the serious financial difficulties facing farmers we have strengthened that role by taking such special measures as reducing the rate of interest paid by farmers locked into high interest rate loans and by introducing new financial instruments such as a shared risk mortgage and Commodity-based Loan Program. We have also strengthened and extended existing agricultural credit programs such as the small business bond, the Prairie Grain Advance Payments Act and the Advance Payments for Crops Act. We also introduced a system of Farm Debt Review Boards to help farmers in financial difficulty reach settlements with their creditors. All of these initiatives have helped farmers obtain the credit they need in a period of serious financial distress.

At the same time, the initiatives taken in agricultural credit are but a small part of the total assistance we have provided to farmers in a period when external forces have created very serious difficulties for many farmers in this country. These initiatives have ranged from steps taken to effectively offset all federal sales and excise taxes on farm fuels to the $1 billion special Canada grains program that the Prime Minister (Mr. Mulroney) announced December 9.

When the review of this Act was carried out, suggestions were made that a radical restructuring is not really needed. However, additional work and consultation is necessary to verify this view and identify the adjustment and changes which need to be made if the Act is to continue to fulfil its role in the agricultural credit field. Again, the review is not yet complete but the consultations we have had with farm groups suggest there is basic support for the program and a recognition that some adjustment may be necessary to ensure its continued contribution to Canadian agriculture. Indeed, the Canadian Federation of Agriculture indicated its support for the program and recommended there be a short extension to permit additional time for the review and consultation to be completed.

With the passage of this Act it is my intention to complete the review as quickly as possible and introduce substantive amendments early in the new year. That will ensure ample time for deliberations on the amendments by Parliament before the six-month extension period expires. Therefore I urge my colleagues, indeed all Hon. Members of this House, to support the Bill so that we can meet the needs of Canadian farmers during that interval.

Mr. Maurice Foster (Algoma): Mr. Speaker, I am pleased to have an opportunity to speak on Bill C-31. While the Minister has yet to get his act together concerning exactly how he is going to amend the Bill, at least the uncertainty which has reigned supreme in this country since September 26, when a press report indicated the Government might be cancelling the program, has ended. We learned last Thursday or Friday that the Government was going to extend the program for another six months at least. I take it from the Minister's comments this morning that he may actually continue the program in the future and improve it. That is encouraging since the farm debt crisis facing Canadian agricultural since the fall of 1984 is one area where the Government has failed to take any very effective action.

Mr. Wise: Just about $3 billion, that is all.

Mr. Foster: We have seen a lot of hype about what the Government is going to do but we have not seen very much action. That is of great concern because during the 1984 election campaign the Government committed itself to allocating the necessary funds to assist producers in refinancing their loans at prevailing rates of interest. The amended Farm Improvement Loans Act might be useful in that regard because the rate of interest is 1 per cent above prime.

• (1150)

In 1979, 25,309 loans were granted under this program for total financial assistance of $265 million. In 1984 only half as many loans, 12,000 were granted for total financial assistance of $159 million. We on this side of the House wonder why so little is being made available to farmers. Perhaps the Minister will explain in Committee of the Whole why the Government is leaving us uncertain as to whether or not it is phasing the program out and why the funds seem to be unavailable.

The FCC is the important funding agency of the federal Government. Thirty-two per cent of its inventory of loans is outstanding at interest rates of between 12.75 per cent and 16.75 per cent. That seems to fly in the face of the Government's campaign commitment that it would reschedule loans to current interest rates. The Government found funding in the FCC in 1984 which allowed it to reschedule some loans to

12.75 per cent. Farmers who would swear that they were going broke had their loans rescheduled from 14 per cent and up to 12.75 per cent. It is hard to say what would have happened had there not been $575 million left in the FCC funding account in the fall of 1984.

There has been great uncertainty as to whether the Government was going to renew this program. A report in *The Globe and Mail* of September 26 said that there was millions at stake for cash-starved farmers and that the axe may fall on farm and fishing loan schemes. At that time the Minister obviously did not have a commitment from the Government to continue this program. He issued a press release on October 6 in which he said that he considered it a priority for Canadian farmers to have access to adequate credit. However, he did not really clarify until last Friday whether the axe would fall on this legislation.

That type of uncertainty is exactly what our agricultural community does not want. We did not know for certain until a week ago whether the Government was going to proceed with its special grain program for western Canada. The Opposition, the prairie pools and other groups have been calling upon the Government to provide assistance of between $2 billion and $4 billion a year. Finally last Tuesday the Minister and the Prime Minister (Mr. Mulroney) announced that they were going to make the payment. However, they are going to spread it out over such a period of time that many farmers who are facing financial crises right now will not receive assistance until next April or May. In fact, farmers on average will receive only $1,500 in January or February. The $3,500 balance of assistance under that program will not be received until next April or May. For the 39,000 farmers in serious financial difficulty that assistance will come so late that it will be questionable how much help it will be.

This assistance, however, is more real than the announcement made by the Prime Minister last April 30 of $300 million or $400 million of so-called assistance, which resulted in no assistance at all because most farmers received very little from it. That program was supposed to freeze freight rates. However, it turned out that it was only a recalculation of the volume of freight rates. There was no real saving of $42 million. It was only a smoke and mirrors operation.

The Minister also implied that the Government was going to increase the domestic price of wheat from $7 to $11. In fact, it was only increasing the range. Farmers had expected a $200 million to $300 million benefit from that. He announced with great flourish that on May 1 he would remove the 2-cent a litre excise tax which he had imposed in September of 1985. He expected everyone to cheer. They did not cheer. In fact, most farmers wanted to know why the Government had imposed this 2-cent a litre tax which cost farmers $60 million or $70 million when farmers were already in serious financial difficulty. Why would any Government which was serious about helping farmers do that in the first place?

In addition, there has been tremendous uncertainty about the free trade negotiations. We wonder what kind of deal Simon Reisman will make in the dark of the night. We wonder whether he will trade away our marketing and stabilization programs. This week 50 or 60 farmers are coming to Ottawa to find out whether the Government will make the final payment on No. 1 and No. 2 wheat. There is a precedent for the Government making that final payment as it did for durum wheat in 1969-70. Farmers want to know why that $190 or $200 million payment will not be made directly to them. I am sure the Minister will change his mind and make that final payment which will be so beneficial to farmers, especially in view of the fact that he has delayed it for many months.

• (1200)

We are also interested in knowing why the Government is not extending the moratorium on FCC loans for the same time that it is procrastinating in making the final payment on the special grains program. I can hear the Minister saying that he has not lifted the moratorium; perhaps in Committee of the Whole he will be able to announce that he will extend the moratorium on FCC foreclosures for another few months.

Let us consider the Government's financial assistance to farmers. During this fiscal year it is providing some $65 million for the farm debt crisis, the largest proportion of which is for the Canadian Rural Transition Program which is designed to take farmers off the farm. Some $20 million is going to that program, some $10 million for the Farm Debt Review Board and the actual financial assistance for the FCC to write down loans is only $10 million. The Provinces of Ontario, Saskatchewan and Alberta are providing a great deal more proportionately.

There is some $20 million allocated to the commodity-based mortgage for the reduction of interest rates, but when we read the fine print we see that over the ten-year life of those mortgages most farmers will in fact not only pay back all of that $20 million of interest that has been allocated, they will end up paying some 12.75 per cent interest on that program. The Government itself makes it clear in its advertisements that this is not a subsidy program and there is no assistance really available unless the value of the commodity stays extremely low.

In spite of all our misgivings about the Government's plans and the uncertainty about whether the Government will renew or hopefully improve the program for farmers who make use of it, we believe that the Bill should be passed and the life of the program extended. When we get to Committee of the Whole I will want to know why this program is not used in many parts of the country, such as in Ontario where a very small percentage of these loans are approved. Farmers are often paying from 12 per cent to 15 per cent interest, when a program such as this is available. I hope the Minister is prepared to make a commitment to ensure that the chartered banks make adequate funds available, as was promised in the 1984 general election.

In conclusion, we are prepared to pass the Bill today and see the life of the Farm Improvement Loans Act extended for another six months.

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, the Bill we are debating today is an interim measure by which the Minister can extend the life of the Farm Improvement Loans Act for another six months. The Minister has been facing a dilemma regarding the Farm Improvement Loans Act and, like all dilemmas, it has two horns. First, shortly after the Minister of Agriculture (Mr. Wise) took office he had consultations with his various provincial counterparts and their Deputy Ministers. He was told in 1984 that the Farm Improvement Loans Act should be continued, but with some changes. Among those changes that were proposed was that the rate of interest be fixed as it was when the Act was originally introduced. Furthermore, these fixed rates should continue from one to five years and the Government's guarantees for the loans and the other aspects of the program should continue.

Faced with that proposal, which I support, he has also been faced with the proposal by the Nielsen Task Force which looked at the Farm Improvement Loans Act and said: "The study team recommends to the task force that the Government consider allowing the program to expire and transfer the administration of the claims payment to the Farm Credit Corporation". The Minister has had to deal with this conflicting advice and I believe we should examine those choices in this debate.

Since 1945 farmers have used the Farm Improvement Loans Act which has extended loans of various amounts. The program had been renewed every three years until it expired on June 30, 1985, when the Minister decided to extend it until the end of 1986. If we did not pass this Bill to extend the Farm Improvement Loans Act for another six months, it would cease at the end of this month. It is unclear what would happen with the guarantees from the federal Government on a number of loans, some of which could extend for as long as 15 years, in the event that those loans were not paid.

We are proposing to support the Minister's proposal of a six-month extension today in the hope and understanding that he will be able to convince his Cabinet colleagues that the only choice for the Farm Improvement Loans Act is that offered by the provincial Ministers of Agriculture and their Deputy Ministers, to strengthen the Farm Improvement Loans Act so that it can once again offer loans to farmers at fixed interest rates and for a term running from one to five years.

Let me explain the actual purpose of the Farm Improvement Loans Act. I have already indicated that it was established in 1945 to make it possible for farmers to obtain loans from banks for a medium term of one to five years. Later, it was expanded to permit loans for buildings and other assets which have a longer life so that a loan could run for as long as ten years. The possibility of buying land under the Farm Improvement Loans Act with loans running for as long as 15 years was included in the last two or three renewals of the legislation. The maximum loan currently offered is up to $100,000 with the interest rate set at the banks' prime rate plus 1 per cent. I think this is one of the things about which provincial Ministers and their deputies were concerned.

• (1210)

As you know, Mr. Speaker, under the last change to the Bank Act the kinds of loans which have become prevalent under Section 176 of the Bank Act are those where interest rates vary on a weekly basis and the borrower pays 1 per cent, 2 per cent or 3 per cent over that prime rate. The farmer does not really know what interest rate he will be paying six months from now or, indeed, even next week, because it changes.

Therefore, the provincial Ministers of Agriculture and their deputies suggested it was time to go back to a fixed rate for these kinds of loans in particular because farmers were being asked to pay rates considerably higher than inflation and considerably more than what agriculture could generate in terms of ability to repay. Since these loans are generally taken out by beginning farmers or those who are adding to their machinery and buildings, it is important the rate not be set too much higher than their ability to repay.

The terms of the loans are not unreasonable. They are very little different than what some of the banks will offer outside of the Farm Improvement Loans Act. A farmer must put up 25 per cent collateral on most loans with the loan amounting to up to 75 per cent of the value of the machinery, buildings or livestock. There has been one change with respect to the amount of assets the farmer or borrower must put up and that is when the purchaser wants to purchase real estate. In that case the loan can be for as much as 90 per cent of the value of the real estate.

The program has been designed to protect the lender—the banks, in most cases, although credit unions can also make loans under the Farm Improvement Loans Act—against losses. The federal Government provides some funding in the event there are losses. However, the losses have not been great under this program. Since 1945 the average losses claimed under this program have resulted in a cost to the federal Government under this Act in the amount of .2 per cent of 1 per cent, so we are talking about very small losses. In other words, farmers have been very good risks under this program and have used it very carefully.

Losses, however, have increased since the farm debt crisis which was triggered in 1981 by high interest rates. Losses in 1985 were expected to reach a high of about $5 million which, considering the total amount loaned and paid back, is still much less than 1 per cent of the total amount provided. Even at the increased rate of loss over the last few years, it is still far less than 1 per cent. It is not something about which the Nielsen task force had to worry. It is not a cost unduly high for the Government of Canada to carry. It costs something less than $5 million to keep the lending portfolios of the banks

current as they effect loans under the Farm Improvement Loans Act.

I think it is important, if there is going to be a choice, and I want to reiterate this to the House, that the loans act continue in place, but not just for six months. We should go back to the three-year program which had been in place since 1945 and back to the fixed rate operation which made the program useful and usable up until recent times. Perhaps the House does not realize, but interest is becoming a very big part of farm costs. I would like to cite some figures and I know these are the kinds of things which put everyone to sleep. However, I think most everyone is asleep anyway, so what can I lose?

Mr. Turner (Ottawa—Carleton): Pardon?

Mr. Althouse: Between 1973 and 1975, as an example, farmers had $8.81 to $7.94 of net income for every dollar of interest they had to pay. Back in those days they had a fairly large amount of net income with which to make interest payments. Those were sort of the glory years for agriculture in terms of the farmers' ability to pay interest. Between 1979 and 1984 we went down hill badly. We went from $8.81 back in 1973 to $2.81 in 1984 of net income for every dollar of interest we had to pay, according to the latest figures. Within a decade we are left with a great deal of our net income going to the payment of interest rates.

It was a Liberal Government up to 1984, and then I believe it was a Conservative Government. I do not know what conclusion we should come to from that. On the surface one would have to say that with a Liberal Government in 1973 and the Conservative Government in 1984, things had gone down hill badly, but I think there was more to it than that.

I believe there is still a very great need for this kind of program. We have seen studies recently which show the need has become so great it has been recognized by the provinces who have been picking up on the fact that the Farm Improvement Loans program is not all it should be. Therefore, we have seen over past years a number of provincial programs which attempt to fill the need from which the federal Government appears to be backing away. Instead of the prime plus one kind of lending, we see provinces introducing programs which attempt to provide better, more stable financing for farmers, such as the Quebec Farm Improvement Loans Act which provides interest rates at prime plus one half of 1 per cent. That is only slightly better than the federal program, but it subsidizes the first 3 per cent of interest up to the first $15,000.

The program in British Columbia provides up to a maximum of $300,000. It is available to those people who are not eligible for credit under normal financing. The Province of Alberta has a similar kind of program but it has no maximum loan which can be made, therefore farmers can go over the $300,000 maximum which is available in British Columbia. The rest of the Alberta program is similar to the Farm Improvement Loans program.

The Province of Saskatchewan does not have a particular loan program except for some livestock operations. Its particular program provides interest rates at prime plus 2 per cent. It is aimed at those farmers who are having great difficulty in getting credit to expand their operations. Manitoba has a program which is limited to $60,000. That program is aimed at operating credit, as well as for some livestock and machinery. Ontario has an operating loan guarantee, but no intermediate loan guarantee, similar to the Farm Improvement Loans program, and the Atlantic region has no program at all.

• (1220)

I think it is useful to point out at this point in time that one of the reasons the Nielsen task force gave for getting rid of the farm improvement loans program was that most of the advantage ended up going to the cropping areas of the country, and in particular to Saskatchewan. The report was worded in such a way that it almost sounded as if it was the kind of program that could be very easily dropped since most of the advantage seemed to go to Saskatchewan. I do not know if the task force felt that Saskatchewan was not very important or if it simply felt that there was not very much political clout likely to come out of Saskatchewan which only has 14 Members of Parliament out of 282. At any rate, that assessment stands and the task force continues to stand by its proposal to do away with the program.

I think we should note just in passing that the Nielsen task force report said that its study team on business subsidies and services proposed the continuation with user-fees and reduced guarantees for the business improvement loans under the Small Businesses Loans Act. That loan activity is about three to four times the level of the Farm Improvement Loans Act and has 10 times the losses. The Nielsen task force thought that this program for small businesses should continue even though its loss ratio was much higher and it seems to be less effective than the Farm Improvement Loans Act. This discrepancy in the Nielsen task force was picked up on in part by the Ontario Institute of Agrologists which just completed a study that is in the hands of many Members of the House.

The Institute points out that in its opinion, the Nielsen task force has overrated some other aspects of the economy and underrated the importance of agriculture. It also points out that in one of his assessments of the Nielsen task force, Dean Freeman McEwen of the Ontario Agricultural College at Guelph was quoted in the press of October 27 of this year as saying:

> He noted a task force led by former Deputy Prime Minister Erik Nielsen put farm subsidies and tax expenditures at $4.1 billion last year. He said small businesses received $16.4 billion in federal subsidies and services in 1985.
>
> "I would be prepared to lay on the table side by side the contribution of agriculture to Canada and the contribution of small business to Canada," McEwen told a news conference in Aberfoyle near Guelph. "Small business is just getting a whale of a good deal."

Hon. Members who are generally aware of the importance of small business in the growth of Canada should also be aware that in the opinion of many experts who understand

agriculture better than those Hon. Members of Parliament, the contribution and potential contribution of agriculture to Canada far outweighs that of small business and that agiculture is not getting its fair share of assistance from this Government, nor did it get its fair share from previous Governments.

In closing, I would like to remind the House that using the floating rate loans which have been used for the last five or six years under the Farm Improvement Loans Act is in effect asking farmers to pay rates higher than the rate of inflation and much higher than the ability of farms to generate money to repay those loans. We are now asking farmers to pay in the neighbourhood of 11 per cent and 12 per cent for loans to add to the equipment, livestock and buildings on the farms and to add to their ability to produce. We are asking this at a time when inflation is somewhere between 4 per cent and 5 per cent. People who are lending money are therefore taking 6 per cent to 7 per cent of real interest.

When the Farm Improvement Loans Act program was begun the fixed rate was 5 per cent and inflation was between 2 and 3 per cent. Real interests was 2 per cent to 3 per cent at most. For the last nearly 10 years, we have been asked to carry high real interest rates when agriculture as an entity across Canada has only rarely been able to generate profits in excess of 2 per cent or 3 per cent. The ability to repay stands at 2 per cent or 3 per cent, but the cost agriculture is being asked to bear stands at 6 per cent or 7 per cent in real interest rates terms. This makes it virtually impossible for young, albeit, efficient farmers to carry these rates.

In the last few seconds that I shall speak on this issue today I would like to make a renewed call to all government Members. I realize the Minister has probably had this matter before Cabinet for some time. I would hope that when Cabinet must make a final decision on supporting the Farm Improvement Loans Act at fixed rates as Agriculture Ministers across Canada have proposed, the Government will listen to those Agriculture Ministers and will ignore the inappropriate and inopportune recommendation of the Nielsen task force so that we may continue to make this program available to farmers in the future.

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

Some Hon. Members: Question.

The Acting Speaker (Mr. Paproski): Mr. Wise, seconded by Mr. Hees, moves that Bill C-31, an Act to amend the Farm Improvement Loans Act, be now read a second time and, by unanimous consent, referred to the Committee of the Whole.

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to, Bill read the second time and the House went into committee thereon, Mr. Paproski in the chair.

The Deputy Chairman: Order. House in Committee of the Whole on Bill C-31, an Act to amend the Farm Improvement Loans Act.

Shall Clause 1 carry?

On Clause 1—

Mr. Foster: Mr. Chairman, I have a few questions for the Minister on the Farm Improvement Loans Act. Has the program been subscribed to the maximum level of the funds that are available? Why have a program like this which is so sparsely utilized in provinces like Ontario, for instance? The program seems to be well used in Saskatchewan and the other prairie provinces, but it is not utilized to any great extent in Ontario. Is it simply the case that all the available loan guarantees are totally used up, or is it the case of the banks simply refusing to issue loans under this program because they can make more money issuing loans under some other program? Would the Government be willing to require that a certain level of its funding be made available under this program?

• (1230)

Even today many farmers are stuck with borrowing funds at 12 and 15 per cent. Obviously, the industry cannot afford this. For instance, only 9.5 per cent of the funds are used in Ontario, which is the second largest agricultural producing province, and it may have as large a capacity as Saskatchewan. Why is this program gradually running down? In 1979 there were 25,000 loans made available. In 1984 there were only 12,000 loans made available, even though the interest rate advantage is desperately needed today, perhaps even more so than in 1979. Could the Minister inform the House about those matters?

Mr. Wise: Saskatchwan has the greatest participation rate with 38 per cent utilization. The second province is Alberta with 29.3 per cent. The third is Manitoba with 12.8 per cent. The fourth is Ontario with 9.5 per cent. The fifth is British Columbia with 4.1 per cent.

The Hon. Member's question is interesting and one to which we have been attempting to seek the answer. The provincial industry rate subsidy programs are not as enticing and beneficial as, for example, those of the provinces of Quebec or Nova Scotia. I stand to be corrected, but I believe that the Province of Prince Edward Island also has a fairly good provincial program and interest rate reduction, and perhaps there might be some other programs. First, I am tempted to believe that it is the nature of farmers because the program is a national program; second, the banks carry out the same program and apply the same policy across the country. We have been asking staff people who have been associated with this program for longer than you and I, Mr. Chairman, and that is also the question that we are putting to farm organizations. There does not seem to be a legitimate reason for it.

With respect to the other question that the Hon. Member raises, it sounds to me as if he has been reading some of my old speeches when I was in Opposition. I can recall that during those days the bankers used to have three stock answers: One, they had never heard of the program before; it was not their policy to lend under the Farm Improvement Loans Act; that their allotment or quota was totally used up. Of course, we know it is nonsense, all three observations.

There has been some discussion that perhaps to provide a greater incentive for the banks to participate to a greater extent we may have to consider a slight increase over prime plus one, that is, if we wish greater participation in the program. That does not interest me very much, and I am sure it does not interest the farm community or the farm leadership.

These are some of the hard questions in respect of which we need time to sit down with more farm organizations, to determine exactly in which direction they would prefer us to go.

The Deputy Chairman: On a supplementary question, the Hon. Member for Algoma (Mr. Foster).

Mr. Foster: I am interested in knowing whether the Minister is personally committed to the idea of requiring that a certain percentage of the loans made to farmers by the chartered banks, whether they would have to be made available under the Farm Improvement Loans Act when the Government is reviewing it during the next six months. Is the Government giving consideration to extending this to cover working capital as well as capital items such as machinery, land, and improvements? Is the Government prepared to consider that in its plan?

I ask these things, Mr. Chairman, because the current rate of interest, the real interest that many farmers are paying, is almost as high today as it was in 1981 or 1982 during the high rates of interest. The inflation rate back in those days was 10 or 11 per cent. If interest rates were 17 or 18 per cent in those days, and today they are 10 or 12 per cent with inflation rates that are only 3 or 4 per cent, the interest rate is still high. That is why there has been the tremendous downturn in farm asset value. For instance, the Farm Credit Corporation told the Standing Committee on Agriculture last week that farm asset values had dropped by almost 7 per cent in the last 12 months. That means that if the farm asset values were $100 billion in the summer or fall of 1985, they were some $7 billion less, or almost double the net farm income. With this tremendous drop in farm asset values, it is little wonder that so many farmers who are heavily leveraged are losing their equity and facing the loss of their land because their equity is going down. Any move toward giving lower interest rates will benefit that situation. Certainly, many farmers complain about paying 12, 13, or 14 per cent even though theoretically there is money available under this program at 1 per cent above prime. Could the Minister give us some indication on this points?

Mr. Wise: I have listened to the Hon. Member's speech and had some difficulty following the logic of it. His first question seemed to be quite sensible and reasonable, but I had the feeling that he is slipping back into that questionable logic that he expressed in his speech.

One of the major contributing factors and why we are dealing with a very serious financial difficulty in agriculture today is a direct result of the lack of programs, action, commitment, and financial support provided to the farm community over that period of time when the Hon. Member was a government Member. What were some of the messages flowing out of that Government that he was a member of? Well, they indicated that the inflation rate would remain constant throughout this period of time that we are presently going through. Of course, that turned out to be dead wrong.

The second observation was that the commodity prices would be at an all time high. Of course, we see them at an all time low for the last 50-year period. The Hon. Member's Government indicated that energy costs would remain constant throughout this period of time. It did not foresee what would happen to energy costs. It indicated that we would be going through a period of time when we would experience a shortage of commodities. All major food producing countries in the world are going through a period of surplus in supply, so they were dead wrong. They also indicated that interest rates would remain stable throughout the latter part of the 1970s and throughout the 1980s. However, what happened to interest rates? They went from 9 per cent to 24 per cent.

• (1240)

We have talked with young farmers across the country, day in and day out, seven days a week. We asked them what was a major contributing factor to the financial difficulties they were experiencing. They say that it was interest rates. They planned their operations on 9 per cent and 10 per cent interest rates, but interest rates increased from 9 per cent to 24 per cent. That is what killed them; that is what crippled them.

Every 1 per cent of interest rate is a cost to Canadian farmers of about $140 million. Interest rates increased from 9 per cent to 24 per cent or some 15 points. All one has to do is a mathematical calculation to arrive at the result to the farm community.

When the Liberal Government was in office it transferred an added input cost to Canadian farmers of about $2 billion. What did they do about it? We cannot say they did nothing, because they had a little program called the Special Farm Assistance Program. It was selective, and it helped about 1,900 farmers. However, who paid for it? It was not the Consolidated Revenue Fund. It was fellow borrowers, fellow clients of the Farm Credit Corporation, who paid. We changed that. We took that extra burden off the shoulders of FCC clients and we picked it up, thanks to the support of my colleagues and the Minister of Finance. We are picking up the extra $80 million, affecting some 5,600 clients.

I understand the frustration of the Hon. Member who was a government Member for a long time. He campaigned and provided election commitments to farmers. He came back here and sat in the Liberal Government benches, and that Government did not fulfil any of the campaign commitments. I understand his frustration. When he compares the record of his Government to the record of this Government, I understand his frustration.

Mr. Althouse: Mr. Chairman, the only clause with which we are dealing today provides that during the period from July 1, 1980 through to June 30, 1987, $1,550 million will be made available to the banks for guarantees on loans during that period of time. Could the Minister update us on how much of that allocation has already been used? Is the extension over the seven years an increase, a decrease, or a continuation of the same level of loan guarantees to banking institutions?

Mr. Wise: Mr. Chairman, I have checked with my officials and they indicate that we have at least a half billion dollars to be utilized. If the past is any indication of what future requirements might be, and no doubt it will be, there would be an adequate amount of money left to deal with the demand on the Farm Improvement Loans Act.

Mr. Althouse: Mr. Chairman, in the report of the Nielsen task force, the subcommittee looking at farm credit and the Farm Improvement Loans Act, it was indicated that losses were still less than 1 per cent. In other words, the guarantees the Government was required to make to the end of 1984 were still below 1 per cent. Could we have an update on what percentage of losses we are facing in more recent times?

Mr. Wise: Mr. Chairman, we would have in the portfolio about $5 billion. Our losses would be $4.8 million. I gather that would be less than 1 per cent.

Mr. Althouse: Mr. Chairman, I will make a slight change in direction. In one of the Minister's responses to the Hon. Member for Algoma he speculated that perhaps it might be necessary to extend the interest rate from 1 per cent to 1.5 per cent or 2 per cent of prime. I want to raise that issue with him because it seemed to be somewhat of a psychological slip.

I understood that we would try to go to a fixed rate rather than to an increase in the floating rate. Is it an indication that the Minister is beginning to waver and listen to some of his cabinet colleagues? Will we be looking at a fixed rate? At what range of interest is he looking for the fixed rate? Will it be just a few percentage points over the real interest rate or the rate of inflation?

Mr. Wise: No, Mr. Chairman. I want to make very clear that it was not a slip of the tongue or anything of that nature. It was a frank observation of one of the options we might consider. There is no way in legislation to force the banks to participate to any extent or to increase their participation to a greater extent under the program. It would be nothing short of wishful thinking.

If it is the conclusion of farm leaders that they want greater participation in the loan program, and obviously that would be one way in which we could successfully encourage the banks to participate to a greater extent. I think it is just a reality. We may have to consider it as one of the options.

I indicated that it was not good news to me—and I am sure it would not be good news to Canadian farmers—because farmers would like to see greater participation at the existing prime plus one or perhaps prime plus a half like they have in Quebec. I do not know, but we will have to look at it. I made that observation deliberately.

I listened to the Hon. Member's speech when he talked about a 41 year history. I do not know what period of time it was; I have not had a chance to check it. However, he indicated that there were fixed rates over that period. It is an option which we will have to consider. I think it would be an option which farmers perhaps would support. No doubt they would be prepared to pay a bit of a premium for that stability in the program.

Farm leaders have suggested other options. One was that perhaps we could raise the $100,000 limit. Maybe we should consider other criteria to be eligible. At the moment quotas and things of that nature are not eligible under the Farm Improvement Loans Act. I do not know what we would do on that one. It would depend upon the position taken by farm leaders. I see the Hon. Member smiling. He knows the problem there as well as I do.

Also, an individual can have one, two, three, four, or more farm improvement loans. Perhaps for administrative purposes it would be possible for him to put them all under one loan. There are a number of things at which we could look, but certainly fixed interest would be helpful.

Mr. Hovdebo: Mr. Chairman, in one of my other lives I am a member of the Standing Committee on Public Accounts. Every time we ask Government Members and Deputy Ministers why they have done certain things they tell us that this is part of the restraint emanating from the Nielsen task force or the task force which attempted to review it. Many of us got the impression that the task force report was put on the shelf and ignored. Obviously it was put on the shelf as far as Parliament was concerned, but not as far as the departments are concerned.

• (1250)

Because of the different approach that the Nielsen task force took on this legislation, can the Minister assure us—I am pleased to hear the Minister talking about certain changes that might be plausible—that one of those changes is not a recommendation of the Nielsen task force which was to eliminate this Act and program entirely six months down the road? I know the Minister has been talking around this suggestion quite a bit this morning. I still want that assurance that we are not talking about a six months extension and then the elimination of the program.

Mr. Wise: Mr. Chairman, the Hon. Member poses two questions. He talks about restraint. This is Government restraint and it has to be by necessity. To continue to spend money like our predecessors we would be taking $3 out of every $4 of taxpayers' money simply to carry the interest on the debt. We would not have any money for small business people, for farmers, for grains and oil seeds people, and who knows who else would fall in line. If the Hon. Member examines the record, restraint on behalf of our Government has not reached Canadian farmers.

If we compare our contribution to our predecessors, we are up $2.7 billion this year, not counting the latest billion. Since we have assumed office, our Government has taken 350 initiatives delivering $5.7 billion directly into the pockets of Canadian farmers. Again, that does not include the latest billion which would bring the total to $6.7 billion. Because of the importance of agriculture domestically and internationally, and because of the priority the Government places on agriculture—yes, Canadian farmers are going through difficult times, the most difficult in 50 years—we are responding to those difficulties to the maximum of our financial capabilities.

Hon. Members always seem to misunderstand the Nielsen task force. Maybe they do so for their own purposes from time to time. I suggest that perhaps it might be, but we must remember that the Nielsen task force expressed options and recommendations. These options and recommendations are not Government policy. I repeat and I am sure I will have to say it again, they are not Government policy. If we had followed the recommendation in the Nielsen task force we would not have delivered to the dairy farmers the long term dairy policy of $1.5 billion; we would not have doubled the advance payments crop legislation, and I do not think that we would have extended this Act. I do not know which preceded which, the last extension or the tabling of the Nielsen task force. The only appropriate message that I can send to the Hon. Member, which should give him some comfort, is that if it were Government policy to let the program expire, then we would not be here today asking for a six month extension. We are asking for a little more time to consult with the farm leaders. We could have acted unilaterally. We could have been back here with a three year extension right now. That is not what we prefer to do. We want to take the necessary time to carry out consultations with the farm community to ensure greater utilization of this Act.

Mr. Hovdebo: I would point out just as a comment, Mr. Chairman, that there are a number of recommendations about agriculture in the Nielsen task force that have been put into effect, restraints are taking place and there are increases in charges in a number of areas and so on. The suggestion that agriculture is outside of the task force report and that other areas are not using the recommendations does not follow through.

I find that loans in another program, made under the farm and small business bond program, a program which was extended for two years, are not necessarily being renewed by banks. Are we to have the same kind of thing happening in this program as in that, where, as we move down the road, the relationship between the bank and the farmer will still push the farmer out because the bank is not necessarily renewing these loans when they come due?

Mr. Wise: Mr. Chairman, I do not have before me the latest information on the participation of the small business bond, but I will be happy to inquire and supply the information to the Hon. Member. I have not encountered that at all.

The biggest difficulty in the program, and it is widely known, is that as far we are concerned the banks are not participating to as great an extent as I believe they can. We should, however, recognize some of the banks that do participate. The Canadian Imperial Bank of Commerce has participated to the extent of 45 per cent. The second bank is the Toronto-Dominion Bank with participation at 19.6 per cent, then the Bank of Nova Scotia at 15.8 per cent, the Bank of Montreal at 8.7 per cent and the Royal Bank is 8.3 per cent. I do not see any reason that other banks could not participate to the same rate and extent as the Canadian Imperial Bank of Commerce at 45 per cent. I am dealing with percentages here, Mr. Chairman, and one would have to look at the actual amount of dollars, I suppose.

Mr. Foster: Mr. Chairman, I think the Minister in his last statement has outlined the problem exactly. Surely in Committee of the Whole with the Minister and his officials here we should be able to get answers. Why are chartered banks not making more funds available under the program? Is the Government willing to put pressure on them to provide more money? We know that the commodity-based loan, which is the principal instrument the Government has available to assist farmers facing bankruptcy or foreclosure, will cost most borrowers 12.75 per cent by the time they make the final payment. If we are going to have some lower cost money available to farmers, the regular chartered banks should provide funds to farmers facing financial difficulty under this program. Perhaps after Question Period the Minister could respond in some detail as to what the Government is prepared to do to provide a greater amount of money under this Act. It is not just a matter of renewing the Act until the end of June. We have to make sure the chartered banks make the funds available to farmers.

• (1300)

The Deputy Chairman: Before I recognize the Minister I would like to advise the Hon. Member that we are carrying on until 1.25 so there will be ample opportunity for the Minister to answer the question.

Mr. Wise: Mr. Chairman, I would ask the Hon. Member to go back and do his mathematical calculation again as to what clients of the Commodity-based Loan Program might be paying. As far as I can determine he is again dead wrong. Some loans under the program are at 6 per cent and those

grain and oil-seed farmers will actually be paying less than that.

I cannot recall his second question.

Mr. Foster: I ask the Minister to review the documentation under the Commodity-based Loan Program. Some of the government literature says this is not a subsidy or assistance program. As the value of the commodity goes up the farmer has to pay more, up to a level of 2 per cent above the regular FCC loan rate which is 12.75 per cent right now. When it first came out in the spring it was 13.25 per cent and it is the principal instrument.

However, I think what is more important today is whether the Government is prepared to encourage the banks to make more money available. Will he call in the respective bank presidents and say we would like to see a certain percentage of the relevant loans made available under this Act? Clearly it is a much better rate of interest than that of a regular commercial loan from a chartered bank. I hope the Minister is willing to take some initiative in that regard because there are very few instruments available which provide this level of interest rates for farmers.

Mr. Wise: Mr. Chairman, if the Hon. Member thinks this Parliament can legislate that, then he is whistling in the dark. It is a fairyland type of approach. The reality is that we cannot. The other approach is to try and encourage the banks in this manner, and that is exactly what we have been trying to do. That is exactly why we want a longer time for review, so we can carry out the consultative process with farm lenders and The Canadian Bankers' Association and perhaps individual banks.

The other part of the equation is the farm community, of course. That is what I meant when I indicated that if we really want greater participation, then we will have to face facts, be honest, realistic, and consider whether or not it is worth the cost, be it an extra half of one per cent or whatever, to get greater participation. Are there other options such as the banks programs, the Alberta Treasury program, the programs extended by credit unions, or provincial government interest rate subsidy programs? All those factors have to be taken into consideration and that is exactly what we are attempting to do.

Mr. Althouse: Mr. Chairman, the Minister has talked about recognizing facts and working from the information we have in front of us. That information is the data he presented concerning the proportion of banks utilizing this Act. I think he had the Canadian Imperial Bank of Commerce leading the list with something in the neighbourhood of 45 per cent utilization. My recollection, and it may be wrong, is that that bank is generally the second or third most important agricultural lender and the Royal Bank is usually the biggest lender. Yet the Royal Bank was down to about what, 6 per cent or 5 per cent?

Mr. Wise: No, it is number five.

Mr. Althouse: Very low utilization at any rate.

Mr. Wise: 8.3 per cent.

Mr. Althouse: Given those figures, and before he offers the banks an increase in the interest rate as an enticement to take up more loans under this Act, would he attempt to discover why some of the very largest banks, such as the Royal Bank, use the program so little? It seems to me that if I were managing a bank I would be taking the action that the CIBC is taking, trying to put as many loans under the Act as I could. That would make certain the customers were less likely to go out of business. That is what I would do as a banker intent upon performing my function as a lender to help people stay in business so I could continue to make loans. However, if my bank's policy was to provide the kind of lending that would eventually lead to it taking over farm land, I would pursue a quite different policy.

I am wondering if he has looked at that, and if perhaps the Royal Bank's policy of providing equity loans which permits them to in effect take over a big chunk of the farm assets and manage them for the farmer, or have the farmer manage them for the bank, whichever, may be more of an impediment than the actual rate. I hope we can get a commitment from the Minister to investigate this and perhaps report back to the House or to the committee concerned.

Mr. Wise: Mr. Chairman, I again underline to the House that when I was naming the banks in order of participation I was dealing on a percentage basis. As well, I suppose that before drawing any real conclusions about this rate of participation we would want to provide an opportunity to determine how much lending there was in their individual portfolios in the agri-food industry. Will we be seeking that information? The short answer is absolutely.

• (1310)

Clause 1 agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Paproski): When shall the Bill be read the third time? By leave, now?

Some Hon. Members: Agreed.

Mr. Wise moved that Bill C-31, an Act to amend the Farm Improvement Loans Act, be read the third time and passed.

Motion agreed to and Bill read the third time and passed.

Mr. Wise: Mr. Speaker, I would like to take a few seconds to express my appreciation and that of the Government for the co-operation I have received from both my critics in dealing with Bill C-31 on pretty short notice. I appreciate that very much.

Mr. Foster: Mr. Speaker, we try in all cases to pass urgently-needed farm legislation in one or two sittings of the House. We continued that practice today because we know of the urgency in the farm community for this legislation to be passed.

* * *

FISHERIES IMPROVEMENT LOANS ACT

MEASURE TO AMEND

Hon. Thomas Siddon (Minister of Fisheries and Oceans) moved that Bill C-32, an Act to amend the Fisheries Improvement Loans Act, be read the second time and referred to a legislative committee.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there have been discussions among the Parties. I believe there is a disposition to pass this Bill through all stages at this sitting of the House. Therefore, it would be deferred to a Committee of the Whole House. I think you would find unanimous consent for that.

Mr. George Henderson (Egmont): Mr. Speaker, we will try to pass this Bill as quickly as possible. A couple of my colleagues do want to speak on it. Hopefully we can complete it today.

The Acting Speaker (Mr. Paproski): Mr. Siddon by unanimous consent, moved that Bill C-32, an Act to amend the Fisheries Improvement Loans Act, be read the second time and, by unanimous consent, referred to a Committee of the Whole. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to, Bill read the second time and, by unanimous consent, the House went into committee thereon, Mr. Paproski in the chair.

On Clause 1—

Mr. Siddon: Mr. Speaker, I, too, would like to express my gratitude to the Opposition Parties and their official critics for allowing us to expedite Bill C-32 which was introduced and given first reading earlier this day.

The history of the Fisheries Improvement Loans Act is slightly different than that of the Farm Improvement Loans Act, it having been first adopted in December, 1955. However, the purpose of this Act is much the same as that of the Farm Improvement Loans Act which was just debated in this Chamber. Loans guaranteed under the Fisheries Improvement Loans Act are guaranteed to a specified ceiling within a designated period.

The present period, Period 9, as provided for in Section 6(2) of the legislation, will expire December 31, 1986, unless the amendment the Government is proposing today is approved by all Parties. This Bill will do nothing more than alter the date appearing on page 108-9 in Section 6(1) of the present Fisheries Improvement Loans Act which says that the payments to lenders are guaranteed up to December 31, 1986.

Since its inception in December of 1955 the Fisheries Improvement Loans Act has guaranteed some 18,000 loans totaling $246 million, most of which have been repaid without claims under the provisions of this Act. As at the end of the last fiscal year there was approximately $13.5 million in claims against total loans of $246 million for a default rate of about 5.5 per cent, which is not at all alarming.

The Bill is designed to facilitate credit to fishermen who need money for the purchase or construction of a fishing vessel, the purchase or construction of equipment such as auxilliary boats, engines, winches, electronic equipment, nets and so forth, or for the major repair or overhaul of a fishing vessel.

The legislation presently in place authorizes the federal Government to guarantee lenders against losses incurred on loans made in accordance with its provisions. It specifies that the maximum amount which a fisherman may have outstanding under the provisions of the Act at any one time may not exceed $150,000 and the maximum repayment period is 15 years. The rate of interest charged on loans guaranteed under the Act is set at 1 per cent over the prime lending rate of chartered banks. This is a very favourable rate for fishermen with the present level being 10.75 plus 1 per cent. The rate under the legislation floats with the prime rate for the duration of the loan.

The legislation also sets out the total principal amount of guaranteed loans that may be made by all lending institutions lending funds under this Act during the lending period. The present approved level for Period 9, which would have expired on December 31 of this year, is $30 million. There is a portion of that $30 million which has not yet been secured by borrowers which allows us to propose, by way of this amendment, a six-month extension of the provisions of the Act.

Loans granted under the Fisheries Improvement Loans Act must be secured in the form of a chattel or marine mortgage on the item purchased or constructed and the lender is given a written promise by the borrower to repay the loan. It should be noted that if the borrower defaults he or she remains liable to the Crown for the repayment of that loan when the lending institution is compensated under this Act. Other terms and conditions of each loan are worked out between the applicant and the lender.

We are asking for a six-month extension to the present Period 9 of loan authority in order to consider options to improve our program of providing financial services and assistance to fishermen. For example, the loans extended during Periods 6 and 7 from 1977 to 1982 have resulted in a rate of default considerably in excess of the ceilings provided for within the Act. This has caused problems for many

fishermen. In addition, we are looking for means to integrate more effectively our loan support assistance with the programs provided by provincial loans boards. As well, we are looking at options for financing fishermen through the Federal Business Development Bank, for instance, or by way of a meshing of this program with the Small Businesses Loans Act. For all of these reasons we have asked for a six-month extension with a view to improving financial services and access to loans on the part of fishermen. We will require no additional financial support to facilitate this extension.

• (1320)

Therefore, I am asking the co-operation of all Members of the House in ensuring that this amendment is given speedy passage today. It is important to maintain continuity in the provision of loans to fishermen through to the proposed termination date of June 30, 1987. I invite response from members of the Opposition at this committee stage and I hope we can pass the legislation in a timely way.

Mr. Henderson: Mr. Chairman, I want to speak briefly to the amendment to the Fisheries Improvement Loans Act. The Minister is correct that this Bill extends the effect of the Act for an additional six months and I am pleased with the reasons he has given for doing so. It is a good program which I believe the Minister should have extended for a year or longer. However, there are certain problems with it, such as the 10 per cent ceiling with respect to banks. I am also pleased that the Minister will use this six-month extension to consider options for improving the legislation.

The Nielsen Task Force report presented options to the House some time ago, including a recommendation that the Government consider termination of the Fisheries Improvement Loans Act, since less federal Government intervention in fisheries and allowing the industry to function in response to market forces are major thrusts of the study. Such was the conclusion of the study team which went on to say, to that extent, that financial assistance required by fishermen can be obtained from provincial loan boards or financial institutions. I hope this is not happening to this program and that the Minister is serious when he says the Fisheries Improvement Loans Act will continue and be improved to meet the needs of those for whom it is designed so that fishermen can meet their obligations in the industry.

I am somewhat skeptical because many other good fisheries programs have been phased out by the Government in the past. For example, there is the vessel subsidy program that was very important to fishermen and enabled them to obtain a one-third subsidy from the federal Government and assist them in obtaining loans from financial institutions.

Mr. Chairman, may I close here and continue my remarks after lunch?

The Deputy Chairman: Order. It being 1.25 o'clock, shall I rise, report progress, and request leave to sit again later this day?

Some Hon. Members: Agreed.

Progress reported.

The Acting Speaker (Mr. Paproski): It being 1.25 o'clock, I do now leave the Chair until two o'clock this day.

At 1.25 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

EQUITY IN EMPLOYMENT

CONSEQUENCES OF BILL C-62

Mrs. Lucie Pépin (Outremont): Mr. Speaker, according to a study by Statistics Canada published last week, women working full time in 1984 were paid 33 per cent less than men.

Furthermore, it seems the difference depended on a number of factors, including the "occupational" sector. Women working full time in education earned 25 per cent less than men, while women working in the services sector earned 46 per cent less. The picture is even less rosy when we realize that 80 per cent of all women work in the services sector.

Mr. Speaker, in 1967, women working full time were earning the equivalent of 58 per cent of the wages earned by men. Twenty years later, the situation has improved very little in this respect. It is therefore absurd to believe that genuine employment equity could be achieved through legislation like Bill C-62, whose provisions merely tend to confine women even more to the structural ghettos of unskilled and poorly paid jobs.

* * *

[*English*]

ENVIRONMENTAL AFFAIRS

TERMS OF DRAFT LEGISLATION TO CONTROL POLLUTION

Mr. Elliott Hardey (Kent): Mr. Speaker, the overhauling of Canada's pollution laws has been talked about by politicians, government officials and environmental groups for two decades. Recent polls now indicate that Canadians place the protection of our environment first on our priority list, even above jobs. The 37 million people who live in the Great Lakes Basin on both sides of the Border should be able to draw drinking water from anywhere in that vast system confident that the water is free from toxic industrial waste.

Polluters beware. The Minister of the Environment (Mr. McMillan) will introduce a draft Bill this week designed to put

polluters out of business, to get control of thousands of chemicals presently in the market-place, to govern the introduction of new chemicals, and to control trans-border pollution which will lead to the end of acid rain.

I applaud this move by the Government and fully expect Hon. Members on all sides of the House to co-operate to ensure this Bill will lead quickly to the elimination of conflicting regulations and finally to the proper protection of perhaps our most important possession, the environment.

* * *

TRADE

UNITED STATES DUTY ON CANADIAN SOFTWOOD LUMBER

Mr. Jim Fulton (Skeena): Mr. Speaker, happy birthday!

Some Hon. Members: Hear, hear!

Mr. Fulton: The 15 per cent countervail duty on Canadian softwood is illegal. In fact it is nothing more than thinly veiled extortion. The United States is determined to convince American citizens that there are hidden subsidies to Canadian lumber producers. The December 5 issue of *Financial Post* reveals that this campaign against Canada now includes disinformation as part of the strategy. A recent 11 p.m. news broadcast on WINK-TV in Fort Myers, Florida, led with a story: "And if you're going to build a house, prepare to pay an extra $1,000 for the lumber and blame it on the Canadian Government".

We know the White House is involved in corruption, arms smuggling, mining of harbours and various forms of terrorism, but how is it that our neighbour and ally has chosen extortion and fabrication as part of the free trade special for Canada's largest industry and source of balance of trade? We all know that on three key occasions the political incompetence of the Premier of British Columbia got us into the glue. The final 10 per cent offer, and the final, final 15 per cent offer by the Minister for International Trade (Miss Carney) got us in deeper. But the real insult is to have the U.S. media blame Canada for the illegal acts of extortion by the U.S. Government.

* * *

[*Translation*]

TRIBUTE TO MR. JEAN PERRON OF LA SARRE, QUE.

Mr. Guy St. Julien (Abitibi): Mr. Speaker, today, I wish to pay tribute to Mr. Jean Perron, President and Chief of Operations at Normick Perron in the Abitibi-Témiscamingue region. Mr. Perron was given an honorary degree by the University of Quebec at Abitibi-Témiscamingue. This is the first time it has awarded an honorary doctorate to a well-known figure.

Mr. Perron has the qualities of a leader. He is an excellent businessman with a keen interest in research. People in Quebec and across Canada are aware of the importance of Normick Perron to the socio-economic development of this country.

In his speech, the President of the University, Mr. Rémy Trudel, stressed the continuing growth of the company which has become an important part of the forestry industry east of the Rockies in less than twenty years.

In turn, Mr. Perron emphasized the essential role played by our teachers in training young people by giving them role models known for their courage and initiative. He also stressed the importance of involving the regions in their own regional development.

Mr. Speaker, the people of Abitibi-Témiscamingue are proud of Jean Perron, who is from La Sarre.

* * *

[*English*]

EXTERNAL AFFAIRS

MEETING OF PARLIAMENTARIANS FOR GLOBAL ACTION

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, during the week of November 17 five Canadian Members of Parliament and myself, along with parliamentarians from 21 countries, attended the annual Parliamentary Forum at the United Nations. This Forum was sponsored by Parliamentarians for Global Action, formerly Parliamentarians for World Order, which is a network of approximately 600 parliamentarians in 36 countries who focus on disarmament, development, and the reform of international institutions.

This year the subject for discussion was the World Economy in Crisis: Debt, protectionism, and military budgets. Among the keynote speakers were John Kenneth Galbraith, Lester Thurow, and the Prime Minister of Peru, Dr. Alva Castro.

• (1405)

Parliamentarians for Global Action was the principal initiator of the five-continent peace initiative and has now launched an international campaign against hunger. I invite all Hon. Members to join with us in these important pursuits.

* * *

HOUSE OF COMMONS

"—TO SEE OURSELS AS ITHERS SEE US!"

Mr. Alan Redway (York East): Mr. Speaker, Dick Dodds, the Director of Education for the Borough of East York, the

majority of which is located in my constituency, has urged the teachers in his schools to think twice before taking their students to either the Ontario Legislature or the House of Commons because, as he puts it, the undisciplined, unproductive and disrespectful proceedings do little to project or promote viable examples for students.

While behaviour in the House has improved vastly this fall, there is still a tendency on the part of many Hon. Members, encouraged perhaps by the needs of the media, to treat the House of Commons as a theatre, while most Canadians think of it as a place for serious national business. Hopefully this Christmas we will all receive a present from the famous Scottish poet, Robbie Burns:

"—the giftie gie us

To see oursels as ithers see us".

* * *

AGRICULTURE

FARM DEBT REVIEW ACT—CRITICISM OF LEGISLATION

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, last June when the House debated and passed the Farm Debt Review Act, my colleagues and I expressed grave concerns that the Act would be ineffective. We said that the Act provided no real incentives to creditors to be reasonable in adjusting terms of credit to farmers. In short, we said that the Act had no teeth.

We have been proven right. Farmers are telling us that the review system is not working. Not only are the boards heavily overworked but too many creditors simply are not interested in finding workable solutions to the problems.

Even the good friend of the Minister of Agriculture (Mr. Wise), Premier Devine, is unimpressed with the Farm Debt Review Act. The Premier has said that the federal Act is so inadequate that his Government has been forced to extend the Saskatchewan Farmland Security Act. At least the Saskatchewan Act allows farmers to appeal to the court if a creditor proves to be unreasonable. I therefore call upon the Minister of Agriculture to prepare amendments to strengthen the federal Farm Debt Review Act which will undergo a statutory review early in the new year.

* * *

HUMAN RIGHTS

ESCALATION OF VIOLENCE IN INDIAN SUB-CONTINENT

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, violence of an ethnic or religious origin appears to be escalating in the Indian sub-continent. To illustrate, let us take three headlines from this morning's *Globe and Mail*: "54 killed, 310 injured in Pakistani ethnic riot", "Hindus riot in Amritsar after funeral of politician", and "25 Tamils left dead in clashes".

What greater affront to human rights can there be than when people are wantonly murdered and forced to live in fear for their very lives? Canada has always spoken out on human rights violations and ought to use all its persuasive powers through the United Nations, the Commonwealth, and its relations with the countries involved to bring about a reduction in these unnecessary killings.

* * *

CANADIAN ARMED FORCES

REPORT ON MIXED GENDER EMPLOYMENT

Ms. Sheila Copps (Hamilton East): Mr. Speaker, I have in my hand a copy of the restricted memo which has just come from the Canadian Armed Forces regarding the charter task force report. After extensive study which involved no discussion with anyone outside of the Armed Forces, the task force concluded that there is currently insufficient positive evidence that mixed gender employment could be further expanded without an adverse impact on operational effectiveness.

Since when is it the responsibility of the citizens of Canada to prove equality? In fact the specific instructions given to the Armed Forces by the Minister of National Defence (Mr. Beatty) and the Minister of Justice (Mr. Hnatyshyn) were to find ways of implementing equality. After extensive examination which involved no outside discussion whatsoever, the armed forces have concluded that they cannot promote equality today but two years hence they might be prepared to do so. I say that that particular guarantee is not enough. I would ask the Minister of National Defence to step in immediately and determine that a task force on operational effectiveness includes civilians as well as members of the military, so that we can ensure true equality for minorities in this country.

* * *

• (1410)

AGRICULTURE

SIZE OF GOVERNMENT AID TO FARMERS—GATT NEGOTIATIONS

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, the Government continues to tackle the grain income problem on two fronts. Domestically, a number of ongoing programs are already in place to assist grain and oil seed farmers. These include the Western Grain Stabilization Fund which this year has paid out $859 million, and federal-provincial crop insurance which has paid out $320 million. This Government has effectively removed all federal taxes on

farm fuels. Coupled with last week's announcement of a $1 billion Special Canadian Grains Program, these initiatives represent the greatest governmental response to agriculture in Canadian history.

But farmers know that the root cause of their low prices lies beyond our borders, and that the long-term solution is to end international grain subsidy wars. It is for this reason that the Government of Canada continues to work strenuously on the international scene. That is why Canada has succeeded in making agriculture a top priority in the new round of negotiations under the General Agreement on Tariffs and Trade.

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[*Translation*]

CANADA POST CORPORATION

RURAL DIGNITY OF CANADA—SAFEGUARDING OF RURAL POSTAL SERVICES

Mr. John Parry (Kenora—Rainy River): Yesterday, Mr. Speaker, I had the privilege of attenting the Rural Dignity of Canada founding convention in the riding of the Minister of Supply and Services (Mrs. Vézina). This meeting attracted 800 people to Saint-Esprit—on a Sunday evening, in a blinding snow storm—including delegates from all regions of Canada, from British Columbia to Newfoundland.

The vision of the founding convention is to create a coalition of all Canadians to safeguard rural postal services which have been imperilled by the irrealistic policy of the Government, as implemented by Post Canada officials.

Mr. Speaker, since the Prime Minister (Mr. Mulroney) stated in this House last December 5, and I quote: "There shall be no second-class citizens in this country— postal services or otherwise.", time has come for the Prime Minister to live up to his own words. No more shutdowns! No more cut-backs! Let us have rural dignity in Canada!

* * *

[*English*]

SPORTS

VICTORIES FOR CANADIAN MEN AND WOMEN'S SKI TEAMS

Mr. Scott Fennell (Ontario): Mr. Speaker, I wish to draw to the attention of the House that achievement in any field requires dedication, and a strong sense of team effort. No one person can achieve success completely on their own. In sport, it requires the dedication of coaches, family, and the entire team.

Canada enjoys the benefits of four seasons. Yesterday we had an example of supreme effort on behalf of two Canadian teams in France and Italy. The Canadian women's and men's ski teams each had two who placed in the top ten in World Cup downhill competitions. I wish to commend particularly the gold cup medal efforts of Laurie Graham of Inglewood, Ontario, and Rob Boyd of Whistler, British Columbia.

* * *

INTERNATIONAL MONETARY FUND

IMPOSITION OF FOOD PRICE INCREASES ON ZAMBIAN PEOPLE

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, the International Monetary Fund could learn a lesson from recent events in Zambia where looting and rioting took place following the abolition of food subsidies. At the urging of the IMF, the Government had doubled the price of corn meal, which is the staple diet of urban Zambians. The situation became so bad that President Kaunda had to restore food subsidies.

The IMF must stop imposing economic prescriptions which disregard social realities and widespread poverty in less developed countries. The gap in outlook between the IMF boardroom and the conditions of people in the streets of Lusaka is alarming. Forcing the doubling of the price of corn meal can have devastating repercussions on people whose pockets are virtually empty.

The IMF must come to its senses, recognize the importance of non-monetary values, and replace its insensitive policy with one that recognizes the social reality that the North must accept, namely, the debt situation of the least developed countries cannot be corrected by forcing Governments directly or indirectly to increase the price of food or the level of unemployment.

* * *

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

EQUALIZATION PAYMENTS OFFER

Mr. Rod Murphy (Churchill): Mr. Speaker, last Friday the federal Minister of Finance (Mr. Wilson) met with his provincial counterparts. In that meeting the Minister announced that he was going to be phasing in a $175 million increase in equalization payments. Many of the provincial Finance Ministers believed that this money was going to come in a one-year term, as that was what the Prime Minister (Mr. Mulroney) promised them at the First Ministers' Conference.

In addition to this cut-back, many provinces still feel betrayed by the decision of the Finance Minister to cut the Established Programs Financing Program, the money that went for medicare, post-secondary education, and other causes.

• (1415)

It is very important that the federal Government recognize the needs of all provinces, not only give the have-not provinces

and what they need for equalization, but the full amount promised by the Prime Minister. It is also important that the Government fully restore the EPF cuts which it made last year.

* * *

ENERGY

DEVELOPMENT OF HIBERNIA OILFIELD

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, the Premier of Newfoundland has recently been very critical of the Government of Canada for the lack of progress on the Hibernia project. He said:

> Newfoundland is going to be saying clearly and unmistakably—get on with it and fast.

He also said that there was no question it was now up to Ottawa to make the concessions necessary to strike a fiscal deal with Mobil Oil Canada Limited, the operator of the oilfield southeast of Newfoundland. Those were the comments of the Premier of Newfoundland who has been noticeably quiet since the Government took office.

However, what is its record? Not only have we seen cuts in government programs such as fisheries and transport which have been devastating in the Atlantic region, but now the Government threatens to cut back further on equalization grants, something we have taken for granted over the years.

I call upon the Government of Canada, as has the Premier of Newfoundland, to get the Hibernia project going immediately and to create the jobs which its Members promised during the last election campaign.

Mr. Speaker: Oral Questions.

Mr. Turner (Vancouver Quadra): Mr. Speaker, I offer you my personal compliments on this day, your birthday.

Some Hon. Members: Hear, hear!

An Hon. Member: Does he look his age?

Mr. Turner (Vancouver Quadra): Despite government comments, I think you are looking pretty good, Mr. Speaker.

ORAL QUESTION PERIOD

[*English*]

PENITENTIARIES

PORT-CARTIER PRISON—TENDERING PROCESS—REQUEST FOR JUDICIAL INQUIRY

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, my question is directed to the Prime Minister. He should know that his own involvement in events leading up to the awarding of the contract to move the prison from Drummondville to Port-Cartier in his own riding has now prompted additional scrutiny from the Auditor General. At least three members of the Prime Minister's Cabinet were derelict in their responsibilities in acceding to improper tendering and ignoring the conflict of interest guidelines. Will the Prime Minister approve an independent judicial inquiry into all facts and circumstances leading up to the awarding of the contract and the acceleration of the contract in order to meet the Prime Minister's personal deadline to have it ready for opening in 1988?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, with regard to the last part of the comments of my right hon. friend, there was no acceleration of the contract. As I understand the information, the termination date was set by the previous Government with regard to the construction of the replacement facility for Laval.

Mr. Broadbent: You can blame those guys for a lot, but not for that.

Mr. Mulroney: If he accepts the fact—and I do not know whether he does—that the duly elected Government is empowered to make decisions with regard to federal installations, including in various regions of the country, that we have done. It was done in a proper manner, which will be looked at by voters at the appropriate time. This morning the President of the Treasury Board referred to the conflict of interest situation, which is following a normal course. The Government has acted properly and above-board.

[*Translation*]

TRANSFER OF PRISON FROM DRUMMONDVILLE TO PORT-CARTIER—POSSIBILITY OF CONFLICT OF INTEREST—PRIME MINISTER'S POSITION

Right Hon. John N. Turner (Leader of the Opposition): The prison to which the Prime Minister is referring was the original institution at Drummondville, the prison approved by the previous Government, not the expedient transfer to Port-Cartier. Is it not true that both the Solicitor General and his predecessor turned a blind eye on the conflict of interest which became obvious when the Prime Minister brought pressure to bear so as to finish the Port-Cartier prison as soon as possible? Will the Prime Minister dismiss these two Ministers, or is he prepared to take the honourable course and admit that he assumes full responsibility for deciding to shelve the Drummondville prison project and transfer it to Port-Cartier for his own political reasons?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, what an insipid question. The Government took action in this case, and Ministers behaved with dignity at all times. We did follow procedures and rules. The former Solicitor General, faced with such a construction project dilemma, said this:

• (1420)

[*English*]

We have to consider a number of objectives in making fundamental choices like a $44 million decision here. I could argue that the best place for this would be Toronto. Toronto has a lot of the infrastructure required. But I do not think that Canadians want everything to go to Toronto—

And so on.

[*Translation*]

Yes, but the question was asked. The former administration decided that new facilities were needed. The duly elected Government decided that such facilities would be located in Port-Cartier, on the basis of the same criteria advocated by the former Solicitor General, and of considerations related to regional economic expansion and national well-being.

An Hon. Member: Exactly!

[*English*]

TRANSFER OF PRISON LOCATION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, doesn't the Prime Minister recognize that he could take some of the heat out of this issue by admitting before this House that it was his personal decision to transfer the prison from Drummondville to Port-Cartier at an extra expense of $41 million, and to accelerate the contract in order to arrange for the opening and completion of the prison in time for the fall of 1988 in his own riding and, in trying to accelerate the construction, his Ministers were forced to break the existing rules on conflict of interest and on the tendering process? Why doesn't the Prime Minister just get up and admit that?

Right Hon. Brian Mulroney (Prime Minister): Because, Mr. Speaker, both of the allegations of the right hon. gentleman are completely false. That is why. The decision can be sustained, will be, and has been by the Solicitor General.

In regard to the first point about the extra expense, the Auditor General has his opinion in that regard. I am not going to quarrel with it. The opinion is pro-rated over the life of the installation. In that case, if the Auditor General, I suppose, is right, people will still be blaming Sir. John. A. for building Kingston.

[*Translation*]

AWARDING OF CONTRACT FOR PORT-CARTIER PRISON—POSSIBLE CONFLICT OF INTEREST

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is also directed to the Prime Minister and concerns the awarding of a contract at Port-Cartier. This morning, the President of the Treasury Board informed the House that Bechtel was awarded a contract because its proposal was judged to be the best, and I am quoting directly. Is it not a fact that this proposal was the best one because it was the only one that would fit the Prime Minister's political agenda? And why did the Government fail to follow the guidelines of the conflict of interest legislation, the provisions of Section 49 that make it quite clear the contract should never have been awarded to Bechtel?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, the conflict of interest guidelines were followed in this case. After a detailed investigation of all the facts, I announced this morning that the Government wanted to rescind the contract awarded to Bechtel because there was both an apparent and a real conflict of interest in this case.

[*English*]

RESPONSIBILITY FOR ADMINISTERING CONSTRUCTION CONTRACT

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, offering a few heads did not work for Ronald Reagan, and it is not going to work today here either.

My supplementary question for the Prime Minister concerns the statement that Correctional Services and Public Works will now be continuing to direct the Port-Cartier project. Can the Prime Minister tell us how it is that the Member for Halifax, the former Minister of Supply and Services, could not administer the contract in that role and that he has now been given the responsibility for administering similar or the same contracts in his new role of Minister of Public Works? Should he not be fired instead of being given new contracts to administer? Is it not obvious that he cannot do that job?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, the procedure that we are following is very normal. It is the typical procedure for any government.

Mr. Rodriguez: Typical Tory.

Mr. de Cotret: It is normal for any government, Mr. Speaker. We have decided to rescind the contract to Bechtel for the reasons I outlined this morning, and the responsible Departments which are Public Works, the Department of Supply and Services, and Correctional Services, will ensure that the work is continued and a new contract is awarded.

• (1425)

Mr. Broadbent: Mr. Speaker, the Minister decided to rescind the contract only after the Government was caught doing something it ought never to have done in the first place.

CONSTRUCTION SCHEDULE

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Prime Minister. There were two statements this morning, one by the Auditor General and one by the Minister. The Auditor General said, his words, not mine, that the Government showed preferential treatment in making this decision. In his statement in the House afterwards, the Minister, incredibly, blamed everyone, including civil servants, but the Government itself. He said the reason all these normal contractual procedures were broken was because the decision had been reached to build the prison within "a tight schedule". Will the Prime Minister now acknowledge the

reason this schedule was imposed is that he decided to give himself a gift in his own riding for political purposes?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the statement by my hon. friend is absolutely inaccurate. There was no such indication by me or my office at any time in any circumstances. If my hon. friend wishes to be fair in his analysis, the completion date was imposed by the previous Government with regard to a substitute facility for Laval. I do not change at all nor do I make any apologies for the Government decision to locate it in Port-Cartier pursuant to criteria set out by the former Solicitor General in the Liberal Government.

We took a decision concerning Port-Cartier and we stand by that decision. It was a proper and honourable decision for a region of this country which is entitled to some assistance and should never be penalized simply because it is represented by a Prime Minister, or another Minister, or the Leader of the NDP.

[*Translation*]

PRISON SITE LOCATION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, the Prime Minister knows perfectly well that the decision made by the previous Government concerned a prison in another community, not a community in the Prime Minister's riding. That is a fact.

My question to the Prime Minister is simply this: Why is the Government blaming everyone, even its officials, for the Government's decision to build a penitentiary in the Prime Minister's riding for purely political reasons?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, that too is entirely false. The Government is not blaming anyone. The President of the Treasury Board quite appropriately initiated an investigation, and he has drawn a number of conclusions from that investigation to date.

You were referring to another prison, in a riding in New Brunswick, and comparing it with the riding of Manicouagan. I hope the Leader of the New Democratic Party is not claiming that peripheral areas like the North Shore and Eastern Quebec do not have a right to federal facilities, because I can tell you that federal Government facilities in remote areas are very rare indeed. In my own riding there were none.

That was why the Government decided it was entirely fair and honourable to act in the interests of efficiency. We could build all federal facilities between Ottawa and Toronto, but that would be unfair to the rest of the country.

[*English*]

ACCEPTANCE OF RESPONSIBILITY

Hon. Edward Broadbent (Oshawa): Mr. Speaker, we do not need to listen to lectures about regional development. We believe there ought to be regional development in all the poorer parts of this country, including the Prime Minister's riding.

Some Hon. Members: Hear, hear!

Mr. Broadbent: However, we do not believe in squandering $41 million of the public's money for electoral reasons. That is the difference.

Some Hon. Members: Hear, hear!

Mr. Broadbent: If the Prime Minister would like to put an end to this and get it out of the House of Commons, will he get up and acknowledge that this decision was a mistake, taken at the highest level of government, and the Government will now commit itself to integrity in government and put an end to short run political decisions?

Right Hon. Brian Mulroney (Prime Minister): My hon. friend says he is in favour of regional economic development, including the constituency of Manicouagan.

Mr. Broadbent: Yes.

Mr. Mulroney: Then perhaps he could tell us what he has in mind for Port-Cartier? During the time in question a substantial part of the population was out of work without any hope at all, and without any help from the federal Government. In fact, if you examine the record of the federal Government with regard to development in the constituency of Manicouagan, in the interior of British Columbia, or in northern Ontario, you will find that it was very, very wanting.

• (1430)

The present Government believes in fairness. We make no apologies to anyone for making decisions which result in no squandering of public funds. I can think of no better use of public funds than for the Government of Canada to signal to people in faraway regions that taxpayers' money will be spent on them and their children for the future so they will not have to seek exile elsewhere in Canada.

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[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF HON. JEAN GAUVIN, NEW BRUNSWICK MINISTER OF HOUSING

Mr. Speaker: I would like to draw the attention of Hon. Members to the presence in the gallery of the Hon. Jean Gauvin, Minister of Housing of the Government of New Brunswick.

[*English*]

PENITENTIARIES

PORT-CARTIER PRISON—CONFLICT OF INTEREST INQUIRY

Mr. John Nunziata (York South—Weston): Mr. Speaker, my question is on the same subject. The facts are clear. There has been a conflict of interest. The issue is now one of ministerial accountability. I will direct my question to the Prime Minister. Would he not agree that it is unfair to make Robert McCulloch the scapegoat in this matter? Would he not agree that the ultimate responsibility for this conflict of interest lies directly on his shoulders and directly with other Ministers of the Crown? Will he not do the honourable thing and assume responsibility for this conflict of interest?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, as my hon. colleague opposite well knows, we have made an extensive inquiry to determine all the facts and issues pertinent to this question. We determined that there was a real conflict of interest. We have identified some parties to that conflict of interest. We have taken action to deal with it. Further, we asked the Commissioner of Correctional Services to take appropriate action within his Department to the extent he deems fit. I believe that the actions which led up to this situation have been thoroughly investigated and reported to this House.

Mr. Tobin: Who is responsible?

MINISTERIAL RESPONSIBILITY

Mr. John Nunziata (York South—Weston): Mr. Speaker, the Minister and the Prime Minister are passing the buck. The issue is who should be held responsible for this conflict of interest. I will direct my question again to the Prime Minister. It has been admitted that there was a conflict of interest. If the Prime Minister believes in the integrity of the conflict of interest guidelines, will he not stand in his place and admit that his Ministers must assume some responsibility for their incompetence in this matter?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, we have dealt with this issue exactly according to the conflict of interest guidelines.

Mr. Boudria: No you haven't.

Mr. de Cotret: We have imposed the sanctions which are appropriate in this case according to that code of conduct.

Mr. Boudria: That's not true.

[*Translation*]

ALLEGATIONS PRIME MINISTER ACCELERATED PROCESS LEADING TO AWARDING OF PORT-CARTIER CONTRACT

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, my question is directed to the Prime Minister who has just stated that the awarding of the Port-Cartier prison contract was not accelerated. In his statement tabled in the House today the Auditor General reaffirms his belief that indeed the process was accelerated and says as well that Correctional Service Canada officials saw fit to speed up the process, including in certain instances dealing with only one supplier. Therefore CSC officials thought it was justified to accelerate the process and, finally, the President of the Treasury Board has indicated quite clearly that time was of the essence. Now then, does the Prime Minister deny all such statements by officials and Ministers of his Government that he was right to speed up the contract since he had decided to make an election gift to his constituents?

[*English*]

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, I can advise the Hon. Member quite categorically that there was no speeding up of the opening up of Port-Cartier by the Government. In fact as early as 1981 the former Government made the decision to close Laval. This is confirmed by a Treasury Board minute. In two subsequent 1984 Treasury Board minutes signed by the former Solicitor General it was determined that Laval would close in 1987 or 1988. Port-Cartier was to be built with an opening date to meet that deadline in order that it could receive the prisoners which would become available due to the closing of Laval.

Some Hon. Members: Hear, hear!

BUILDING SCHEDULE

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I will direct my supplementary question to the Solicitor General who is responsible for Corrections Canada. When the Government changed its mind at least a year and a quarter had passed since the decision was made to build a new prison at Drummondville, where it was easy to build. It was hard to build in Port-Cartier and was bound to take more time. Therefore, the Prime Minister's Office made this conflict of interest almost inevitable by saying that the prison should be built on the old schedule rather than adopting a realistic schedule. That is what happened.

Mr. Mazankowski: That's false.

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, with the greatest respect, the Hon. Member's statement is absolutely false and incorrect. I refer him to my earlier answer. There was no speeding up whatsoever of the contract. The deadline for the closing of Laval had been set by the former Government. We were trying to open Port-Cartier to meet that closing date in order to accommodate the prisoners from Laval.

Mr. Broadbent: Read de Cotret's statement this morning.

Mr. Cassidy: The public will judge on this one.

[*Translation*]

OPPORTUNITY TO DELAY CLOSURE OF LAVAL PENITENTIARY

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, to the Solicitor General who claims that construction was accelerated at Port-Cartier not to compromise the closure of the Laval penitentiary, I should like to direct a simple question: Would it not have been better to delay the closing of the Laval penitentiary instead of accelerating the Port-Cartier project?

[*English*]

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, as I have already advised the Hon. Member, the date for the closing of Laval had been set. We were trying to meet that deadline. There was no speeding up. It was a government decision to build this prison in Port-Cartier to assist a regionally depressed area of the country.

[*Translation*]

REASONS FOR DECISION

Mr. Jacques Guilbault (Saint-Jacques): I will repeat my question. The Minister's response is just another question. Why did you not change the decision which you claim was taken before, and delay the closing of and transfer of prisoners from Laval? Was it not because you wanted the Port-Cartier penitentiary to be ready before the next election? Admit it!

[*English*]

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, I have nothing to admit to the Hon. Member along the lines suggested by him. I have told him that we were trying to open Port-Cartier by that date in order to meet the closing date set by his Government.

* * *

PUBLIC SERVICE

ROLE OF CIVIL SERVANTS

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, today we are learning about the consequences of the political interference involved in the Prime Minister's prison. Today we have also learned about the actions of civil servants in trying to find work for one of the Prime Minister's friends, Mr. Shay.

Would the Prime Minister not agree that civil servants are being sent a message, which must be changed, that their job is to serve the cronyism of the Conservative Party in Government?

Right Hon. Brian Mulroney (Prime Minister): No, Mr. Speaker.

PRIME MINISTER'S POSITION

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, it would seem that the Prime Minister is not—

Mr. La Salle: What is your question?

Some Hon. Members: Question, question.

Some Hon. Members: Spit it out.

Mr. Speaker: Order, please. The Hon. Member will put his question.

Mr. McCurdy: Mr. Speaker, I will repeat my question to the Prime Minister. Does he not think it is about time that an extremely strong message is sent to his Ministers, the civil service, and his friends, that there will be no more bargaining away of the interests of Canadian people just to give his friends jobs?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, as my hon. friend knows, that question is mean-spirited and vexatious. I know that when he does not bring his music he cannot sing. I am sure that on a more moderate day he would want to withdraw that question.

• (1440)

ALLEGED REQUEST TO CHASE MANHATTAN BANK

Hon. Bob Kaplan (York Centre): Mr. Speaker, my question is directed to the Prime Minister. Will he tell us what possible justification there is for having the Government of Canada and Devco tell the Chase Manhattan Bank to try to find work for Robert "Shay", a friend of his, in a contract being done for Cape Breton Regional Development, other than it being the most blatant kind of cronyism?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, it is my understanding that the matter in question was not sustained by any written document. There was no work at all associated with Mr. Shea, who is a friend of mine and a very good friend of Canada. I think that the indication that there was no involvement of any kind by me, directly or indirectly, is that there has never been any beneficial relationship of any kind between Mr. Shea and this Government.

REFERENCE IN DOCUMENT

Hon. Bob Kaplan (York Centre): Mr. Speaker, the Prime Minister denies that there is a document in writing. What does he make of this sentence from a report by an official, John D. McLure, outlining a proposed contract, who says:

—Chase will, at the Minister's request—

—meaning the Minister of Regional Industrial Expansion:

—find some work for Mr. Shay of Boston (a friend of the Prime Minister).

There it is in writing. Why are officials being asked to do things like this?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, what kind of proof is this? I understand that Mr. McLure denies signing such a document and that it does not bear his signature. I understand that from the same story.

Why would my hon. friend try to tarnish the reputation of someone on that kind of allegation?

* * *

EXTERNAL AFFAIRS

UNITED STATES SALE OF ARMS TO IRAN—CANADIANS' INVOLVEMENT

Mr. Derek Blackburn (Brant): Mr. Speaker, my question is directed to the Minister of Justice. Apparently on Friday he phoned the Attorney General of the United States with respect to the Iran arms deal and the Attorney General was to phone him back this morning. What information did the Attorney General of the United States give him with respect to Canadian involvement in the Iranian arms deal?

Hon. Ray Hnatyshyn (Minister of Justice and Attorney General of Canada): Mr. Speaker, I have had the opportunity to speak with Mr. Meese, and I talked to him again this morning. He indicated that he and the Department of Justice are quite prepared to co-operate with our officials and the Royal Canadian Mounted Police with respect to an investigation as to whether any Canadian law has been broken. Mr. Meese did in fact confirm to me that Mr. Fraser and Mr. Miller, whose names have been in the press in the last few days, are the people in question.

RCMP INVESTIGATION

Mr. Derek Blackburn (Brant): Mr. Speaker, in view of this information and any other information that the Minister has, is he prepared now to launch a fullscale investigation into Canadian involvement with respect to these two individuals or any others who could be involved?

Hon. Ray Hnatyshyn (Minister of Justice and Attorney General of Canada): Mr. Speaker, as was pointed out earlier, the RCMP have entered into an investigation as to whether or not Canadian law has been broken. I am very pleased that our American friends have agreed to facilitate interviews and discussions in order to make sure that our investigation goes forward. I believe we should allow this investigation to proceed and allow the RCMP to conclude its investigation. If there is a prosecution that results from it, so be it. However, the investigation should proceed without speculation on a day-to-day basis.

[*Translation*]

PUBLIC WORKS

MIRABEL EXPROPRIATIONS—REPOSSESSION OF LANDS—SETTLEMENT OF MOST DIFFICULT CASES—GOVERNMENT POSITION

Mrs. Lise Bourgault (Argenteuil—Papineau): Mr. Speaker, my question is directed to the Minister of State responsible for Mirabel.

Mr. Speaker, like all the people from Mirabel, I was delighted to read in the press today that the Minister would not retire before he had ceded back all Mirabel land?

Mr. Speaker, although 65 per cent of the land sales was to everyone's satisfaction, could the Minister give the House the assurance today that nothing will be left undone to settle some of the more contentious land transactions?

Hon. Roch La Salle (Minister of State): Mr. Speaker, I welcome this opportunity to remind the senior Members of this House of the many and complex discussions that took place as a result of these expropriations. Today, I am pleased to acknowledge to the Hon. Member that of the sale proposals concerning 1,600 saleable properties when I took over this file, 65 per cent have already been signed, and within the next 12 months, we should have finalized the entirely justified repossession of this land by the original owners.

As for the contentious cases, I can give the Hon. Member the assurance that this week I will be meeting with my director general to discuss them and give those concerned the assurance that they will be given all the help and assistance they need to obtain the fairest possible settlement.

* * *

[*English*]

EXTERNAL AFFAIRS

UNITED STATES SALE OF ARMS TO IRAN

Ms. Sheila Copps (Hamilton East): My question is directed to the Prime Minister. In light of press reports this morning that External Affairs Minister, Joe Clark, got nowhere—

Some Hon. Members: Order.

Ms. Copps: —when he raised the matter of Irangate with Secretary of State Shultz, will the Prime Minister, given his close personal relationship with the President of the United States, tell us why his Government was kept in the dark for over two months with respect to the Canadian connection in the Irangate affair?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, may I say to the Hon. Member that while I appreciate her personal references to me, I will try to refrain from making any to her. Let me indicate to her that I

at least intend to respect the rules of the House as they relate to the identification of individuals.

Some Hon. Members: Hear, hear!

Mr. Clark (Yellowhead): I think it is evident to everyone that one of the difficulties in this case is that such facts as might turn out to exist as a result of the investigation in the United States are not known by officials in the United States and consequently have not been capable of being transmitted to us. In the conversation this morning between the Attorney General of Canada and the Attorney General of the United States, we received an indication that all information germane to investigations into Canadian law that we are carrying out through the RCMP will be made available to Canadian authorities.

Ms. Copps: I asked the Prime Minister if he would tell our country, Canada, why it was kept in the dark for two months. I am not asking the Secretary of State for External Affairs to make any patronizing comments, as is his usual habit.

Some Hon. Members: Oh, oh!

CANADA-UNITED STATES RELATIONS

Ms. Sheila Copps (Hamilton East): Mr. Speaker, I would like to have an answer from the Prime Minister for the people of Canada. Given his extremely close relationship with the President of the United States, why were he and Canada kept in the dark for over two months about the Canadian connection in the Irangate affair? This is his first chance to tell the House.

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, that question—if that is what it was—has been answered. The Hon. Member should know that those allegations are probably baseless.

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PENITENTIARIES

PORT-CARTIER PRISON—OPTION OF KEEPING EXISTING INSTITUTION OPEN

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, my question is directed to the Solicitor General. The President of the Treasury Board clearly said this morning: "The flexibility required to develop a work plan within prescribed rules and policies was somewhat reduced". The Government had an option. Why did it not pursue the option of keeping the existing prison open in order to build Port-Cartier within the prescribed rules and policies so that the integrity of the Government's operations in this matter could have been preserved?

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, I think it is self-evident that there is never any justification for a breach of the conflict of interest rules. We have found that there was a breach and we are dealing with it appropriately. Quite frankly, I fail to see what the Hon. Member is complaining about, as I believe it has been dealt with and handled well by the President of the Treasury Board.

GOVERNMENT POSITION

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, the Government cannot have it both ways. It cannot maintain that conflict of interest rules were breached and that there was no acceleration. It was the acceleration that caused the conflict of interest. Why did the Government not pursue its other option to keep existing prisons open for as long as it took to build the Port-Cartier prison according to the rules and policies established by the Government, if that was to be its decision?

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, I have already explained that the former Government had made the decision to close the prison. We were attempting to meet that and we also wanted to assist an economically depressed area. Therefore, we proceeded as expeditiously as we could.

* * *

MUNICIPAL AFFAIRS

RENEWAL OF INFRASTRUCTURES—REQUEST FOR FEDERAL FUNDING

Miss Aideen Nicholson (Trinity): Mr. Speaker, my question is directed to the Minister of Finance. Will he explain why he has rejected a unanimous request from all 260 members of the Canadian Association of Municipalities—a request that was supported by all ten provinces—that the federal Government share in a five-year program to renew the infrastructure of our cities, so creating 300,000 person years of work?

• (1450)

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, as the Hon. Member, I think, is quite well aware, the question of municipal infrastructure is the responsibility of the municipalities and provincial Governments. We have our hands full in dealing with matters which are exclusively 100 per cent, federal government responsibility. Until we are able to get a better financial picture and our deficit down and under a greater degree of control, it will be very difficult for us to deal with this type of matter.

I advised the municipalities of this a long time ago, and the allegations they have made over the past weekend are quite wrong.

MINISTER'S POSITION

Miss Aideen Nicholson (Trinity): Mr. Speaker, our mayors are asking for an investment in the capital account of this country for roads, sewers and bridges, not luxuries. With

employment still at 9.5 per cent, how can the Minister refuse this opportunity to put Canadians back to work?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, what the Hon. Member is asking myself and the Government to do is ignore the areas in which we have 100 per cent responsibility and deal with matters which are under the jurisdiction of the municipalities and provinces. I do not think that is a reasonable position for the Hon. Member to take, and I think if she thought about it carefully, she would agree with me.

If the Hon. Member is suggesting, as I take it from the look on her face she is, that we should ignore these areas of 100 per cent responsiblity of the federal Government, would she tell me which areas she would like us to ignore as a Government so we can get into those areas of—

Mr. Speaker: The Hon. Member for Cambridge.

* * *

EXTERNAL AFFAIRS

IRAN—ARREST OF CANADIAN CITIZEN

Mr. Chris Speyer (Cambridge): Mr. Speaker, my question is directed to the Secretary of State for External Affairs and it pertains to Phillip Engs. Can the Minister tell us whether or not the Government has been officially notified if charges have been laid against Mr. Engs? If so, could the Minister give the House particulars of the charges and also advise the House what he and the Government are doing to protect the rights and interests of Mr. Engs?

Right Hon. Joe Clark (Secretary of State for External Affairs): I can advise that we have received official confirmation that Mr. Engs has been arrested in Iran on suspicion of espionage. Tomorrow I am sending a message, which will be delivered by the Danish Ambassador who acts for Canada in Iran on these affairs, to the Foreign Minister of Iran asking for full information on the circustances with respect to Mr. Engs. I am also seeking an undertaking that we will have the right of consular access to Mr. Engs so we will be in the maximum position to protect his interests.

If I might, I would like to express my appreciation of the fulsome degree to which the Danish authorities have co-operated with Canada in these circumstances where they are represented in Tehran and we are not.

Some Hon. Members: Hear, hear!

MUNICIPAL AFFAIRS

INFRASTRUCTURE MODERNIZATION

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, my question is directed to the Minister of the Environment. It follows on the questions regarding the Federation of Canadian Municipalities' rebuilding program. The Minister will be aware that part of that program will bring about efficient use of water and better treatment of sewage waste. Would he not agree, in light of the report of the inquiry on federal water policy which indicated it was a federal responsibility, that the Minister of Finance is wrong and the federal Government does have a role to play in funding this very important program which, incidentally, will be repaid through increased taxes and lower unemployment pay-outs?

Hon. Tom McMillan (Minister of the Environment): Mr. Speaker, the Hon. Member's question is based on a false premise, namely, that the Pearse report stated this was a matter of federal responsibility. It said no such thing.

* * *

[*Translation*]

FINANCE

METHOD OF MAKING EQUALIZATION PAYMENTS

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, my question is directed to the Minister of Finance. The Minister referred to the role of the provinces, but last week, he informed his provincial counterparts that the $175 million increase in equalization payments would be paid over a period of two years, instead of one year as promised by the Prime Minister and himself. Mr. Speaker, my question is: Does the Minister intend to meet the political commitment made by himself and the Prime Minister? Is he going to change his mind here and now to help the six poorest provinces in Canada?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think the Hon. Member has it wrong. What was proposed by a committee of finance officials from both the provinces and the federal Government was to enhance the equalization program by $175 million, on top of the existing growth rate of between 4 per cent and 6 per cent.

What I said to the Finance Ministers on Friday was that we would accept that proposal but we would only be able to do it over a two-year period. Therefore, the full amount of the proposal will be in place as of 1988-89.

Mr. Nystrom: That is two years, not one.

Mr. Wilson (Etobicoke Centre): I think that is perfectly consistent with anything I have said—

Mr. Nystrom: But you promised one.

Mr. Wilson (Etobicoke Centre): The Hon. Member said I promised one. I challenge him to tell me exactly where I promised one.

Mr. Speaker: Order, please.

* * *

IMMIGRATION

OVERRULING OF MINISTER'S DEPORTATION ORDER—REQUEST FOR APPEAL TO FEDERAL COURT

Mr. Sergio Marchi (York West): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. It concerns the Immigration Appeal Board ruling that an American citizen who was convicted of child molesting in Canada and who is wanted on similar charges in the United States is allowed to remain in this country. Last Thursday I asked the Minister of State for Immigration to appeal the case to the Federal Court but he rejected the suggestion and in fact said that action was "political interference".

I ask the Minister for Employment and Immigration today why the Government refuses to act legitimately, as is its right, and appeal this case to the Federal Court so that citizens can be protected from such undesirable characters and our immigration standards and policies may regain some form of the credibility they have recently lost?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, last week, the Minister of State (Immigration) pointed out that the Department was proceeding with a very careful analysis of the technical factors on which the Immigration Office's decision was based. If as a result of this assessment, we find there are grounds for appealing the case to the Federal Court, the Department will certainly take action. I may add that we should be in a position to respond on this matter by this Friday.

[*English*]

GOVERNMENT POLICY

Mr. Sergio Marchi (York West): Mr. Speaker, it was this Government which reopened the case. It was this Government which issued an order for deportation. Why is there now such procrastination, given the preceding action by the Government, to take full advantage of a legitimate course of action through the federal Court of Appeal so that Canadians may be confident that our immigration policies are intact and will come to the aid of citizens who tonight in Vancouver are establishing a group to fight this incredible decision?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I said earlier that we were doing a re-evaluation on a point of law. That is absolutely fundamental, and it has always been our reference point. The decision that will be made by this Friday will in fact refer to this particular aspect.

[*English*]

POSSIBILITY OF EXTRADITION PROCEEDINGS LAUNCHED BY UNITED STATES

Mr. Gerry St. Germain (Mission—Port Moody): Mr. Speaker, my question is supplementary to the last question. Is the Minister for Employment and Immigration aware that there are possible pending extradition orders from two States in the United States in this particular case? Would the Minister enunciate to the House whether or not his Department is aware of these extradition proceedings which are in place against this individual?

Mr. Gauthier: We hope so.

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I would like to make it clear to the Hon. Member that the Department has been apprised of all the facts. Last week, the Minister of State (Immigration) pointed out that it was becoming very difficult for the Government to intervene on a matter of substance, and that we intended and are in fact now proceeding to analyze points of law, and if we find anything, we intend to intervene quickly by this Friday.

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CANADA POST CORPORATION

SERVICE TO RURAL RESIDENTS—GOVERNMENT POSITION

Mr. Cyril Keeper (Winnipeg North Centre): My question is directed to the Minister responsible for Canada Post. I would like to know what kind of assurances or guarantees he is now prepared to give residents in rural areas that the service will not be cut back, and we want the Parliamentary Committee to express their protests in this respect.

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, we just received the Parliamentary Committee's report today, with its recommendations on rural services. We will be taking these recommendations into consideration. We will then ask Canada Post to respond to these recommendations, and we will announce the changes before this House.

• (1500)

[*English*]

REQUEST FOR ASSURANCE ON MAINTENANCE OF RURAL SERVICE

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, we need specific assurances from the Government that it will maintain rural postal service.

Mr. Speaker: Would the Hon. Member put the question, please?

Mr. Keeper: When will the Minister give the House specific assurances that rural postal service will be maintained, that he will stop closing rural post offices, and that he will not introduce superboxes into the rural areas?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, the Hon. Member is a member of this Committee. The report was tabled this morning, and the recommendations will be examined by Canada Post which will respond to those recommendations before this House.

[*English*]

COST OF SUPERMAILBOXES

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, my question is addressed to the Minister responsible for the post office. Now that Tory Members of the Government's operated committee have accepted supermailboxes as a permanent way to deliver mail in Canada, rejecting the views of a majority of Canadians who are opposed to such a monstrosity, can the Minister tell us the cost of the supermailboxes, including installation, and how long this is expected to last?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, I repeat, Canada Post tabled a plan that was analyzed by the Government, and in the spirit of parliamentary reform, we submitted this plan to the Committee for consideration, and that Committee has responded with a number of recommendations. We are going to ask Canada Post to examine these recommendations, including the matter of the superboxes, and we will respond accordingly.

Mr. Speaker: I am sorry, but the period provided for oral questions has now expired. The Minister of Transport (Mr. Crosbie), on a point of order.

* * *

[*English*]

PRIVILEGE

ALLEGED IMPROPRIETY IN QUESTION

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I rise on a matter of privilege which has to do with a question asked the House last Thursday when I was absent. I refer to page 2016 of *Hansard* where an improper question was asked by the Hon. Member for Hamilton East (Ms. Copps) who was swatting at gnats by asking the question—

Mr. Speaker: Order. Order, please. The Hon. Minister is rising on a question of privilege or a point of order. It helps the Chair if accusations, if it is an accusation, and the facts are put forward, but until the Chair has heard the question I think it is probably helpful not to impute motives to any Hon. Member.

Mr. Crosbie: Mr. Speaker, I certainly want to take your advice. The Hon. Member for Hamilton East asked a question in which she tried to tie me, "a present Minister of this Government—a former Minister of the Newfoundland provincial Government" with one Roy Furmark. The question is couched in terms that would suggest that because this particular Minister, myself, at one time knew this Mr. Roy Furmark, I was somehow associated with the events that occurred surrounding the so-called Canadian connection in Iran. In a supplementary question, the Hon. Member referred to "one of the negotiators involved with the Government of Newfoundland of the time, including a current Minister of this Government", and she went on.

My objection to these alleged facts is the impropriety of a Member suggesting that because one Hon. Member knew another person 10 years earlier, that Hon. Member was in constant communication with the one allegedly known to him 10 years earlier and therefore would know everything about Irangate. The finger was pointed at me as possibly being a bosom buddy of the Ayatollah Khomeini. This is guilt by disassociation. It was a McCarthyite attempt to cast suspicions at me—

Mr. Speaker: Order.

Some Hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Crosbie: Is there no sense of fairness in all those ranks, Mr. Speaker?

Mr. Speaker: Order. The Hon. Minister has raised a complaint about statements made by another Hon. Member. That is clearly not a question of privilege, nor was any notice of such received by the Chair. I think the Hon. Minister is getting well into an area of debate and I think that it is probably time to end the intervention.

GOVERNMENT ORDERS

[*English*]

FISHERIES IMPROVEMENT LOANS ACT

MEASURE TO AMEND

The House resumed consideration in committee of Bill C-32, an Act to amend the Fisheries Improvement Loans Act—Mr. Siddon—Mr. Paproski in the chair.

The Deputy Chairman: Order. House in Committee of the Whole on Bill C-32, an Act to amend the Fisheries Improvement Loans Act. When the committee was interrupted at 1.25

o'clock p.m., Clause 1 of the Bill was under consideration and the Hon. Member for Egmont had the floor.

Mr. Henderson: Mr. Chairman, when the Chair called it 1.25 I was mentioning that the Government and the Ministers are not making as a priority the fishing industry of Canada. At that time I cited some of the programs of the previous Government that were extremely beneficial to the fishing industry but were eliminated by this Government. Of course, this ties in with the Bill we are discussing here today because it does relate specifically to the income of fishermen.

When I talked about the vessel subsidy program, I related how helpful it was for fishermen who made large capital expenditures on their vessels and equipment. These fishermen could use the one-third vessel subsidy allotted to them by the federal Government as part of a down payment or collateral required to obtain a vessel or upgrade one.

I would also like to mention the insignificant amount of funds the Government is giving to small craft harbours. Only approximately $46 million will be going into small craft harbours this year. Every Hon. Member who comes from a fishing community will realize that that is a mere pittance compared to what is needed for a very worth-while industry.

I receive letters daily from people from all over Canada. I have a copy of a letter addressed to the Minister that I wish to read into *Hansard*. It reads:

Dear Mr. Minister

I wish to draw to your attention the deplorable state of affairs.

The wharfage situation in Comox-Courtenay area is inadequate to say the least. The overcrowding and potential fire hazard on the present site is a deterrent to anyone having a vessel on these premises.

One has to wonder if this riding being N.D.P. has any connection with your apathy towards investing in the Comox Valley wharfage facilities.

Your past performance indicates you run to the pork-barrel to grease the skids of your constituency—Tom; prove me wrong.

• (1510)

This letter is from the West Coast. I have received a hundred letters from people there who are complaining to me that they are in dire need of a better infrastructure as it relates to their wharfs, harbours and piers.

Of course, it is the same thing on the Atlantic coast. Almost every harbour wharf needs some work done. The amount of money this Government is putting into these programs has a direct relationship to the income of fishermen. In order to get the best price for the product they take from the waters, fishermen have to have good quality, ice on board, unloading derricks, and a fast mode of transportation to get their product to the processing plant and to the consumer as quickly as possible. These are some of the areas in which this Government and this Minister have let the fishing industry of this country down, and let it down badly.

On top of that, there is the imposition of user fees, the doubling of licencing fees on the West Coast, and there are many other aspects to the fishing industry that are not at all being dealt with to the satisfaction of the fishermen and the industry. I must emphasize that this is a very important industry. On the Atlantic coast, it is one of our largest industries. Thousands of families depend solely on the fishery. Any lessening of effort by the federal Government toward the well-being of the fishery is certainly not accepted in good light in Altantic Canada.

We are going to give consent to this extension for six months. I will take the Minister at his word, but I will ask the question later on, does the Minister mean what he says, that he is going to bring the Bill back in six months time with improvements? There are some flaws in the Bill, and were they corrected they would certainly go a long way to helping the fishermen who are in dire straits. There are many areas in Atlantic Canada that had a very poor fishing season this year. Along with the other program cuts, there is the Forget Commission Report which comes down very hard on the side of fishermen. There is a lot of concern right now in the industry about what this Government is doing on their behalf. I will end with these few remarks, Mr. Chairman. I am sure I have some colleagues who wish to follow me, and I may have some questions later on.

Mr. Manly: I am glad to have the opportunity to make a few remarks with regard to Bill C-32, amendments to the Fisheries Improvement Loans Act which will extend the life of that Act for another six months. In the New Democratic Party we are quite happy to give agreement to quick passage of this Bill, because this is obviously an Act that has provided a program of some help to some individuals in the fishing industry. For example, in the last year for which we have a report, 1984-85, there were 879 loans guaranteed which totalled almost $15 million. Since the program's inception in 1955 to the year 1984-85 there were 17,253 loans totalling some $227 million. Over the life of the program some $10 million was paid out in claims to lending agencies for loans that were in difficulty. It is important to recognize that $8.5 million of that $10 million was paid out in the last four years of the program, during which the fishing industry was having difficult times when it was caught in a squeeze between high input costs and very poor returns.

While the program may be good for some individuals, we have no idea what the Government thinks about the program's effect over the long term on the industry as whole. The Government does not know. That is why we are dealing with a six-month extension at the present time. That is why in June of 1985 the Government came before the House for an 18-month extension. At that time the then Minister said, as recorded at page 6161 of *Hansard* for June 15, 1985:

In the event that any Members wonder why that is so—

He was referring to why they were asking for an 18-month extension.

—it is of course because all programs including this one are being carefully reviewed. In the meantime, I think it is in the interests of the fishing community that speedy passage of this Bill be given by the House.

The program review to which the then Minister referred was tabled in the House on March 11. It was available to the Government before that time, but it still has not indicated what its plans are for the fishing industry.

With regard to this particular program, the Nielsen committee task force stated:

> A major problem in the fisheries, which has been identified by many studies, is over-capacity with too many fishermen pursuing too few fish. This program can be seen as adding to this problem, and is inconsistent with federal programs to buy back fishing licences to reduce efforts in the industry.
>
> The effect of this program is to subsidize low-risk fishermen who would be able to obtain credit through normal channels, as well as high-risk fishermen who are required to put up little of their own money.

It is not quite that easy even for low-risk fishermen to get loans through normal channels. The banks want some guarantee. The task force further states:

> The study team recommends to the Task Force that the Government consider termination of the Fisheries Improvement Loans Program. A major thrust of the study team's recommendations is for less federal Government intervention in the fisheries, and for allowing the industry to function in response to true market forces.

We have seen in the last few months a move by the Government to quietly implement some of the recommendations the Nielsen task force has made; to implement these without adequate debate, either in the House or within the fishing industry itself. Fishing licences have doubled. There have been cuts in the Department of Fisheries and Oceans staff. There have been cuts in research. There have been cuts in the Fishing Vessel Assistance Program. All these things have been done on an *ad hoc* basis without giving either the House or the industry any idea of what the Government's over-all plan or policy is.

There are two theories as to what the Government is doing here. I and my colleagues in caucus have a disagreement on this. There are those of us who feel that what the Government is doing is a matter of piecemeal adhockery; that it does not know itself what it is trying to do and what its objectives are, but it is doing it anyhow. The other theory is that there is a conspiracy that the Government really does know what it is doing, and even when it stumbles and falls it is stumbling and falling towards some objective. I subscribe to the first theory, that the Government does not know what it is doing. Whatever the explanation, there is a great deal of uncertainty in the industry. That should be of concern to Members on all sides of the House.

One subject that has already been referred to is the unemployment insurance program as it relates to people in the fishing industry. The Nielsen task force report, as well as the recently tabled Forget Commission report, recommends doing away with unemployment insurance for people who are in the fishing industry. The Forget Commission Report recommends that it should be phased out over a five-year program. The Government has refused to indicate that it categorically rejects that type of recommendation which would be extremely harmful to fishing communities and fishing provinces on both coasts of Canada. It has not categorically rejected that. Instead it says that it will take the Forget Commission report as a background paper, a $5.2 million background paper, and will tell us its plans next May.

• (1520)

During the election campaign Conservative Members on the West Coast promised that there would be a $100 million buy-back program to reduce the capacity of the fleet. We have not heard anything about it in the last few months. There is no buy-back program. Fishermen are being squeezed out despite the good season.

There is a story in the current issue of the union paper, *The Fisherman*, about a West Coast fisherman who is quitting after 30 years. Even though there was a good season on the coast, he lost money. He talks about the short openings, a recurrent feature of fisheries management today, and indicates there is almost panic among fishermen to get out there and get fish regardless of the weather. Some 16 fishermen lost their lives on the West Coast in the last year. He points to a fear that the time of the small independent fisherman might be almost over, and that if the industry survives, it will survive in the form of fish farms or aquaculture or through a centralized fleet in the hands of a few large companies.

While the six month extension of the Fisheries Improvement Loans Act might help some individuals, my concern is that it will not solve the basic problem of uncertainty. There is a need for the Government to eliminate uncertainty by indicating a clear process of consultation, so that those most involved in the industry can help determine their own future. The Government has done away with the MAC, the Minister's advisory committee, and has established a system wherein a committee will be appointed by the Minister himself. However, there is considerable skepticism on the coast about whether or not it will work.

I suggest to the Minister and to the Government as a whole that there should be no more expensive decoys such as the Nielsen task force report or the Forget Commission report. The Government should come clean with what it hopes to do and establish a process which will allow the people most involved in the industry to have a say in it.

Bill C-32 will mean that one piece of the jigsaw, the Fisheries Improvement Loans Act, will be in place for the next six months. However, the rest of the jigsaw is scattered all over; people have no idea what will be the over-all pattern. The Minister indicated that changes were needed to resolve the problem involved in the limitation of guarantees once a certain level of claim for debts and difficulties has been reached. The difficulty was pointed out to the Minister in the last few months. At the very time when conditions were most difficult for fishermen, they found that their loans were being called by the banks because the guarantees had become inoperative. The Minister is aware of the problem. He has promised to do something about it by next spring. We look forward to the changes which he promised to bring in.

I should like to draw a final item to the attention of the Minister. Recently he won a court case in which his power to allocate between gear types and socio-economic conditions was deemed to be within his jurisdiction under the Constitution. Bill C-32 which gives him these powers is no longer necessary and, as the sunset clause becomes operative, it will die. However, Bill C-32 also guarantees consultation with the industry. I suggest that the Minister should reintroduce legislation in the House to reinstate the guarantee of consultation with the industry so that the people most affected will have the knowledge that the consultation is being written into the law, that it is not something just at the whim of the Minister.

In conclusion, we are glad to give support to the six month extension, but we urge the Government to come in with a process which will remove uncertainty in the fishing industry on both coasts, so that the fishing communities and the people involved in the industry will have some idea of what the future holds for them.

Mr. Tobin: Mr. Chairman, I am pleased to participate in the debate on Bill C-32. I should like to echo the words of my colleague, the Hon. Member for Egmont, the critic for the Liberal Party. We in the Liberal Party are prepared to see the Bill receive rather speedy approval today, but we have some problem with it.

The Minister of Fisheries and Oceans has been aware for the last year of the great numbers of fishermen across Canada who through no fault of their own have defaulted on guaranteed fisheries improvement loans. They defaulted particularly last year, more so than this year, because of the nature of the fisheries and of the economy associated with it. They were rather amazed, indeed shocked, to discover that their so-called guaranteed federal fisheries improvement loans were not guaranteed at all. Fishermen have discovered that because of the fine print in the Bill, which we are now extending for six months, the Minister can say at his discretion when a particular lending institution has reached its quota of bad loans.

For example, if 10 per cent of the loans of the Bank of Nova Scotia in a lending zone and during a lending period—and that is the terminology used—turn out to be bad loans and it makes a claim on the Government of Canada, any other fisherman who defaults, unlike his neighbours and colleagues, does not have the benefit of the Government of Canada guaranteeing his bad loan. Fishermen have found out that lending institutions will come after them with collection agencies or people making third party demands.

I wrote a letter to the Minister of Fisheries and Oceans in which I illustrated one particular case a year ago. In fact, in October, 1985 I made initial contacts with the office of the Minister of Fisheries about a particular case. It was the case of Mr. Wilfred White of Sandy Cove, Newfoundland, which is in my riding. He was one of many—and I have been told it is thousands—of fishermen across the country who through no fault of their own, but because of difficult circumstances and a desperate fishery for several years in a row, defaulted on their loans. This gentleman put all his personal moneys into the fishery and into making his loan payments. He sold off equipment and recreation vehicles to try to make his loan payments. He went down fighting, clinging by his fingernails to his boat and his gear. He tried to make a living and to make his payments. Nevertheless he went down. He had not borrowed the money for holidays, for personal aggrandizement or for luxuries. He borrowed the money for investment in the fishery. Having borrowed the money for that purpose, he said: "Thank God, at least the Government of Canada under the guaranteed fisheries improvement loan will see to the bad debt which now rests with the Bank of Nova Scotia".

What happened to Wilfred White, this man who clung on to the last instant, who invested every last dime to the last second trying to make a go of it in the fishery? What happened to his guaranteed federal government loan? He received a letter from the Bank of Nova Scotia which referred to his liaility under fisheries improvement loan No. 0669, granted on April 7, 1980, for $11,250. The bank confirmed that it forwarded its claim for loss to the Government of Canada and that its claim under period 6 was rejected. It went on to indicate that it had no other alternative but to look to Mr. White for liquidation of the debt.

I called the branch manager of the Bank of Nova Scotia on the northern peninsula of Newfoundland and asked: "What the hell is going on? Why are you threatening and sending in collection agencies to harass Wilfred White, an honest man, a decent man, and a good man"? The bank manager said: "I agree. He is an honest, decent and good man and I am embarrassed that I have to take this kind of action."

• (1530)

Some Hon. Members: Oh, oh!

Mr. Tobin: Members of the New Democratic Party may laugh and think it is funny that fishermen—

Mr. Rompkey: They lost the seat.

Mr. Tobin: Yes, they lost the seat.—are trying to make a go of it in Newfoundland. They may laugh. They may think that the problems of the fishermen are no more than a matter to be chuckled at in this House. They may think that the representation I make on behalf of the fishermen of northern Newfoundland is inadequate and something to be laughed at. However, let me tell my colleague from the New Democratic Party that Wilfred White is only one of dozens in his community who has been—it is not too strong a word to say—shafted by this Government. Let us look at what the legislation we are extending today for six months says:

—to make any payment to any lender—

Lenders being banks:

—in respect of loss sustained by it as a result of a guaranteed loan made during the period—

The wording of this legislation is misleading. It does not make any payment to any lender, the banks, with respect to any loss under guaranteed loans. The loans are not guaranteed. There is an escape clause. If you live in an area and deal with a bank where the economy is bad and where more than 10 per cent of the lenders have had to default at the 10 per cent level, the bank can stop receiving guarantees from the Government of Canada.

What if my colleague were a fisherman, received a loan and defaulted early, say the first time he got in trouble he gave up the ghost, went to the bank and said: "I default"? He gets his loan paid for by the Government of Canada because he is within the first 10 per cent of those to default. If my other colleague is a fighter, hangs on to the bitter end, struggles for a couple of years, not properly clothing, feeding or looking after his family in order to hang on, finally gives up, goes to the bank and says: "I have defaulted", they tell him that the first 10 per cent has been taken up and there is nothing they can do for him. What happens then?

Is it a question of having a bad credit rating? Is it a question of being embarrassed personally because you are in trouble with the bank? Fishermen are embarrassed. They have their pride.

Is that all it is? Is it a question of having great difficulty next time out getting a loan? Is that all it is? It is all of that, but much more, Mr. Chairman. It is a bank coming at you through a series of collection agencies out of St. John's, Halifax or Toronto, sending a notice to a fisherman in Sandy Cove, Newfoundland, a notice concerning his Government guaranteed loan, telling him that he better sell his truck, his house or whatever gear he has left with which to make a living for himself and his family and that he better scrape up $11,000 and repay the bank because the bank's books must be balanced. He must suffer the indignity of something less than a welfare regime because his so-called Government guaranteed loan is no guarantee at all.

That has been going on in record numbers, in particular in the last year, and I know the Minister is aware of it. It may have happened in previous years, but recently there has been a dramatic increase. The reason is that the Minister—it is not the Minister's fault—has inherited a fishery where in some parts of this country there have been four or five desperate years in a row. He has inherited fishermen who have been on their backs, trying to make a go of it for four or five years in a row, some of whom have finally buckled under the crushing burden of loan repayment. The Minister has been aware of this situation for a year.

I ask the Minister, as much as it is pleasant to see the basic concept of a fishermen's improvement loan extended for six more months because it would have run out otherwise, why it was not possible during the last year, when we Members of Parliament were aware of this problem, to have come forward with a new Bill today? Why have an extension to an existing problem that seeks to provide remedies to inherent injustice and unfairness?

I want an assurance from the Minister of Fisheries and Oceans that this Bill we pass today is not an exercise in fading out the Fisheries Improvement Loans Act over six months. I want a minimal assurance in expressing my disappointment that as we do not have a new Bill before us today that in six months he will come before us with a new Bill, one that will be relevant to existing circumstances evident in the fishery of eastern Canada and indeed in the fishery of the West Coast of Canada, in the Province of British Columbia.

I want the Minister to examine the plight of all of the Wilfred Whites of Canada, legitimate fishermen, honest people seeking to do an honest day's work and in the course of bringing in some new Bill to examine whether or not retroactively some kind of justice and sense of fairness can be introduced so that the unreasonable penalty that Wilfred White and many others have paid and are continuing to pay can somehow be rectified.

I, with my colleagues, support the notion that this Bill be extended for six months, but only because the concept of a fishermen's improvement loan is a good one and ought not to be lost. I cannot in good conscience—and I have written the Minister repeatedly on this issue—say that the Bill we are passing today is one that is worthy of the name Fisheries Improvement Loans Act, it is not. I beg the Minister of Fisheries of rectify this problem as quickly as possible.

Mr. Siddon: Mr. Chairman, the Member has put a question and a proposal to me. I would like to respond to the suggestion that he has made. As the Minister responsible for all the fishermen of Canada, I certainly sympathize with the concerns of individual fishermen, such as Wilfred White and others whose particular adverse circumstances are brought to my attention from time to time.

I am somewhat disappointed that the Hon. Member was not able to be with us earlier when we commenced debate on Bill C-32. I understand that that was probably not possible. I did indicate that the six month period we are requesting, by way of an extension to the current loan period referred to as period nine, is not merely to find a way of amending the current Fisheries Improvement Loans Act, although that might be one consequence we will arrive at by the end of the next six months in 1987, but to look at other ways of consolidating and improving the provision of preferential financing for fishermen, whether it be through the Federal Business Development Bank, by consolidation with the Small Loans Act or perhaps even consolidation with the Farm Improvement Loans Act.

Those questions are currently being examined. I want to assure the Hon. Member, not in the context of the interpretation he places on the Nielsen task force recommendation, but with a view to improving the way in which we manage credit services for fishermen that the general thrust of this Government and this Minister is to improve the way in which we manage all the services of Government and the fishery.

I do not want to appear antagonistic in suggesting that the loan period, which is causing the difficulty for the Hon.

Member's fishermen in particular, was established by way of legislation adopted prior to July 1, 1977. Period six extended a certain ceiling on loans to be financed by the major chartered banks for the period July 1, 1977, to June 30, 1980. In that period an unprecedented number of loans were issued by the major banks, some $77 million worth. Then many of the fishermen who took out those loans for various kinds of vessel improvements, equipment, et cetera, discovered, in the early 1980s, that the crushing burden of high interest rates put them in a position where they could no longer meet their loan payments.

• (1540)

It was the double whammy of a high rate of lending by the banks, in period six in particular, and high interest rates. We found that portion of the loans guaranteed by the Government of Canada was less than all of the defaults over the last two years. I think all Hon. Members understand that. The reason for this is the formula contained in Section 6(2)(ii) of the Act. It requires that the Government guarantee will amount to only 90 per cent on the first $125,000, 50 per cent on the next $125,000 and 10 per cent on anything above that.

In effect, under the old legislation we are allowed to guarantee defaults to the extent of 10 per cent plus a 1 or 2 per cent correction out of a total portfolio of some $76 million. The number of individuals caught in this bind is not large, but I am looking for remedies for the cases we are dealing with. I must remind Hon. Members that we have to work co-operatively with provincial loan boards in this respect. That is one reason for the requested extension of period nine. We can in that time devise a better remedy for those extremely abnormal circumstances when interest rates take off as they did in the early 1980s.

I will conclude by urging the Hon. Member to support us in speedy passage of this Bill. Over the next six months we will attempt to make the necessary amendments, which must be done in consultation with fishermen, provincial loan boards and provincial Governments, and I undertake to do that. However, I must register the caveat that what comes out at the end of that process may not be just an improvement to this Act, it may be something else. I undertake to ensure that the something else is consistent with the need to continue to assist in the development of the fishery in an orderly and helpful way.

Mr. Rompkey: Mr. Chairman, I, too, support my colleagues in wanting to see this Bill passed quickly and I share in the comments just made by my colleague, the Hon. Member for Humber—Port au Port—St. Barbe.

I want to use this opportunity, and I hope you will give me some latitude, to ask a question on an issue which is very important today to inshore fishermen in Newfoundland. I am glad to see the Minister of Employment and Immigration in the House. I hope he will listen to what I have to say because it applies particularly to him. I am sure the Minister of Fisheries and Oceans would be interested as well. If I could just get the attention of the Minister of Employment and Immigration?

Mr. Lewis: It is a Liberal Member who is talking to him.

Mr. Rompkey: I want to tell the Minister about an existing situation and get his assurances on a certain matter. Because of a failure in the inshore fishery of Newfoundland, some $4 million was allocated to create work programs for those fishermen who did not qualify for unemployment insurance this winter as a result of the failure of the inshore fishery. That is much less than was allocated last year, which was $6 million. There have been radio reports in Newfoundland that only $1 million of that $4 million is to be taken up by fishermen because of the qualification restrictions put on it by the Department. If the radio reports are correct, and I hope they are not, then only a very small minority of the inshore fishermen who did not qualify through no fault of their own will qualify for unemployment insurance.

The Government of Canada has allocated some $800 million to farmers in western Canada and only $4 million for inshore fishermen in Newfoundland. I want an assurance from the Minister that all of that $4 million will be available and that those who do not qualify for unemployment insurance this year for those reasons will not be excluded from this program. Can the Minister give that assurance this afternoon?

The Deputy Chairman: I will allow the Minister of Fisheries and Oceans to answer that question but not the Minister of Employment and Immigration.

Mr. Siddon: Mr. Chairman, I am sure the Hon. Member will understand it is probably more appropriate that I attempt to respond to his question. All I can say on behalf of my colleague and myself at this point is that we have had discussions since this problem developed with a view to using it, not exclusively but to a considerable measure, to assist those inshore fishermen. This will enable them to undertake projects which will be beneficial to themselves as fishermen and at the same time allow them to supplement their earnings in the way the Hon. Member has suggested. We will continue with those discussions. I can assure the Hon. Member that my colleague and I are both very sympathetic to the situation.

Mr. Rompkey: But what is the answer to the question?

Mr. Manly: Mr. Chairman, the Minister said that when he brings in legislation in six months it may be to this Act or it may be tied in with agricultural improvements or small business or some other package. Are the Minister and his Government committed to the idea that the fishing industry needs some kind of government guarantee loan program and that it should not simply be left to the mercy of market forces and the normal lending institutions, as the Nielsen task force suggests?

Mr. Siddon: Mr. Chairman, we understand the special needs and circumstances of fishermen. Whether it be a federal

Government guarantee program or some other form of special consideration, whatever evolves between now and the end of the six-month period will be of special benefit to ensure that fishermen can continue to finance their activities without being subject to the kind of perdition that he refers to. I am working closely with my colleagues to that end and we hope the program which evolves will be equally or more helpful and eliminate some of the problems we were debating earlier this afternoon.

Mr. Manly: Mr. Chairman, can the Minister indicate how he sees the future of this Act or its successor in relation to the Conservative Party's promise to bring in a $100 million buy-back program for the West Coast, which promise was made during the 1984 election campaign?

• (1550)

Mr. Siddon: I am very pleased that the Hon. Member asked that question. He touches upon one of the strange paradoxes, of which there are many, in regard to the management of the fisheries. Over an extended period of time we have financed, on a preferential basis, the expansion of our fleet, in this case the West Coast salmon and herring fleet, largely through the Fisheries Improvement Loans Act. Almost 50 per cent of the loans guaranteed under this program encouraged the expansion and modernization of that fleet. On the other hand, we have an acknowledged problem of excess capacity. This problem also exists in some areas of the Atlantic fisheries. It is alleged that this is one of the serious difficulties which we must confront in the southwest area of Nova Scotia in particular.

The new initiative, in whatever form it takes, must specifically recognize the fact that if the Government properly spends money to modernize the vessels and make them more efficient and safe, it should not be expected to buy them back when they become too efficient and there are too many of them. That is why, in these times of tight finances, I do not favour a direct government funded buy-back program, bearing in mind that the people of Canada have already contributed significantly through programs like FILA to the building of those vessels in the first place.

Mr. Manly: Just to be perfectly clear, is it correct that the 1984 election promise is, in the words of Richard Nixon, "inoperative"?

Mr. Siddon: Mr. Chairman, if the Hon. Member examines what he considers to be a promise, I think he will find that the Progressive Conservative Party, running for election at that time, indicated that some fleet rationalization initiatives would have to be taken. From my perspective, there was never a promise that it would be funded by the general revenues of the people of Canada, although some initial funding would be required, as Dr. Peter Pearse recommended some time ago, to get such a program under way. My priority for the West Coast, as I have stated repeatedly, has been to produce more salmon rather than to buy out fishing boats and reduce the amount of employment available to fishermen. I believe we should expand the resource upon which their livelihood is based.

Mr. Baker: Mr. Chairman, the Minister keeps referring to FILA and how great it is. I presume that is the Fisheries Improvement Loans Act. Why would the Minister not amend the Bill presently before the House to change the 10 per cent to 15 per cent in order that the 1,000 fishing enterprises which were recently hit by the banks could have their loans guaranteed by the federal Government?

That is the problem with this Bill. There are fishermen in seven provinces who signed up under this Act for loans from banks. Lo and behold, when they could not pay their loans they sold the gear they had bought and the federal Government then refused to honour its guarantee to the banks. The Minister said that was because the banks had exceeded the 10 per cent specified in the Act.

This has never happened before in the history of the Fisheries Improvement Loans Act, which dates back to the 1950s. It has never happened before that practically every bank and financial institution in Canada has been cut off from the federal guarantee. Practically every bank in the Minister's riding in British Columbia was notified by FILA that it had exceeded the 10 per cent. It makes no sense for the Minister to say that it was only the Bank of Montreal and the Bank of Commerce. It was also the Royal Bank and the Bank of Nova Scotia. The Royal Bank of Canada and the Bank of Nova Scotia should hang their heads in shame at the thought of the letters they sent out to hundreds of fishermen. One day those financial institutions will have to admit publicly what they did to fishing enterprises and families in British Columbia, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland, and on the north shore of Quebec.

My question to the Minister is very simple. The purpose of this Bill is to extend the period of time for six months. The last Bill which came before the House was for a one-year extension. All previous Bills were for three-year or five-year extensions. We are now going to extend it for six months, quite obviously to do away with it.

This has never happened before since the Act was adopted in the mid-1950s. Therefore why does the Minister not simply change the formula to get all the fishing enterprises off the hook with the banks? In other words, why does the Government of Canada not pay up the guarantees? The Government stood in the House the other day and claimed there was $1 billion for the farmers of Canada. Where is the paltry amount of money needed by the fishermen of Canada? They signed a piece of paper which said they were guaranteed by the federal Government. When they could not pay, they discovered that they were not guaranteed by the Government of Canada and had collection agencies, the courts and the banks down their necks.

I am told by FILA that there are 1,500 fishing enterprises in seven provinces involved in this. That is what they tell me but there are probably more than that. Take as an example a

fisherman who made $5,000 in 1986 and owes $30,000. He must put up all his property and remortgage his home. We have great pride in our banks, which have a great sense of community spirit and humanitarianism. The first thing they did was to send letters to all these people asking them to take out life insurance on their loans since the federal Government no longer guarantees them. Just imagine that, Mr. Chairman. That is the banks for you.

The Minister could get the banks off the hook. I do not like the letters which the banks sent out or the actions which they took. I received a dossier the other day from Nova Scotia containing some incredible letters. However, the banks are claiming ignorance of what was in the Act. They should have known what was in it. Why does the Minister not simply change the percentage in order that the federal Government can guarantee the loans which the fishermen thought were guaranteed by the Government when they signed at the bank? That is a pretty simple question. I do not know whether the Minister has Cabinet or Treasury Board authorization. However, would he entertain such an amendment to the Bill or support a special Cabinet order to pay those fishermen off since he is going to phase out the Fisheries Improvement Loans Act anyway?

Mr. Siddon: Mr. Chairman, the Hon. Member knows that I do not have authorization to accept such an amendment and neither could I accept it. If the Member were in the banking business, whether in a private or public sector financial institution, he would never advocate that all loans in default be paid off by the proprietor. The reality is that in the 31 years since the Fisheries Improvement Loans Act was first adopted in 1955 until March 31 of this year, 18,000 loans were made. There have only been 611 claims paid to lenders for defaults at an average of $13,500.

• (1600)

The Hon. Member knows that when a fisherman undertakes an obligation to repay one of these loans, he will incur that obligation just as any other borrower, whether or not the bank received satisfaction under this Act. In other words, if the loan goes into default with the bank and the lender can claim against the Fisheries Improvement Loans Act, the liability will remain in perpetuity with the fishermen because it remains a liability to the Crown. I do not believe the Hon. Member is advocating that in all cases fishermen merely have their defaults paid off by the Government of Canada. Why would we have a loan system in the first place which entails a certain obligation, indeed a written undertaking, to repay this amount?

I cannot accept the proposal. The Hon. Member has referred to some 1,500 fisheries enterprises, as he calls them, which are being impacted by this unfortunate development associated with loans entered into in the early part of the 1980s. However, he has never provided me with a list of such institutions, nor, I am told by my officials, is there a list that is anywhere near that magnitude of loans in default. I do not think it is appropriate for a Member to exaggerate and sow the seeds of antagonism toward the Government for a program that he adopted and approved as a member of the Government at that time. It is he and his colleagues opposite who set these limits and established the conditions under which these fishermen are now facing hardship.

In legitimate cases we will try, through adjustments to the form of assistance given to fishermen, to rectify these injustices. However, we cannot make the system wide open and promise to pay off all the loans of fishermen who have fallen into default. I hope the Hon. Member will appreciate that.

Mr. Baker: Mr. Chairman, I want to raise two matters. Those fishermen who had to put up their homes, their pick-up trucks and mortgage their lives because of this problem with the Fisheries Improvement Loans Act notified the Minister of Fisheries and Oceans. In fact, I have countless numbers of letters which I can give the Minister. If he is saying that he would solve the problem if it existed, then let me tell him that there are seven in the community of Summerford in Notre Dame Bay, and there are 14 in Twillingate. The Minister should check the mail if he believes they do not exist. He should talk to the former Minister if he says that he has not received letters because that is where I obtained my letters. I have copies of each letter from the Minister.

The Minister asks why the Government of Canada should pay off the fisherman who has defaulted on his loan. What is the purpose of the Fisheries Improvement Loans Act if it is not to provide a guarantee to a fisherman who cannot pay off his loan? That is when the Act comes into force. The first thing a fisherman loses is the property he bought with the bank loan that was guaranteed by the federal Government. According to the Fisheries Improvement Loans Act, for fishermen in the first 10 per cent, the difference between what the bank received on the sale of the property and what the fisherman received as a loan is paid by the federal Government. That is the purpose of the Act.

The Minister seems to be saying that regardless of whether the fisherman is in the first 10 per cent or the second 10 per cent, he should still owe the money to the federal Government. That may be legally correct, that there is no longer any debt because it is paid for by the federal Government. The Minister says that there are not 1,500 such cases in Canada and Hon. Members should not be allowed to state such figures. I suggest that the Minister should tell us exactly how many fishermen have been in this situation in the last two years. He cannot tell us that because he does not know. He does not know because he has no way of knowing. He simply notifies the banks that they have reached a limit and, for example, a letter to pay off Mr. Ron Jones in Summerford in Notre Dame Bay.

The Minister's Department sends a letter to the bank saying that the bank has reached the limit of its claims. The Minister has no way of knowing how many times the bank sends letters notifying the fishermen that they no longer honour their loans. The letters from the banks simply say that they have been

informed by the federal Department of Fisheries and Oceans that those fishermen are no longer guaranteed under the Fisheries Improvement Loans Act.

The House may recall that we presented the letters to the House over a year ago, showing exactly what was said. The Minister says that the numbers are wrong but he has no way of knowing the exact figure.

An Hon. Member: Do you know?

Mr. Baker: No, I do not know. However, estimates have been given to me and we have received complaints from seven provinces in Canada, including British Columbia. It is not only poor Newfoundland or the east coast of Newfoundland that are affected, but also British Columbia and other provinces.

The Government is ultimately the only body that can correct this situation unless the banks of Canada were to agree to forget about these defaulted payments. However, we know that when the banks deal with people like fishermen and farmers, they operate the same as collection agencies. In fact, I am surprised that banks across Canada have not opened collection agencies in their front offices to act on behalf of the Government of Canada and others.

There is a major flaw in the Fisheries Improvement Loans Act. It only came to light in the past two years because the fishery was not as bad as it was in the mid and late 1970s. The Minister has made several speeches in this chamber in which he recognized that the fisheries were in difficulty and people could not pay their loans. We would certainly support the Minister if he were to assist the fishermen of Canada and introduce a change to guarantee all the loans.

The Minister is going to eliminate the provisions of this Act. As a final Christmas present to all those fishing enterprises that were notified by the banks, why not introduce a provision that will pay off their loans as well. That is the point I am attempting to make.

• (1610)

Mr. Siddon: Mr. Chairman, I believe I detected a repetition of the previous question in the comments of the Hon. Member. I would like to respond to him as concisely as I can. The Hon. Member suggested that we somehow establish a loan program in which the people of Canada guarantee a certain portion of the liability and that it be a loan program not a grant program.

I remind Hon. Members that in the entire period of this program, since the first legislation was passed in 1955, the claims paid to the lending institutions have amounted to $13.5 million and the recovery of those claims has amounted to only $319,000. In other words, Mr. Chairman, the people of Canada have paid out $13.5 million against those claims in recognition of the liability of the Government of Canada. Those claims have been paid, but those fishermen who remain liable have only paid to the extent of $300,000. Therefore, we have virtually guaranteed at the point the bank pays off the loan that that is the last we will hear from the fishermen.

I do not believe the Hon. Member is suggesting we let everyone off scot-free. Why not call it a grant program, if that be the case? We believe that people who borrow money should accept some degree of responsibility for the repayment of the loan, as we do in the private banking industry. We accept that the Government should help out in a small way, as is done by the 1 per cent plus prime limit on the interest rate, but I do not think the Government can be expected to go a whole lot further in dealing with the small number of fishermen who, perhaps for reasons of misfortune, bad management or bad judgment, find themselves in a position of not being able to pay back.

When the Hon. Member throws numbers around such as "1,500 fishing enterprises", he is distorting and exaggerating to a serious degree. If the letters I have received are any measure of the number of cases where this is bringing hardship to fishermen, then those 20 or so letters I have received since I was appointed Minister would be a very small measure of the seriousness of this problem compared with the numbers the Hon. Member is throwing around.

I might also add that in the past two years we have seen a remarkable recovery in the fishing industry. Last year earnings were up 20 per cent over the previous year and landings were up 10 per cent. This year the performance will be just as remarkable. Foreign exchange earnings from the Atlantic fishery alone will exceed $2 billion this year. While it is true there will always be some unfortunate fishermen, particularly in the Hon. Member's province, about whom I am deeply concerned and will try to help in every way I can, there will nevertheless be cases which cannot be resolved merely by absolving the fishermen of their responsibility to pay back.

When the Hon. Member refers to the banking institutions, I share his concern, because we have found that some banks quickly exceeded their maximum liability and others did not. That suggests to me that perhaps some banks, or branches at least, have been more careless when a fisherman went into default in perhaps paying them off without a whole lot of hassle or a lot of attempt to collect. They consumed the maximum amount we could agree to under the formula which the Hon. Member's Government adopted and the fishermen have had to look somewhere else for assistance. Other banking institutions, and I will not name them, still have some of their access to guarantees unfulfilled. I will make a commitment to the Hon. Member that during the period of the next six months we will look at that situation. We will look at the extent to which some of the banks have not consumed all of their acccess to assistance under this program while others consumed their access very, very quickly.

I might add, Mr. Chairman, that in doing that we should not penalize those who have not consumed all of their access to guarantees under this program merely to advantage those banks which quickly came to the Government asking that a claim be made. Perhaps that focuses on one of the basic faults of the Fisheries Improvement Loans Act, an Act, I repeat, that the Hon. Member stood in this House and approved. He

renewed those periods of loan guarantees probably two or three times in his time in the House as a member of the Government. Now we have this problem today which suggests there is a basic flaw in the Fisheries Improvement Loans Act. We are not asking for a two-year extension, only six months, because we intend to correct that situation.

Mr. Baker: Mr. Chairman, the problem with foreclosures in the 1,500 cases which I said were in existence in seven provinces came up only in the past couple of years because the banks were notified by the Government of Canada that loans which were taken out in the 1970s and early 1980s had gone over their limit. A fisherman owning a boat is called an "enterprise", for the Minister's benefit, which is the terminology used by the banks. The fisherman stopped making payments on his loans and, of course, his property was taken and sold, which is the normal procedure. Then a claim was made by the bank to the federal Government, which is also the normal procedure under this guarantee. Therefore, it took that period of time.

The Minister says I am exaggerating and distorting the numbers. How does he know I am exaggerating and distorting the numbers when he does not know the numbers? Neither does his adviser, the expert sitting in front of him. No one knows what the numbers are.

The Deputy Chairman: Order, please. I would hope that the Hon. Member's statement would be directed just to the Minister.

Mr. Baker: Mr. Chairman, I thought the Minister would want to check it out with someone. The fact is that the banks are notified in a letter from the Department of Fisheries that they have exceeded their guarantee limit with the federal Government. The banks then take over and notify the fishermen. It has nothing to do with the Minister of Fisheries nor the Department of Fisheries. I predict the Minister will rise in a moment and say: "We have asked the financial institutions from time to time about the numbers of loans we cannot collect", but he cannot be accurate on the numbers.

A year ago I took the number of representations we had and contacted the banks concerned. We came up with a general figure. That figure we came up with a year ago has now, I am sure, been exceeded because I am positive that even more people have started to default. Therefore, the numbers keep growing. The Minister can verify this, but I believe it takes some 15 years before we know just how balanced the books are with respect to the Fisheries Improvement Loans Act.

Therefore, I go back to the original question. The Minister says earnings are up 20 per cent and landings are up 10 per cent. Yes, Mr. Chairman, the landings were up on those big offshore boats, the landings on codfish on the East Coast and everywhere else was up. National Sea Products went up on the stock market. If one wants to make money these days, one would go with National Sea Products because it was given the factory freezer trawler licences by the federal Government. Yes, the landings went up and will keep going up for National Sea Products and the other companies. However, landings are down for the inshore fishermen. The Minister of Fisheries has not been around long enough to know what we call an inshore fishery. Although the Department of Fisheries says so, an inshore fisherman is not a fellow with a herring or cabling licence who has a 50-foot boat. In our books, he is not an inshore fisherman because he was able to sell to the fish plants this summer.

• (1620)

The inshore fishermen, the fellows with 18, 20, 25 and 30-foot boats could not sell to the fish plants. There was no big amount of money coming to them. The fishing industry's council or whatever it is, the Economic Council of Canada, the Atlantic Provinces Economic Council, the Newfoundland Minister of Fisheries and the federal Minister of Fisheries are all saying what a marvellous year 1986 was since landings were up. The poor fishermen all along the coast of Newfoundland are saying: "Are these fellows in Mexico? Are they from another world? From where are they operating? They must have their heads in the sand". Of course, on the books landings were up but they were not up for the inshore fishermen, the ones who take advantage of these fisheries improvement loans. Many of them got stuck because the federal Government's guarantee was not enough.

Granted, this measure was brought in when the Liberals were in power. It was brought in in the 1950s. It was redone in the 1960s and the 1970s. The last time it was redone was a year ago when this Government was in power. The formula was brought in by the Liberals, true, but the Bill before the House changes the Act. All I am asking is while the Minister is doing that, why does he not change the formula and backdate it to take care of those fishermen? The Minister says that there are not 1,500 of those fishermen. If the number is so small, why not amend the Bill and take care of those few fishermen. Maybe then I will let the Bill go through.

Mr. Foster: Mr. Chairman, I am interested in this legislation, particularly as it applies to the fishing industry in the Great Lakes. Not only are fishermen there having difficulties, but they are also having trouble maintaining wharfs and facilities because of the extremely high water level from which the Great Lakes are suffering. For instance, I am told that in the Lake Huron, Lake Erie and Lake St. Clair area, 55 of the 88 wharfs in small craft harbours are in serious disrepair due to the high water. Still the Department maintains an incredibly low amount of support, some $2.5 million, toward maintaining those wharfs not only in Ontario but in Manitoba, Saskatchewan, Alberta and the Northwest Territories. Those provinces have all been gathered under the umbrella of small craft harbours which works out of Burlington.

If fishermen will not have to spend all their fisheries improvement loans on fixing government wharfs, it is essential that the Department provide additional funding. I know the Minister has been concerned about this issue. He has received

many representations from our side of the House, from his own side of the House and from members of the NDP.

I hope the Minister might be able to give us an indication of just what is the situation with regard to small craft harbours. Besides renewing this legislation which is essential, will the Minister be able to improve the wharfs at places like South Baymouth, Meldrum Bay, Spanish, Hilton Beach, Richard's Landing, Little Current, Desbarats and Blind River, all of which support fishing and small craft activity?

I would like to know if the Minister will be able to provide a program of recovery and rehabilitation for those 55 wharfs in small craft harbours which have been damaged by the high water this past year or two. I wonder if he will be able to get the additional support and assistance required to carry out those improvements. I am told that it would require several million dollars over and above the regular maintenance budget so I hope the Minister will be given the latitutde to indicate to the millions of people who live in that area of Ontario and the West, people who depend on small craft harbour grants from the Department of Fisheries and Oceans, that they will receive moneys for the improvements which are so desperately needed.

We note from a recent report from Michigan that President Reagan has declared some 22 counties in the State of Michigan as disaster areas. The three levels of Government in the U.S. have committed some $10 million for flood improvement to small craft harbours and coastal areas. I hope that we might be able to receive the same kind of assistance in thc Ontario region from the small craft harbours department which, of course, is a vital part of the Minister's Department of Fisheries and Oceans.

Mr. Siddon: Mr. Chairman, I have a brief reaction to that. I think all Hon. Members would like to see the legislation before us wound up quickly. I gather there are other important items that we might debate this afternoon as well.

The Hon. Member is concerned about the high water levels in the Great Lakes. I certainly must consider seriously the damage that has been caused and it appears that in the foreseeable future, there will be no immediate turnaround. We cannot expect the water level to drop by three feet in the next 12 months. I am looking very seriously at special means of dealing with the situation. I hope early in the new year to bring in a report on it.

The Deputy Chairman: Shall Clause 1 carry?

Some Hon. Members: Agreed.

Clause 1 agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Paproski): When shall the Bill be read the third time? By leave, now?

Some Hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Paproski): It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Brant (Mr. Blackburn)—Disarmament—(a) United States Strategic Defense Initiative—Government position. (b) Research undertaken by United States; the Hon. Member for Papineau (Mr. Ouellet)—Air transport—(a) Purchase of Canadian Pacific Airlines by Pacific Western Airlines. (b) Minister's position; the Hon. Member for Laurier (Mr. Berger)—National Research Council—(a) Size of budget and staff. (b) Budgetary cutbacks—Government position.

GOVERNMENT ORDERS

[*English*]

FISHERIES IMPROVEMENT LOANS ACT

MEASURE TO AMEND

Hon. Thomas Siddon (Minister of Fisheries and Oceans) moved that Bill C-32, an Act to amend the Fisheries Improvement Loans Act, be read the third time and passed.

Mr. George Baker (Gander—Twillingate): Mr. Speaker, as was explained during committee stage of this Bill, I and other Hon. Members have serious reservations about what is happening in the fishing community as it relates to moneys that were supposedly guaranteed by the federal Government and were then not paid because of a formula that triggered in when times were bad.

• (1630)

I suppose holding up this piece of legislation would not do any good, although I can tell you that I have a good mind to do that. As you know, on third reading there is unlimited time to speak on a Bill. I was thinking of it a moment ago as it relates to fishermen, and in the few remarks that I will make, I wish to explain why.

Many Members of this House represent the personal problems of fishermen. A great many Members in this Chamber have represented fishermen over the past two years in trying to deal with this problem of the Fisheries Improvement Loans Act, and the notification from the banks that loans were no longer guaranteed under the Act. A typical case is a call from a fisherman who would state: "I have just received a letter from the bank saying I owe them $20,000, and I have $2 in my bank account. What am I going to do?" A letter would be received that stated: "The bank notifies me

they want full payment of $20,000 because that is the difference between what my gear has sold for and what I totally owe that bank, although, when I went into the bank, there was a sign that said 'Get a fisheries improvement loan guaranteed by the federal Government'".

The Minister has said that there are only a few of those fishermen. Nothing that we say to the Minister will make him change his mind and modify this Bill to take care of those few fishermen who were dealt such a back-handed slap by the Government and the financial institutions.

It is all too common now to see cases where fishermen have had to pay money back to the Government, to the banks under fisheries improvement loans, and who are stuck in a very bad financial situation. I had a few cases the other day that were rather shocking. For example, I had cases of 34 fishermen referred to me. They had won their cases three weeks ago before the Federal Court in Ottawa against the Unemployment Insurance Commission. They had been fighting for about six or seven years and had finally won their cases against the federal Government. The judge ruled that the fishermen won their cases. The Unemployment Insurance Commission took the decisions from all of these court cases three weeks ago, and decided that the fishermen did not win their cases. It is not going to pay up what the fishermen had already paid in.

As an example, Mr. Speaker, I will read from the case of Eric Keats, appellant, and the Minister of National Revenue, respondent; and the case of Anthony Burke, appellant, and the Minister of National Revenue, respondent. This was a judgment handed down by Mr. Justice Trahan three weeks ago in which the judge states that he has no alternative but to grant the appeals. Justice Trahan states: "It is ordered and adjudged that the determination by the Minister—be reversed". This is on the Unemployment Insurance Act. The judge further states:

> I have nothing but admiration for Mr. Eric Atkinson, solicitor for the respondent, for the way in which he took the decision, with the authorization of the Minister of National Revenue, to ask the court to grant the Appeals—

After reading that, Mr. Speaker, one would have to say, "My goodness, the appellant won the case". But, oh, no, not with this Government. Not with the Department of Fisheries and Oceans, the Unemployment Insurance Commission, and the Department of National Revenue. No. Now they are saying the fishermen did not win their cases.

In looking at the cases that go to the courts regarding the fisheries improvement loans, that judgment is not being considered in favour of the fishermen at all. You find that some of the same people who were granted appeals under the Unemployment Insurance Act were nailed with loans that they had taken out under the Fisheries Improvement Loans Act.

I have 34 cases here from three weeks ago. On each one I phoned the Unemployment Insurance Commission and was told that the Unemployment Insurance Commission was not going to pay because it felt it had won. It feels that its lawyers in the Unemployment Insurance Commission are the foremost authority. They know what they are doing. The lawyers in the Unemployment Insurance Commission know what they are doing. "We will not pay back these poor fishermen the money that they paid and the fines they paid because we believe that the judge meant to rule in favour of the Government of Canada here in the Federal Court three weeks ago."

I went over each of the 34 cases. Apparently, there are 121. But I went over the 34 cases, and I found out what the Government was claiming as the phrase that made it decide it won. The judge states:

> I have no alternative but to grant the Appeals 83-560 (UI) and 83-508 (UI) according to the submission brought forth by the Respondent's Solicitor.

According to the judge, the respondent's solicitor had asked the court to grant the appeals. The judge then turned around and sent to every single one of these fishermen a judgment that stated: "It is ordered and adjudged that the determination by the Minister—be reversed—"

The point is that the Government is seen to be an awfully cold body of people as it relates to the fishermen of eastern Canada. It appears that the Government has said to the Departments, "Look, let's find every way possible to save money". When the Fisheries Improvement Loans Act comes up it states, "Let's get rid of it". It says that because it feels the same thing could be done under the Small Businesses Loans Act as is done under the Fisheries Improvement Loans Act. It even says that the same can be done by the Federal Business Development Bank as is done under the Fisheries Improvement Loans Act. Nothing could be further from the truth. It cannot be done. If you read this Act, you see that it is directed toward fishermen. The Small Businesses Loans Act is not directed toward fishermen at all, and neither is FBDB. Looking at the reference to FBDB, now there is something. Fishermen applying under FBDB to buy a new engine? Sure. They could apply this year and it would probably be dealt with in 1990.

The Government is searching for ways to save money. There were three people who worked in the Fisheries Improvement Loans Act administration, and now there is one. That is all. Of course, when this Act is done away with in six months time, they may still have somebody there because some of these loans will be in effect for at least 15 years.

To leave these fishermen high and dry and to say in the case of people who had received loans that some of them are covered by federal Government guarantee and others are not covered by a federal loan guarantee is not good enough.

• (1640)

It depended upon the point in time a fishermen came into the bank and said that he could not make any more payments. However, the fellow who tossed it up in the air and said that he would quit the fishery benefited. Rather than work like a slave looking for fish, he walked into the bank with his fisheries improvement loan, guaranteed by the federal Government, and said that he would not try for another year. He was paid. It was the fellow who struggled to make his payments and just barely made it who found himself high and dry, with collection

agencies down his neck day and night. He was the fellow who was brought to court and had his property seized.

There is no way the Minister can know the number of fishermen who were so affected by the fault in the Act. It only happened since the Government came into office two years ago. The Minister notified the banks about the cut off of the loans, affecting every fisherman who claimed thereafter. The Government of Canada notified only the banks.

A little over a year ago we calculated the figures given to us by the banks and found that it involved 1,500 fishing enterprises in seven Canadian provinces. I dare say that that number has risen by the hundreds. After notification by the Government the banks notified fishermen that they must obtain life insurance on their loans. They did not need it before because the loans were guaranteed by the federal Government. They called them all in, even the ones who were honouring their loans. They were called in or received letters indicating that they needed insurance on their loans. The banks simply said that the federal Department of Fisheries would no longer honour the loans. On top of that there was the climate in the fishing community, with a report coming in saying that their loans under the Fisheries Improvement Loans Act would now be taken away, terminated, and folded into the FBDB or the Small Businesses Loans Act. There is now talk that their unemployment insurance will be affected as well. Actions such as this are happening now.

As I mentioned earlier a group of fishermen, over 100 of them, have fought for seven years before appeal boards and before the courts. Finally 34 of them won their cases in black and white from a justice of the Federal Court, and the Unemployment Insurance Commission turned around and said: "No, we do not think you won". It was in black and white that they won, but they were required to appeal. They did not have any money to hire lawyers. These fishermen were represented by Members of Parliament who were doing it free because they were representing their constituents.

The general attitude of the Government of Canada toward fishermen leaves a lot to be desired. This is why I said to the Hon. Member for Egmont (Mr. Henderson), the official fisheries critic, that I had in mind to rise at third reading and not sit down. I had in mind to hold up the Bill all night, tomorrow, and the next day until Christmas, and then it would be too late. I know of cases similar to the fisheries improvement cases in which the federal Government said that they had not won their cases before the Federal Court although it was in black and white that they did. Again it was the heavy hand of the federal Government. As the Hon. Member for Egmont said, at least this is an extension of the fisheries improvement loans for six months. He indicated that I would not make it any better or worse by talking all night, all day tomorrow, and all day the next day.

Mr. Henderson: They will ram it through anyway.

Mr. Baker: Yes, they will ram it through. However, it is enough to make one mad. These cases involve some of my constituents and of course constituents from other parts of Canada. The heavy hand of the Unemployment Insurance Commission and the heavy hand of the federal Government came down on these poor, unfortunate fishermen with whom the judge agreed in their cases before the Federal Court after seven years of fighting.

We must find some way to right this wrong. I do not know how, unless we ask the Minister of National Revenue (Mr. MacKay) who acted on behalf of the federal Government to rise in the House and explain. Did he lose these cases? That is what the judge said. If he says he lost them, then he will have to pay all fishermen in eastern Canada. The Minister of National Revenue is a good lawyer. He knows how to read a judge's decision. Perhaps I will ask him that question tomorrow or the next day to see what he says and to see whether he is on the side of fishermen and on the side of justice in society.

Again I ask the Minister of Fisheries, in re-examining the Fisheries Improvement Loans Act, to look at those poor, unfortunate people who have had their property and everything else seized by the banks, all because they did not come in yesterday—they came in today—to get their loans guaranteed. They thought they had a guarantee from the Government.

Motion agreed to and Bill read the third time and passed.

* * *

COASTAL FISHERIES PROTECTION ACT

MEASURE TO AMEND

Hon. Thomas Siddon (Minister of Fisheries and Oceans) moved that Bill C-26, an Act to amend the Coastal Fisheries Protection Act, be read the second time and referred to a legislative committee.

Mr. Lewis: Mr. Speaker, I rise on a point of order. There have been discussions among the Parties, and I think Your Honour would find unanimous consent to put the Bill through all stages today, which would necessitate reference to Committee of the Whole rather than to a legislative committee.

The Acting Speaker (Mr. Paproski): Is that agreed?

Some Hon. Members: Agreed.

Motion agreed to, Bill read the second time and, by unanimous consent, the House went into committee thereon, Mr. Paproski in the chair.

The Deputy Chairman: Order. House in Committee of the Whole on Bill C-26, an Act to amend the Coastal Fisheries Protection Act.

Shall Clause 1 carry?

On Clause 1—*Punishment*

Mr. Rompkey: Mr. Chairman, I have no intention of opposing the legislation before us or of holding it up, for that

matter. However, I have some very serious questions for the Minister. As a matter of fact, I think we should congratulate him for the initiative which he is showing in this regard. I think it is a good move that penalties in the offshore are being increased. It is a measure which I applaud. We required that enforcement in that foreign fishermen or foreign ships cannot feel that they can come into Canadian waters with impunity. I fully support the actions of the Minister in this regard.

The Minister is doing something right, but everything he has done has not been right. I should like to ask him some questions about some of those other areas while we are on the topic because they are of great concern to fishermen in my riding. When we were dealing with the last Bill, the Hon. Member for Egmont mentioned the question of small craft harbours and the serious deterioration of many wharfs and breakwaters in fishing communities. I want to raise with the Minister the particular case of Lance au Loup in my riding in southern Labrador where $1 million was allocated for the improvement of a regional wharf for long liners in the straits area.

• (1650)

The wharf is half done. We have 12 or 15 long liners and 12 or 15 small fishing boats depending on that marine facility. It is incomplete and it is indicative of what has been happening. Attention has to be paid to our small craft harbours. We must have adequate funds. I remember very clearly one of the things our Party did when in government was to put adequate funds into small craft harbours. I remember one year in which $60 million—probably in the middle 1970s—was allocated to small craft harbours. We had a minimum of $30 million a year. That was before inflation overtook the present budget. The Minister has to address the issue that you cannot carry on a fishing industry if you do not have the proper wherewithal. It is like trying to sell automobiles without a garage. It cannot be done and the Minister has to pay attention, particularly to Lance au Loup.

There are two other issues I want to raise with the Minister, both of which he will know about, and I hope he will respond to them. The first is the situation at La Scie. La Scie is in a Catch-22 situation. The Minister, following along with the policy of our Party when we were the Government, brought in, according to the Kirby recommendations, what is known as the resource short plant program. That program is to assist those small communities and fish plants on the northeast coast of Newfoundland and elsewhere that do not get an adequate supply of fish from the inshore fishery. It is to have a supply of offshore fish landed at the small inshore plants, making them viable and keeping them going for a longer period of the year. Also, if a plant belongs to a company which has an offshore fleet, it cannot qualify for the resource short plant program. That is the situation in which La Scie finds itself.

It is interesting to know that La Scie was built, I believe, by the Government of Canada, many years ago. It is a community of about 3,000 people and serves a whole peninsula. The economy of the whole of the Baie Verte peninsula depends on that regional plant. I draw that to the Minister's attention because there is no way the community of La Scie can survive on inshore fish alone. La Scie has to have an allocation of offshore fish. I would ask the Minister to either amend the resource short plant program guidelines so that La Scie can be accommodated or allocate a supply of fish from elsewhere.

There was a proposal, for example, to allocate fish from a new facility that was built on the Labrador coast called Punchbowl, but nothing happened. That community and indeed the whole peninsula, which happens to be not only in my riding but in the riding of the provincial Minister of Fisheries, is in jeopardy because it does not have an adequate supply of fish. I hope the Minister will give us an answer of substance as to what he intends to do about this problem.

Third is an issue which we have raised with him and with his predecessor before. It also flows out of the Kirby task force report, namely, the concept of a northern fisheries development corporation. The Minister will know that in certain areas of the northern peninsula of Newfoundland and along the coast of Labrador we have marginal plants. These plants in small communities cannot survive because they are not part of a multinational organization but are simply small community plants.

Kirby's idea was to put those marginal plants together in what he described as a northern fisheries development corporation and to allocate federal funds, management and marketing expertise. If that were done in a collective way, the aggregate would be stronger than the parts that make it up. Each of those plants would benefit by being part of a larger cooperative effort, but that did not happen. When in Government our Party set aside $15 million to improve some of those plants and to set up that over all northern fisheries development corporation. Nothing has happened. The money has gone elsewhere. In the meantime, small plants are still struggling. I have not seen any better answer come along, neither have I seen any alternative action taken. I say to the Minister one of two things: either come up with a better idea and put it into effect or put in place the northern fisheries development corporation. The situation will not get better, it will only get worse.

The Minister will know that evidently the stocks we thought were off the shores of Newfoundland and Labrador in 2J and 3KL are not as strong as everybody thought them to be. The resource is not there that we thought was there. Everyone will have to tighten his belt a little. That means even more belt tightening for people who are in the position that I have described. Small marginal plants are at an even greater disadvantage because of weakness in the stocks.

Will the Minister follow through now by setting up the northern fisheries development corporation for the northern peninsula and for the coast of Labrador or will he come up with some alternative suggestion about how those particular plants are supposed to operate and maintain viability in the face of the factors I have just described?

Mr. Siddon: Mr. Chairman, I believe that all Hon. Members would like to see these amendments to the Coastal Fisheries Protection Act adopted today as January 1 will represent the tenth anniversary of the extension by Canada of our offshore fisheries boundary to 200 miles. I think it is particularly timely and important that we recognize the prevalence of overfishing in the area at the limit of the 200 mile boundary and beyond. Through the introduction of improved surveillance methods, improved means of enforcement, higher fines and penalties, we hope to take greater control of those precious groundfish stocks, especially as they pertain to the Province of Newfoundland, in the area known as the nose and tail of the Grand Banks. I am urging and asking all Members to be as co-operative as they can.

At this point I want to compliment my colleague, the Hon. Secretary of State for External Affairs who is in the House today. Without his leadership and co-operation we would not have been able to make significant announcements in the month of June which encompassed the measures before the House today, which were among a number of important new initiatives to toughen up and improve enforcement of those stocks for the benefit of Atlantic Canadian fishermen. I will make further comment at third reading stage, assuming we have time at the end.

I will concisely respond to the questions asked by my colleague. He asked me to give some indication of the future of the small craft harbours program, and how we intend to handle the situation of La Scie in his riding. He asked also about the status of the northern fisheries development corporation, which was an outgrowth of the Kirby task force review and is a commitment which this Government made some time ago and which we have not yet fulfilled.

The Member is correct when he indicates that the Government of which he was a part increased significantly the funding for small craft harbours. That took place in particular in the years 1983 and 1984. I do not want to criticize the Hon. Member or his Government for raising the budget for small craft harbours from about $42 to $44 million to $60 million during those two years, but I think it is reflective of what has been wrong in the management of our small craft harbour program.

If you go back over the history of that program since the responsibility to maintain those wharfs and harbours was changed from the Department of Public Works to the Department of Fisheries and Oceans, you will see that before every election a big shot of funding was made and brand new facilities were built. The problem is that over the past 30 years from the post-war period, there has been no ongoing budget to manage, maintain and dredge all of the 2,200 harbours across Canada for which I am responsible.

• (1700)

The Hon. Member knows there were certain references in the Throne Speech. We have been promising for some months a new policy approach to management of those harbours so as to involve the fishermen more directly in the decisions on priorities and equipment purchase as well as the provision of services. We want to use available labour closer to home and at the same time overcome a number of deficiencies resulting from deterioration of those harbours. What I undertake to the Hon. Member is that we will put in place a new management regime which will not only deal with the necessary expansion and improvement to breakwaters and wharfs, but over the long term will allow us to improve general maintenance and eliminate safety-related deficiencies. I must tell him that we cannot do that at the present level of funding, but I am working toward major improvements in that area.

With respect to the La Scie situation, the Hon. Member knows that last year a competition was held to determine who would operate the new fish buying and servicing centre known as Punchbowl on the Labrador coast. One of the bidders was National Sea Products on behalf of the plant at La Scie. For reasons relating to the nature of their bid in relation to that of the Saltfish Corporation and one other bidder, they did not succeed in gaining the right to buy fish at Punchbowl and deliver it to La Scie as they intended. I undertake to the Hon. Member to reconsider the eligiblity of the plant at La Scie in the coming year because the program will be up for grabs again in 1987.

Finally, on the question of the northern fisheries development corporation, I am very conscious of the necessity for finding improved ways to expand the economy of Labrador and northern Newfoundland in order to help many of those marginal communities whose existence is dependent on the seasonal fishery, the inshore fishery in particular, and for whom the greater part of the year offers little opportunity and little hope. I am giving very careful attention to ways to embody the northern fisheries development corporation concept in a new initiative but not necessarily by creating yet another Crown corporation.

I do not believe the solution to problems is necessarily to be found in creating new institutions. We have to define our goals and objectives and then develop a plan to achieve them. I am giving serious thought to this and working co-operatively with the Newfoundland Minister of Fisheries. I hope to have something soon which the Hon. Member will see as a satisfying response to the undertaking made and a way of offering hope and increased economic opportunity to the people in his riding.

Mr. Manly: Mr. Chairman, I am glad to make a few comments on Bill C-26, an Act to amend the Coastal Fisheries Protection Act, and raise a few questions with him about it. The Act increases the fines payable by foreign vessels who transgress Canadian fishing regulations. That is something all Members of this House support. Unfortunately, it has become a necessity in the last few years.

The American poet, Charles Olson, in his Maximus poems, said that fishing was our first wild west. That was certainly true in the early years when Basque and Bretton fishermen

were coming over to the Grand Banks. There were occasional disputes and sometimes violence. Over a period of time there was, however, a sense that there was enough for everyone and a reasonable regime developed so that fishing disputes were settled without violence. Unfortunately, that seems to have broken down in the last few years because of increased pressure upon the resource by other countries as well as the increased needs of Canadian fishermen.

As the Minister pointed out, 10 years ago we unilaterally extended our economic zone to 200 miles. However, some areas of the Grand Banks, the nose and tail, are still outside of that zone. They are lucrative areas for other countries to fish. They also provide some temptation for foreign fishermen to sneak into the 200-mile economic zone of Canada in a form of piracy and literally rob us of our fish. Last spring we had the rather exciting spectacle of Canadian fisheries officers being kidnapped by Spanish fishing vessels and that resulted in an exciting sea chase and so on. That sort of thing should not happen and the legislation we have before us today is intended to prevent it from happening again.

There are two needs to be dealt with in this situation. First there is the short-term need for some tough measures, such as those announced by the Minister last June. These increased fines are a part of those measures. We need to be tough in enforcing the fisheries regulations for foreign vessels. On that basis we are fully prepared to support the increase in fines. Of the other measures announced by the Minister, some of them are regrettable but obviously necessary.

Second, we have the need to return to the rule of law and reason. We can all agree that the best kind of police force is that which never needs to use weapons and force. In fact, the best kind of police force is one that does not even need to be seen, but where people know the rule of law exists and will be enforced. I hope the Minister and other members of the Government are able to work toward an international civilized approach to our fish stocks so that we can eliminate the present situation where we have to play cops and robbers and act like a beleaguered corner store operator worried about a hold-up. That kind of thing is no more healthier on the international scene than it is in the corner store. Canada has developed some reasonable regulations and we would like to see them used on an international basis.

The Leader of the Newfoundland NDP suggested that the 200-mile zone should be extended unilaterally to take in the nose and tail of the Grand Banks. That suggestion was picked up by the Premier of Newfoundland and brought to the First Ministers' Conference. I understand a committee was established to look into that. I would be interested in knowing the status of that committee. Has it been set up? Who is on it? What are its terms of reference? When can we expect some answers from it?

Second, it is not enough for us to just raise the maximum fine. There has to be some way of getting the message through to the courts that they have to raise the level of fines they are imposing because in some parts of eastern Canada the courts are imposing very low fines when compared to the current maximum. If we are going to raise the maximum, we must send a message to our courts that international fisheries violations are serious enough that they should be considering imposing the maximum fines in a number of those cases.

• (1710)

Third, I would appreciate it if the Minister could bring us up to date on some of the measures he announced last June 13. In particular, he said that the Government would be arming DFO Atlantic offshore patrol vessels and boarding parties. I would like to know what is happening with that. He said the Government would be exloring with DND and MOT means of increasing dedicated air and sea surveillance, acquiring one dual engine helicopter for sea patrols, and developing an electronic fishing licence which will facilitate identification of licensed vessels. I would appreciate some update as to what is happening in those areas. Again, I want to indicate our general support for this measure.

Mr. Siddon: Mr. Chairman, as I indicated earlier, at the end of third reading debate I will give an overview of why the Government is proceeding in this fashion. However, I will now deal with the Member's specific questions. First, he asks about the discussions which arose from the First Ministers' Conference held in Halifax in November, 1985. At that time, driven largely by the strongly held views of the Province of Newfoundland that we should do more to show our commitment to manage and maintain the stocks on the Grand Banks for the benefit of Atlantic Canadian fishermen, it was decided that federal and provincial Ministers responsible for fisheries would meet and develop a strategy for dealing with this general problem of foreign-overfishing, both within and beyond the present 200-mile fishing zone.

As a result of that, I met with provincial Ministers first in St. John's in January, 1986, and subsequently on more than a half dozen occasions. This led to a proposed course of action on the management and enforcement of regulations for the offshore fisheries. As well, we reached a very high degree of understanding and agreement on issues as diverse as aquaculture, the quality of our fish products and marketing initiatives, and international trade.

When we presented our report at the First Ministers' Conference in November of this year in Vancouver, it represented a unanimous series of recommendations to our respective governments on ways to enhance the economic benefit and employment created by our fisheries in all parts of Canada. This referred to the recreational fishery as well as the commercial. It gave attention to the potential for the shore-based processing industry to grow and to improve the quality of our products.

There was one question left unresolved at the meeting in Vancouver. That was the dilemma of how to gain increased control over the groundfish stock, particularly the precious northern cod stock which swims back and forth within and beyond the 200-mile fishing limit at the extremities of the

Grand Banks known as the nose and the tail of the Grand Banks. We believe and have argued at the Northwest Atlantic Fisheries Association that those resources are really a part of Canadian stocks which live a significant part of their lives within the Canadian 200-mile economic limit and that they, therefore, should be managed from the perspective of conserving and enhancing them for the benefit of Canadian fishermen by Canada.

For that reason, the Government of Newfoundland has advocated that the boundary be extended to encompass the nose and tail of the Grand Banks. For reasons of complexity of law and international diplomacy, it is not feasible now or in the foreseeable future, from the standpoint of precedents in law, for Canada to extend that boundary. However, the Premier of Newfoundland proposed to the Prime Minister and other Premiers in Vancouver that we establish a special working group to study ways and means to give effect to that which we desire, that is, to enhance our ability to manage those resources, which we believe to be Canadian resources, for the benefit of Canadian fishermen. The proposal was that only when they are surplus to our own requirments would they be shared with foreign nations and that we should find ways to improve the effectiveness with which we manage those resources whether or not it is possible to extend the boundary which, at the present time, does not seem possible.

The Hon. Member also asked for specifics about other aspects of the announcements I made in St. John's, Newfoundland, on June 13. We are dealing today with the issue of significantly increasing the fines for violations of the Coastal Fisheries Protection Act by both foreign and Canadian vessels. Canadian vessels are singled out in the Act with regard to the practice of buying fish from a foreign vessel and transporting it into Canadian waters, that being clearly illegal under the Coastal Fisheries Protection Act. Today we are dealing with significant increases in the penalties for such offences as well as for foreign vessels which illegally enter the Canadian zone.

We are in the process of selecting a twin-engine helicopter which will operate from the pads on our two major offshore coastal patrol vessels on the Grand Banks, those being the *Leonard J. Cowley* and the *Cape Roger*. We are well advanced in the preparation of a Treasury Board submission for the purpose of acquiring that helicopter which will effectively extend the range and the ability to give early warning to fishing vessels which are violating our fishing boundaries. The area which those very costly patrol vessels can surveil will be extended by a factor of three or four.

We will also be committing funding to obtain fixed-wing high-altitude surveillance support from a private operator with a specially instrumented aircraft for monitoring offences of our coastal fishing zone. We will continue to enjoy the support of the Department of National Defence which has made available significant hours of surveillance using the tracker aircraft, the Aurora aircraft based in Greenwood, Nova Scotia, and destroyers. In each case a certain number of hours are made available to the Department of Fisheries and Oceans for such surveillance.

With regard to the arming of patrol vessels, the armaments have been purchased. The training is in process and very comprehensive and carefully considered rules of engagement are being established to ensure that these armaments are used to show that we intend to uphold the provisions of the Coastal Fisheries Protection Act, but in the most responsible way as all Canadians would expect such armaments to be used in the defence of our fishing zone.

The final aspect of the announcements dealt with the development of an electronic fishing licence. This would be somewhat like an emergency location transmitter on an aircraft. However, rather than sending out only a single tone, it would send out a code which would convey the number of the fishing licence carried by that vessel. Any foreign vessel found fishing in Canadian waters which was not emitting this electonic signal would be in clear violation and would be pursued and, hopefully, apprehended for illegal fishing. We are requesting proposals from the private sector for the development of such an electronic fishing licence. The technology is not complicated. It is an adaptation of an existing technology. We are encouraging the submission of proposals for the development of such a system.

• (1720)

I have probably elaborated at greater length than the Hon. Member expected, but I hope my comments have been helpful.

Mr. Baker: Mr. Chairman, I listened to the Minister of Fisheries and Oceans with great interest. I do not know whether to agree with the intent of the Bill. Some may say that one would have to agree with increasing the fines for those people who violate our fishing laws, but it is morally wrong for the Government to watch as the French fleet, in the vast area south of Newfoundland and east of Nova Scotia, take four times their allocation this year. They were allocated 7,600 tonnes of fish and the metropolitan fleet from France took 26,000 tonnes in the area that goes over 200 miles down from Newfoundland to the mid-Atlantic. There was not one observer aboard those boats. However, if a Canadian overfishes his quota, the boat is hauled in and he is arrested.

The Minister can say that there is a legal dispute with the Government of France, but that does nothing about the fact that the total allowable catch on the south coast of Newfoundland and eastern Nova Scotia was surpassed this year. What did the Minister do about this? He cut back on the Canadian quota so that Canadian fishermen have a quota on the East Coast that is less than last year's quota. Meanwhile, the French continue to overfish to the point they are four times their quota for the East Coast of Canada.

Let us consider another flaw in the Bill. The Minister talks about preserving the stocks on the nose and the tail of the banks. I will give him some credit for the fact that he got an agreement from NAFO that no one would fish in some of

those areas. This means that a Canadian fisherman fishing in those areas would be charged. However, if a Spanish or Portuguese boat fished these areas, there would be a diplomatic note from NAFO to that country, alerting it to the fact that it is not allowed to fish in this area. Furthermore, the United States does not come under NAFO and therefore can put its entire fleet in that area. Canadians will be fined for fishing in that area. The Americans, who are not part of NAFO, are there now, as well as the Koreans. The Spanish fished in this area three weeks ago and were sent a diplomatic note.

The fact that the Minister cannot arrest American fishermen who go to this area angers many boat owners on the East Coast of Canada. Yet, the Government brings in a Bill that increases the fine for Newfoundlanders. The other day, a fisherman was arrested because his boat was 49 feet 11.5 inches long. If his boat was 50 feet long he could have received a quota. The skipper of the boat was from Newfoundland and the boat came from Conception Bay. The skipper is known as Blackie and people from Nova Scotia will know about whom I am talking. He was 202 miles off the coast of Newfoundland with a boat that was 49 feet, 11 inches long, and he was arrested, dragged into St. John's, and charged. I believe it is wrong to increase the fines in an area that is prohibited to Canadians but open to the Americans.

The Minister said that the nose and the tail of the bank is a Canadian resource. He should explain to the House why Americans are allowed there but Canadians are not. While he may argue that the Americans are not part of NAFO, that does not help Canadian fishermen who know that the Americans are in that area where they are not permitted. It does not help the Newfoundland fishermen to know that the French are overfishing their quota by four, yet no charges are laid because there is a diplomatic dispute between the two countries.

There is only one in 10 foreign boats that have observers. The Minister should explain why he does not put more observers on these foreign boats.

I want to say something about Canadian boats. The inshore fishermen in Newfoundland are now adversely affected three ways: overfishing by foreigners, factory freezer trawlers that were approved by the Government and which gave National Sea Products the boost on the stock market, and the pound quotas now given to Canadian boats. There should be more observers on those large Canadian boats which can presently wash the small fish overboard.

The Government believes this Bill will solve the problem of foreign overfishing by charging Canadians while letting foreigners off scot-free because of a border dispute. That is not good enough in the area where the French overfished its quota by four, and it is not good enough in the nose and tail of the bank where the Americans and everyone else who is not part of NAFO are allowed to fish. This action by the Government is unacceptable.

Mr. McCain: Mr. Chairman, I listened to the Hon. Member's speech with great interest. When we negotiated at the Law of the Sea Conference, we gave up the tail and the nose of the bank before we got to the bargaining table. That was discussed long before the present Minister assumed his portfolio. Recently, we were told that during all the surveillance that took place under the Minister who is now in the other place, the observers never saw foreign gear hauled in from the water or saw landed fish in the factory trawler. There was no surveillance.

I agree with the Member that surveillance is still inadequate, but that problem was inherited. I agree that the problem must be addressed, but under no circumstances should the Minister be blamed when observers were not even being put on the boats five years ago. Canadian boats were not being weighed and we were not even estimating the weight of fish that were being taken aboard foreign trawlers.

There is a great foofaraw about what is happening today. The nose and the tail were given away and as a result of the Law of the Sea Conference all those involved with the fishery know that we no longer have the control we want. How it is going to be resolved, I do not know, but blaming the Minister and the Government for an impossible situation which we inherited is not really what I would have expected from the Hon. Member whom I regard so highly and will continue to do so.

• (1730)

Mr. Baker: Mr. Chairman, this Minister of Fisheries, under the guise of trying to save the stocks on the nose and tail of the banks—and we all want to save the stocks—reached an agreement with the North Atlantic Fisheries Organization, to which so many countries belong, in the last three months, to stop fishing in an area which was considered to be a spawning ground. However, what he forgot in saying that no Canadian boat was allowed to fish there was that the Americans were not a part of NAFO. Perhaps he did not forget. Perhaps he sent his Deputy Minister to have negotiations with the United States. But, to my knowledge, it has not stopped the American fleet from fishing in an area which his Department says we cannot put our boats because it is a NAFO area and the Americans do not belong to NAFO.

Mr. McCain: Because we gave it away.

Mr. Baker: The Hon. Member says it is because we gave it away. Well, that area of the banks is right on the line and a little bit outside of the 200 mile zone. There is no doubt about that. However, it is considered internationally to be a Canadian resource. That is why the agreement was made. Where I have extreme difficulty is that the Government tells us that Canadians are not allowed to fish in those areas off the East Coast of Canada but there is nothing we can do about the Americans and any number of other countries because they are not a part of NAFO. I think Canadians on St. Pierre and Miquelon off the South Coast of Newfoundland are just as angry as we are with the Metropolitan Fleet from France. But right is right and wrong is no man's right. We cannot allow a

foreign country to overfish a quota by four times with the excuse that we have no control over them, whereas if a Canadian boat went out, that fisherman would be arrested. That is where the Government and I differ.

We do not say the Minister is completely off track but he is certainly not on track as far as being equal and fair. The Minister can stand up and say he cannot control the French in areas 3P or 3J, or whatever one calls it, on the South Coast of Newfoundland. He can say it is in negotiaton. However, if it is in negotiation, we do not hit the poor Canadian boat owner without getting something back from the French and we certainly do not arrest a Canadian boat owner whose boat is right next to an American boat. The American is fishing away and out comes the patrol vessel. The Canadian boat owner is told he is fishing illegally and has to be towed into St. John's, Newfoundland. The Canadian skipper asks about the American right next to him and he is told that the American cannot be touched because he is not a part of NAFO. That is not good enough.

Mr. Henderson: Mr. Chairman, what I think my colleague, the Hon. Member for Gander—Twillingate, has brought home so vividly here today is the fact that this legislation touches a much broader situation than fisheries management. The Hon. Member mentioned the situation in St. Pierre and Miquelon where the Metropolitan Fleet from France is overfishing and we have no control whatsoever. He mentioned other situations as well. I think the Government and the Minister are badly lacking in fisheries management. I think the fishermen and the people of Canada see that.

The Minister of Fisheries in Nova Scotia reported there is misreporting of catches up to 30 per cent to 50 per cent. I do not know how accurate those figures are, but it leaves little for the fishermen in Atlantic Canada and in British Columbia. How can they trust the Government when they hear these stories circulating, particularly when they hear it from provincial Ministers?

This legislation on which we on this side agree—and we will pass it expeditiously today—will not be a panacea to all the ills of the fishery. I hope the Minister understands that. It is one thing to have stiffer fines and penalties for foreign overfishing, but how do we enforce those penalties? Since this Government took office we have seen nothing but cuts on the enforcement side of the Department of Fisheries. The Minister mentioned earlier that he was going to expand surveillance and I hope he does. I hope he brings surveillance back to an acceptable level because one reason there is overfishing by foreign fleets is because of the price of fish, which creates a greater demand. I hope the Minister does not believe that by bringing in this legislation it will cure all the ills of the fisheries.

There are many other issues on which we should be speaking when it comes to fish management. There are issues the Government should address very promptly. When the Committee on Fisheries and Oceans travelled to Atlantic Canada, and I see some Hon. Members here who were with us, a number of issues were put before us by the fishermen. One concern was the problem with the grey seal. I hope when the report on that is made public it will be referred to the Committee on Fisheries and Oceans and dealt with as quickly as possible.

We in the Opposition are prepared to help in any way, shape or form, the Minister and the Government to better manage the fish stocks but I must say it is very disturbing to find out last week or a week and a half ago that the Minister allocated x number of tuna to the Japanese in the St. Margaret Bay area.

I have a letter to the editor of a local newspaper, which I will not read it because it is too long, condemning the Minister and asking for his resignation because of how he handled that situation. I think that was a terrible decision made by the Minister and I hope he will learn from that mistake. It is a limited fishery. For the Minister to say it was an experimental long line Japanese fishery is so ludicrous it is not even worth mentioning. There is one thing the tuna fishermen in Prince Edward Island know and that is the keg and line and the fact that a limited number of fishermen have licences to catch tuna. That is one of the reasons there has not been too many tuna caught this year.

• (1740)

I am told by Mr. Robert McFadden, a member of the Atlantic Bluefin Tuna Advisory Committee, that there were nearly 400 tuna caught weighing less than 300 pounds. Good advice for the Minister would be to accept the recommendations of those advisory committees. Certainly when tuna this size is given to a foreign country, it does not say much for the management of the fisheries and the respect fishermen have for that sort of management. While we can be very critical of this, the damage has been done. I hope that it is not repeated in the future by this Minister.

I would like to get the legislation passed today, but I would like to ask the Minister if he intends, along with passing this legislation, to provide for more enforcement and to better manage the fishery resource. This is only the tip of the iceberg. Stiff fines can be imposed but we must be able to catch someone in order to impose those fines.

There are thousands of miles of coastline around Nova Scotia, Newfoundland, Quebec, Prince Edward Island and New Brunswick. To be fair, I realize that there cannot be a policeman on every corner. However, with these kinds of fines, there will be much more temptation for a sort of hit-and-run type of fishing. We will have to put more teeth in the legislation than the penalties for which it provides. In fact, we will have to back it up with some authority. I hope the Minister is prepared to loosen the purse strings when it comes to enforcement.

Mr. Siddon: Mr. Chairman, I would like to make my response short because we want to get this Bill through the House this afternoon if at all possible. I would point out to the Hon. Member that with the reorganization within the

Department which was announced in February and with the regional reorganization that occurred in September, there have been only minor changes to the enforcement contingent. I believe there was a reduction of three out of 700 persons assigned to enforcement duties. However, there have been other increases arising out of funding which was announced in June to embody the various initiatives we are discussing in this debate this afternoon.

I should also point out that some 100 observers are now travelling on foreign vessels in Canadian waters. With the introduction of full cost recovery for observers, we will be adding 100 new observers and they will now be monitoring the fishery on Canadian vessels offshore. We have increased the contingent of observers by some 100 and in fact we are strengthening both the enforcement and the observer functions in this way.

The Deputy Chairman: Shall Clause 1 carry?

Some Hon. Members: Agreed.

Clause 1 agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Paproski): When shall the Bill be read the third time? By leave, now?

Some Hon. Members: Agreed.

Mr. Siddon moved that Bill C-26, an Act to amend the Coastal Fisheries Protection Act, be read the third time and passed.

He said: Mr. Speaker, I would like to rise at this point to offer a summary response to a number of the comments that have been made by my hon. colleagues. I think it is only appropriate that I do this because of some of the particularly forceful assertions which were offered by my colleague, the Hon. Member for Gander—Twillingate (Mr. Baker).

It seems from my perspective that the Hon. Member for Gander—Twillingate is not content with half a bushel. He wants the whole thing. The fact is that when the Party of which he is a member was in Government some 10 years ago, as the Hon. Member for Carleton—Charlotte (Mr. McCain) has pointed out, the Government did not achieve the control of which the Hon. Member now speaks as being highly desirable in spite of the fact that under international law, such an extension beyond the 200-mile limit would not yet be recognized nor would be feasible in the immediate future.

That in no way negates the benefits to be gained by increasing our ability to police our fishery at the extremity of the 200-mile fishing limit for those vessels which have been displaced from within the 200-mile limit and hover along the boundary awaiting opportunities to sneak in at night to take fish essentially out of the boats of our own fishermen and the mouths of their children. We are therefore bringing measures before the House today which will substantially increase the deterrents to foreign fishing within and at the limit of our 200-mile fisheries zone.

I for one would be extremely disappointed if Hon. Members opposite did not support the substantial increases in fines and penalties which are contained within Bill C-26. The spokesman for the Official Opposition has already indicated that support will be forthcoming. I think it is particularly significant that he has said that because, as we celebrate the tenth anniversary of Canada's assertion of the 200-mile exclusive fishing zone, we are raising the fines for illegal fishing without a licence within Canadian waters from $100,000 to $750,000 maximum on indictment, an increase of seven and a half times.

We will increase the fine for convictions of illegal fishing by summary conviction from $25,000 to $150,000, a sixfold increase. For other offences, a number of which are set out in the Sections of the present Coastal Fisheries Protection Act and its regulations including evading arrest and failing to stop when commanded, fines under indictment will be increased from $25,000 to $500,000, an increase of 20 times. For summary conviction offences of the same nature, the fines will be increased from a maximum of $5,000 to a maximum of $100,000, an increase of some 20 times.

Why are these increased fines necessary? In the past three or four years, as we have displaced foreign fishing vessels from within our 200-mile limit to the very rich extremities of the Grand Bank known as the nose and tail of the Bank, we have seen a very rapid escalation in illegal fishing along the line of and within the Canadian 200-mile zone. The result of that is that in 1984, there were 49 detected violations and seven convictions. Total fines of $8,000 were imposed and the average fine was $1,000. That was the situation in 1984.

• (1750)

In 1985 there was a virtual doubling of violations from 49 to 90. In 1985 we collected fines of $1.25 million with an average fine of $56,000. Comparing those fines with the levels that we are discussing today, we can see how important this additional deterrence will be. Already in 1986 we have had 48 violations, but at this time in the year that represents a substantial reduction from the number of violations recorded in 1985. So far this year $286,000 in fines have been levied with an average fine of $25,000, and $46,000 in forfeitures of catch.

The principles embodied in this Bill are to give effect to the various measures announced in a speech I gave in St. John's, Newfoundland, on Friday, June 13. At that time, I indicated that we would substantially increase our ability to detect violations, and that we would substantially increase our ability to chase and apprehend violators. All of that would be of little significance if we then did not have the legal provision to essentially throw the book at those who would offend against our exclusive fishing zone. That is why it is essential that these significant increases in penalty be approved today.

I spoke earlier at the committee stage about our decision to arm our offshore patrol vessels, of which there are five operating on the Atlantic coast, with light machine-gun armaments, and to ensure that those armaments are used according to rules of engagement, so that we are in no way seen to be irresponsible or unduly antagonistic. However, we must show foreign nations, including the United States, and vessels of any other foreign origin, that Canadian fish stocks within our fishing zone are to first benefit our Canadian fishing communities and fishermen.

Hon. Members have spoken about certain complications where, as a member of the Northwest Atlantic Fisheries Organization, we enter into arrangements with foreign countries that recognize Canada's authority to manage these fish stocks, both within and beyond the 200-mile limit. In exchange for their co-operation, they are allowed to fish for surplus stocks within the Canadian zone. At the same time, we expect their full co-operation on conservation measures on the nose and tail of the Grand Banks.

Unfortunately, as the Hon. Member for Gander—Twillingate has indicated, there are certain complications. There are unresolved questions of allocation to the French Metropolitan Fleet which are presently being discussed at the diplomatic level, as the Hon. Member well knows. There is the problem of overfishing by that French fleet in area 3PS which surrounds the islands of St. Pierre and Miquelon. Something has to be done to bring under control that blatant abuse of resources which we believe to be Canadian. Next year the long-term agreement expires with the European nations, the Economic Community. Under our policy that allocation which the European nations have enjoyed will not be renewed. But there is also a problem with the American vessels, as the Member for Gander—Twillingate has pointed out.

Since The Hague line was established, conveying to Canada a greater portion of the rich fish stocks on Georges Bank, some of the U.S. vessels that formerly fished in an area which is now part of the Canadian fisheries zone are fishing on the tail of the Grand Banks. They are not fishing for our prime cod stocks, but they are indeed fishing for flat-fish or flounder.

Diplomatic initiatives must be continued to encourage the Americans to fish responsibly and not to abuse our stocks, as well as all of the other countries that will be subject to the fines established under this legislation.

Thank you, Mr. Speaker, for your co-operation and that of all Members. I am sure that their good sense will persuade them to support this very important and positive initiative on behalf of the fishermen of Atlantic Canada.

Mr. George Baker (Gander—Twillingate): Mr. Speaker, I know that I only have a couple of minutes. The fact is that today the Minister has decreased the quotas for Canadian fishermen on the East Coast. They have been decreased for groundfish. At the same time it is recognized, as the Minister just did, that the French Metropolitan Fleet is overfishing by four times what it is allowed in that entire area off the coast of Newfoundland and off the east coast of Nova Scotia. After we agreed for conservation purposes with NAFO to cut out our fishing on the tail of the bank, the Americans moved in with their fleet. The Minister says that there is nothing he can legally do about that.

The Canadian quotas are cut back. If they fish any more than their quota, they are arrested and will receive big fines. The fishermen will never get out of jail. Yet the French fleet is overfishing all it wants. The Americans are on the tail of the bank overfishing all they want. Right next to them are the Canadians who will be arrested and given these great new fines. The Minister of Fisheries and Oceans (Mr. Siddon) has admitted, and he is absolutely correct, that right now the Canadian Government cannot do anything about the foreign fleets. Yet the Canadian quotas have been reduced for groundfish off the East Coast.

What we are saying to the federal Government today is to beware. Canadian fishermen will not put up with this much longer. They will not accept that double standard that is being presented to them by this Government. They are not going to take it, and they will show their displeasure with this Government when the next election rolls around.

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, very briefly, so that we can get this Bill through, I wish to indicate our support for the measures the Government is taking in increasing the fines that will be levied against foreign vessels which transgress Canadian fisheries regulations, and Canadian vessels which pick up any foreign catches. That is important. The previous Member who spoke did not mean to indicate that Canadian fishermen will be hit with these high fines, because that is not the way the Bill reads, as I understand it. I stand to be corrected if the Member is correct.

These measures are important. I urge the Government to continue to take a strong position *vis-à-vis* France and the United States and get them to respect Canadian rights and Canadian conservation measures in these waters. Again, I am happy to give my support for these measures.

Motion agreed to and Bill read the third time and passed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

DISARMAMENT—UNITED STATES STRATEGIC DEFENSE INITIATIVE—GOVERNMENT POSITION. (B) RESEARCH UNDERTAKEN BY UNITED STATES

Mr. Derek Blackburn (Brant): Mr. Speaker, these proceedings arise out of a question I put to the Prime Minister (Mr. Mulroney) right after the collapse of the Reykjavik Summit. That summit fell apart because President Reagan rejected a

Soviet offer to cut offensive nuclear missiles and keep star wars research in the laboratory for 10 years. Instead, President Reagan wishes to deploy a ballistic missile defence system after 10 years of development.

I asked my question for the reason that President Reagan's position flatly contradicted Canadian Government policy. That policy was set out by the Secretary of State for External Affairs (Mr. Clark) in the House on January 23. It can be summed up in one sentence:

> Our stance toward SDI research is rooted in the need to conform strictly with the provisions of the ABM treaty.

Article V of that treaty reads as follows:

> Each party undertakes not to develop, test, or deploy ABM systems or components which are sea-based, air-based, space-based or mobile land-based.

• (1800)

Clearly the Government could no longer support President Reagan. He wanted development and deployment, which is explicitly forbidden. I was therefore astounded when the Prime Minister asserted that his Government's policy was still in effect. How could this be?

We found out when the Secretary of State for External Affairs returned from Europe. He told the House that the summit had been a great success. The only thing left to work out, according to the Minister, was the definition of research. He said that should be left to American and Soviet negotiators.

The Secretary did a great disservice to the country. Canadian lives are at risk, and they will suffer the consequences of another arms race. The Government has a responsibility to speak out for them. He also conveniently ignored the fact that his Government's policy rested on a Canadian interpretation of star wars and the ABM treaty.

Let us look at how the Americans see that treaty. Paul Nitze, the President's special adviser on arms control, told a New York audience on October 31:

> The restrictions of Article V of the treaty do not apply to ABM systems based on other physical principles and their components.

He went on to say:

> The United States need not accept limitations on permitted development and testing activities.

In a nutshell, the Canadian Government says it will support star wars only if research conforms strictly with the ABM treaty, and the Americans say they can and will ignore that treaty. Therefore, the Government can no longer support star wars.

Reykjavik should have crushed any illusions that the Government had about star wars. The House will remember that the Government began by defending SDI as prudent research to keep up with the Soviet Union. However, prudent research is exactly what President Reagan turned down by refusing to keep research in the laboratory for 10 years.

Neither is star wars a bargaining chip. Some argued that star wars would bring the Soviets back to the bargaining table. However, when Mr. Gorbachev came and made the concessions in offensive arms which the West had been seeking for years, President Reagan would not bargain. Instead he wanted to deploy his "insurance policy". Finally, the Secretary of State for External Affairs argued that star wars could be the subject of negotiation under the ABM treaty. However, Mr. Nitze's statements make it clear that the Americans will not accept limits on SDI.

It has come down to a choice between star wars and arms control. SDI is riding roughshod over existing arms control treaties, and it is preventing new agreements from being signed.

In conclusion, Canada must now say no to star wars. A responsible friend and ally would tell the United States that breaking treaties and passing up the chance for arms reductions is not in anyone's best interests.

[*Translation*]

Mr. Jean-Guy Hudon (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I am sure the Hon. Member knows that SDI is a research program concerning various ABM defence concepts. The technical feasibility of such a project can be ascertained only after further research which will be completed in the early 1990s, if ever.

The Government supports this research program which it views as a precautionary measure warranted by the existence of a similar program in the U.S.S.R. For a number of years now the Soviets have been doing extensive ABM defence research at centres such as Sary Shagan. In addition, both superpowers should indeed consider the possibility of jointly and progressively abandoning a deterrent, system based on guaranteed mutual destruction through offensive nuclear weapons and opt instead for defensive systems combined with reduced arsenals of offensive weapons.

This was the position of the American negotiators at the Geneva discussions on nuclear and space armament, and we supported it.

Mr. Speaker, there is no doubt that SDI has something to do with the U.S.S.R. returning to the Geneva negotiation table and the more pragmatic approach taken by the Soviets in recent months. It is unfortunate that at Reykjavik Mr. Gorbachev unilaterally chose to make the SDI interruption a prerequisite of progress in other sectors of nuclear armament control.

The Hon. Member for Brant was wondering about a connection between SDI and the ABM missile treaty. Had he quoted Article V of the treaty *in extenso* he would have realized that both signatories to the treaty have undertaken not to develop, test, or deploy ABM systems or components which are sea-based, air-based, space-based or mobile land-based.

However, the Treaty authorizes the development and deployment of a fixed land system as well as research on all types of systems.

In Reykjavik, Soviet Secretary General Gorbachev however added a new dimension to the discussions by requiring that *all* research on anti-missile defence systems be carried out only in laboratories, which would go beyond the restrictions contained in Clause V of the Treaty. Indeed, the word "laboratory" is not even mentioned in the Treaty, much less defined.

Has my allotted time expired, Mr. Speaker?

The Acting Speaker (Mr. Paproski): It has. The Hon. Member for Papineau (Mr. Ouellet).

PURCHASE OF CANADIAN PACIFIC AIRLINES BY PACIFIC WESTERN AIRLINES. (B) MINISTER'S POSITION.

Hon. André Ouellet (Papineau): Mr. Speaker, on December 3 of this year, in a question to the Minister of Transport, I raised the matter of the sale of CP Air to Pacific Western Airlines of Calgary. I asked the question because we Liberals, like so many Canadians, are very concerned about the increasing concentration of power in the air transport industry. If this sale is approved by the Canadian Transport Commission, it will be the seventh major takeover in Canada in less than two years. This sale, if it is approved, will put Canada in a situation where two carriers control 90 per cent of the air traffic in this country.

In the circumstances, we might have expected an entirely different answer from the Minister, because we can hardly take lightly a matter that is causing considerable concern to workers in the transport industry as well as to users of the services offered by our Canadian airlines.

The Minister said, and I quote, at page 1736 of *Hansard*:

—I think that Canada will be better served by having two healthy competitors than by having the giant Air Canada and a group of financially weak or regionally small airlines. We will have both. We will have two large competitive national airlines and a plethora of smaller regional and local airlines.

• (1805)

[*English*]

Unfortunately for the Minister and perhaps more importantly for Canadians, the Minister's analysis does not stand the test of scrutiny. Indeed, how can the Minister suggest that following the sale we would have the best of both worlds, in effect, two large carriers competing with small regional airlines when in fact over the last two years seven major takeovers have concentrated 90 per cent of traffic in the hands of two carriers? Surely the Minister cannot be suggesting that what we are experiencing today in Canada is competition in any meaningful sense of the word. Surely the Minister is well aware that, in fact, what we are experiencing is concentration of ownership in fewer and fewer hands, a situation that is becoming very serious, having to deal with the disappearance of more and more regional carriers with the resulting loss in employment and service all across Canada.

I spoke earlier about the concern of airline industry workers over the effect this purchase and sale might have on their jobs. They had expected, quite legitimately, that the Minister would offer assurances that this sale, if approved, would not result in any loss of employment. In fact, news of the purchase was immediately condemned by leaders of the Brotherhood of Railway and Airline Clerks who are afraid job losses will occur. I regret that the Minister ignored their fear and has not addressed it in the House. Neither has he addressed the eventual loss of service for the region.

[*Translation*]

It is a foregone conclusion that Canadian Pacific and Pacific Western, which cover about the same territory in Western Canada, will no longer compete for those routes in the future. It is also clear that the new company will see to it that routes are rationalized, so that the travelling public in Western Canada, which up to now has had a choice of airlines, will no longer have that option in the future, the result being higher prices and all the other consequences of such an arrangement.

What I find surprising at this point is that despite the assurances we were given a few months ago by the Minister of Consumer and Corporate Affairs when the new competition legislation was adopted in the House, no information or prior notice was given the Department of Consumer and Corporate Affairs regarding this takeover. This means that we on this side of the House were misled by the Canadian Government when it told us it was putting in place new competition legislation that would prevent takeovers if the impact would be to substantially reduce competition. Indeed the new competition legislation has yet to be enforced, and a takeover which may have dire consequences on Canadian air transport can become reality without monitoring on the part of both the Minister of Transport, who seems to be rejoicing at this takeover, and the Minister of Consumer and Corporate Affairs, who did not have the nerve to ensure that his legislation was in force and who failed to take appropriate steps to compel Pacific Western to give the Director of Investigation and Research on combines due notice of this takeover before it was finalized.

• (1810)

I am asking the Minister to take another look at this file and make sure that Canada will still have two major air carriers as we had before, as well as six or seven large regional carriers and lots of small local carriers.

Such was the situation before the Conservatives came to power, but it is deteriorating at the very moment when the Government is talking about deregulation legislation which is supposed to increase competitiveness and rejuvenate the air transport market. I think the Conservative Government is treating the population as fools. I realize that we are getting close to Christmas, but the fool in all this is the Minister of Transport, not the Canadian people.

[*English*]

Mr. J. M. Forrestall (Parliamentary Secretary to Minister of Regional Industrial Expansion): Mr. Speaker, it is the Hon. Member for Papineau (Mr. Ouellet) and his Party who treated Canadians as fools. He sits in his place and says certain things are being done and ignores other facts. The fact is that there is ample opportunity for recourse.

The Member rose to his feet on December 3 and asked the Minister to intervene, rescind and disallow. The fact is there are laws and regulations in this country. I do not know why the former Minister, as knowledgeable as he sometimes seems to be, would not know that. Section 27 of the National Transportation Act stipulates that any air carrier which proposes to acquire another transportation system must give notice to the CTC, which in turn must give notice to the public. The Member is a former Minister and he knows that. The CTC may receive objections, investigate and may hold public hearings if it considers such hearings to be necessary or desirable and in the public interest.

The CTC may intervene of its own accord. It does not need an objection, as the Hon. Member knows. In either case, the CTC is empowered to disallow, of its own authority and by its own experience, that of which the Hon. Member expresses concern and says we have no capacity with respect to.

The CTC's decision on this matter may be appealed to the Cabinet under Section 64 of the NTA. In addition, the very powerful provisions covering mergers in the new Competition Act apply to transactions such as PWA's purchase of CPAL. The Member for Papineau knows that. I wonder what is after with his smoke and mirrors act.

The CTC has a considerable degree of independence from the Government and it would be both premature and inappropriate for any Minister, let alone this Minister, to directly or indirectly intervene in this decision-making process.

The matter will go through the process. If there are objections, they will be lodged with the appropriate authority. If the CTC deems it necessary, as I expect it will, it will call public hearings and that will be the end of the matter. Due process will prevail. The Member's instructions to the Government to intervene are inappropriate and simply not acceptable, as he knows.

• (1815)

NATIONAL RESEARCH COUNCIL—SIZE OF BUDGET AND STAFF. (B) BUDGETARY CUT-BACKS—GOVERNMENT POSITION

Mr. David Berger (Laurier): Mr. Speaker, in the middle of October when the Minister of Science and Technology (Mr. Oberle) made his somewhat infamous statement that there are no cuts at the National Research Council, it really stretched the credulity of Canadians across the country. It was a bit like the Prime Minister (Mr. Mulroney) saying he had nothing to do with putting a prison in his riding. We had to find the truth from another source.

At the press conference given by the President of the National Research Council, Dr. Larkin Kerwin, he said it would be much more difficult to avoid lay-offs with this round of cuts than with the previous round. You will recall that after the Government took office in 1984, 400 positions were eliminated at the National Research Council. Through various techniques such as a hiring freeze, early retirement and reassignment of personnel within the NRC, the Council was able to avoid all but a few lay-offs. However, Dr. Kerwin admitted that the fat had been cut and that it would be much harder to avoid lay-offs with the 200 positions which must be cut by next April 1 on the orders of the Government.

The truth is that it is ridiculous to suggest that you can recycle highly specialized scientists. Several weeks ago there was a front-page article in *The Financial Post* which quoted, among others, a researcher at the National Research Council who said that suggesting that one can recycle a scientist who has dedicated his life to work in a particular field was like telling a heart surgeon that from now on he can only operate on kidneys.

The truth was told by Dr. Basinski, a recipient of the Order of Canada, who has been told that he can remain with only one technician. He is losing the rest of his staff and support personnel. He indicated that under those circumstances it would probably be a waste of his time and of taxpayers' money for him to continue. The truth is that morale has never been so low as it is at the National Research Council under the policies of the Government.

I recall speaking to a scientist recently who told me that even if the cuts were reversed today, he is not sure he would want to remain at the NRC, which he regards as more of a liability than an asset to him at this time in his career.

How did we get into this sorry state of affairs? Denny Doyle, a member of the outside Council, perhaps provided a small explanation when he told our committee several weeks ago that at his behest, the NRC prepared a five-year plan after the cuts in 1984. He felt that the best way to let the Government know about the NRC's plans was to put it down on paper and give the Government an opportunity to react. If there was any disagreement with what the NRC was doing, presumably the Government, through the Minister, would say so.

The Minister of State for Science and Technology is proud to say that as one of his first actions he endorsed the five-year plan. He has repeated this endlessly, yet in one breath he endorses the plan, then asks the NRC to cut another $20 million from its budget. Is it surprising that Mr. Doyle said to our committee that he is really not sure what the shareholder, meaning the Government, wants from the NRC.

I want to be very clear. I am not saying that there should be no changes at the National Research Council, but changes should be justified and should be implemented in an orderly fashion, in a process that is rigorous and respected. This has not happened at the NRC.

I can give several further examples. For instance, I can point to the recommendations of the Wright Report that were published in July, 1984. To date, there has been no formal response by the Government to this examination of government policies and programs for technology development.

In August, 1985, the former Minister of Science and Technology asked for the views of the Science Council of Canada on how the Government might implement the recommendations of the task force. In September, 1985, the Science Council recommended that a review of government labs be undertaken by an agency at arm's length to the Government. Such a review should be thorough, fair, comprehensive and forward looking. To be successful, the review would need the support and interest of government scientists and engineers and the clients of the labs, and therefore should include interviews with them.

• (1820)

Fifteen months have gone by since the Science Council of Canada made these recommendations and no apparent response has yet been given by the Government.

I am suggesting that the National Research Council is operating in a policy vacuum. It does not know what is expected of it because it has not been told by its political masters. Canadians deserve a detailed statement of government policy with respect to the National Research Council and government labs. Until such time, the cuts that were announced by the Government in October should be rescinded.

Mr. Gordon Towers (Parliamentary Secretary to Minister of State for Science and Technology): Mr. Speaker, the National Research Council is the single largest research body in Canada. The Government has new priorities for science and technology and it is only natural that there be a re-evaluation of individual government programs, including those within the NRC.

When programs which may have been justifiable within the context of past objectives are re-examined in terms of new priorities, some are found to be inappropriate. They are discontinued. These decisions cannot be considered cuts if, at the same time, other programs are expanded and initiated. This is what is happening in NRC.

Between 1984-85 and 1987-88 the budget of NRC will fall by about $50 million. However, all but $10 million of this reduction is accounted for by less construction. Research contributions, salaries and operating costs have not fallen significantly so that in total, the effective program at NRC is not reduced. Of course, some programs have been discontinued. At the same time, there are offsetting increases in biotechnology and other areas which will approximately equal these recent reductions.

Driving this reallocation of priorities within NRC is the Government's view of Canadian science and technology. This view is still being hammered out in discussions with provincial, university and industry representatives and significant announcements will soon be made. The Speech from the Throne outlined a renewed commitment by the federal Government to science and technology in Canada and announced several initiatives such as a national advisory board on industrial technology to be chaired by the Prime Minister (Mr. Mulroney), the introduction of a federal science and technology strategy and the establishment of a Canadian space agency. Some of the Government's intentions are clear and have influenced decisions made at NRC and elsewhere. The reallocation of work at NRC and other Government laboratories is taking place in the context of an expanded role for university and industry researchers. The expansion in external research will be the foundation for a sustained increase in total research and development in the future.

• (1825)

As the Minister has often stated, Canada must move into the 21st century in so far as research, science and technology is concerned.

[*Translation*]

The Acting Speaker (Mr. Paproski): The motion to adjourn the House is now deemed to have been adopted. Accordingly this House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 6.27 p.m.

HOUSE OF COMMONS

Tuesday, December 16, 1986

The House met at 11 a.m.

[*English*]

PRIVILEGE

INVESTIGATIVE INDEPENDENCE OF STANDING COMMITTEES—SPEAKER'S RULING

Mr. Speaker: On November 26 the Hon. Member for Etobicoke North (Mr. Pennock) rose on a question of privilege relating to the investigative independence of standing committees. The Hon. Member couched his remarks in the context of the global implications for all committees. He referred to an incident between the Auditor General and the Standing Committee on Communications and Culture. Had the Hon. Member attempted to complain of the particular incident, I am afraid that the Chair would have had to quickly rule him out of order. It is a long standing principle that the Speaker does not intervene in matters which ought to be dealt with by the standing committees.

[*Translation*]

However, I allowed the Hon. Member for Etobicoke North (Mr. Pennock) to proceed because the Chair takes seriously any questions with a reference to the new Standing Orders adopted on February 14, 1986.

I think we must consider the problems arising from the application of the new Standing Orders if we are to make this experiment a success, and the Chair has an ongoing commitment to participating in the process as much as possible.

[*English*]

The specific issues raised by the Hon. Member for Etobicoke North are obviously well within the reach of the Standing Committee on Communications and Culture. I might add that the complaint referred to by the Hon. Member seems to be related to the new dynamics that are evolving in the relationship between the new standing committees and those departments and agencies that fall within their expanded mandates.

Time and experience will contribute to the education of the Canadian public, and of witnesses as to the new powers of the committees.

[*Translation*]

The matter is indeed a serious one, and I want to thank the Hon. Member for bringing it to the attention of the House, but for the time being, the Chair can find nothing that infringes on the privileges of Members or the prerogatives of the House.

[*English*]

In closing, may I say to the House that parliamentary reform is still an exploratory exercise, and some day it may well be up to the House to guarantee the authority of the Standing Committees, but it is firstly up to the standing committees to define their mandates, establish their independence, and publicize their expectations. When and if a standing committee reports back to the House that its work is being impeded, the Chair will not hesitate to intervene.

I wish to thank the Hon. Member for his intervention.

* * *

[*Translation*]

PRIVILEGE

COMMITTEE EXAMINATION OF ORDER IN COUNCIL APPOINTMENTS—SPEAKER'S RULING

Mr. Speaker: I am now ready to rule on the question of privilege raised on November 18 by the Hon. Member for Hamilton East (Ms. Copps), regarding the proceedings of the Standing Committee on Human Rights. The Hon. Member criticized the Committee's decision to reduce the number of witnesses proposed by its sub-committee. Instead of calling the sixteen witnesses proposed by the sub-committee, the Standing Committee decided that each Member could ask only one person appointed to the Canadian Human Rights Tribunal to appear before the Committee.

[*English*]

I have carefully considered the complaint raised by the Hon. Member, and the submissions which were made by Hon. Members on both sides of the argument. The discussion which took place clearly underlined the fact that a matter had been raised which was of great concern to the House. A number of procedures under which we are currently operating were only recently introduced on a provisional basis. Those relating to the powers of committees are of particular significance, and it is quite normal that Hon. Members would wish to air their concerns and clarify issues which could have far-reaching implications.

The Hon. Deputy Prime Minsiter (Mr. Mazankowski) in his contribution to the discussion reminded the House of the practice whereby the House cannot officially take notice of any committee proceedings except by way of a report from the committee concerned. He also referred to a relevant citation

from Beauchesne's Fifth Edition. Citation 117(7) states as follows:

> The opinion of the Speaker cannot be sought in the House about any matter arising or likely to arise in a committee.

Further confirmation is to be found in Citation 569(3) which states:

> The Speaker has ruled on many occasions that it is not competent for him to exercise procedural control over the committees. Committees are and must remain masters of their own procedure.

Citation 608 goes on to state:

> Procedural difficulties which arise in committees ought to be settled in the committee and not in the House.

[*Translation*]

The foregoing clearly indicates that the Chair cannot rule on a problem that arises in committee, unless it was reported by the committee to the House. It is also clear that a committee meeting that gives rise to a dispute does not constitute a valid question of privilege.

[*English*]

Having said that, I would immediately add that a question of such importance as that raised by the Hon. Member for Hamilton East is not one to be lightly dismissed. Her complaint arises from our political process and the political system under which we operate. Briefly stated, the power of decision is given to the majority. For protection the minority looks to the rules of procedure. The House is the master of its own procedure and can change it, including the procedure relating to the conduct of committees. I quote again from Beauchesne at Citation 569(2):

> Committees receive their authority from the House itself and that authority of the House overrides that of any committee.

• (1110)

Thus, if Hon. Members are not satisfied with the present operation of Standing Order 104, or any other rules relating to committees, they should seek their remedies by way of procedural reform. I might add that that applies to Hon. Members on both sides of the House.

[*Translation*]

I therefore must rule that the question raised by the Hon. Member is not a question of privilege, but I do think the matter she raised deserves to be brought to the attention of the House.

ROUTINE PROCEEDINGS

[*English*]

ELECTORAL BOUNDARIES COMMISSION

TABLING OF 1986 REPORT—NOVA SCOTIA

Mr. Speaker: It is my duty, pursuant to Section 9 of the Representation Act, 1985, Chapter 8 of the Statutes of Canada, 1986, to lay upon the table a certified copy of the 1986 report of the Electoral Boundaries Commission for the Province of Nova Scotia.

Pursuant to the Act, this report stands referred to the Standing Committee on Elections, Privileges and Procedure.

* * *

COMMITTEES OF THE HOUSE

ENERGY, MINES AND RESOURCES—SECOND REPORT OF STANDING COMMITTEE

Mrs. Barbara Sparrow (Calgary South): Mr. Speaker, I have the honour to present, in both official languages, the second report of the Standing Committee on Energy, Mines and Resources.

The report evaluates the recommendations presented by the task force on program review in the "minerals" chapter of its volume on natural resources.

Your committee, Mr. Speaker, held public hearings with the Minister of State for Forestry and Mines (Mr. Merrithew) and his officials, with the study team leader for the natural resources volume, and with mineral industry representatives in preparing the report.

To complete the process of review, Mr. Speaker, your committee intends to convene a panel discussion early in 1987 which will bring together the interested parties for a direct exchange of opinions.

ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT—FIRST REPORT OF STANDING COMMITTEE

Mr. Thomas Suluk (Nunatsiaq): Mr. Speaker, I have the honour to present, in both official languages, the first report of the Standing Committee on Aboriginal Affairs and Northern Development to which, pursuant to Standing Order 99(2), the committee requests a comprehensive response.

[*Editor's note: See today's Votes and Proceedings.*]

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PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, I have three petitions to present today from my constituents. All of them have been duly certified by the Clerk of Petitions as conforming to Standing Order 106.

The first petition indicates that those who have signed it believe that the patent drug legislation will unfairly hurt Canadians whose health needs require the purchase of prescription drugs on a continuing basis.

The second one indicaes that the proposed Patent Act changes are another example of Canadian government concessions to the United States, at the expense of average Canadians, in the free trade negotiations.

Finally, in the third one the petitioners humbly pray and call upon Parliament to reject the proposals which will increase prescription drug prices for Canadians.

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, it is my honour and duty to present, on behalf of my constituents in the communities of Candle Lake and Weldon, Saskatchewan, a petition which suggests that the proposal of the federal Government to change the Patent Act will increase the prices of drugs.

The undersigned humbly pray and call upon Parliament to reject proposals which will increase prescription drug prices for Canadians.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I have the honour to present a petition, which has been duly certified pursuant to Standing Order 106, on behalf of residents of Winnipeg. They say that the proposed changes to the Patent Act will unfairly hurt Canadians whose health needs require the purchase of prescription drugs on an ongoing basis.

Therefore, they humbly pray and call upon Parliament to reject proposals which will increase prescription drug prices for Canadians.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is my pleasure to present a petition today on behalf of a number of Canadians who ask the Government to reconsider its plan to change the Patent Act whereby prescription drug prices will increase significantly and therefore particularly hit those people who are sick, elderly, and disabled; in other words, people who should not be punished by the Government as a result of such punitive legislation. They ask the Government to reconsider its intent to introduce these proposals in Parliament.

* * *

INTERNATIONAL PEACE AND GOODWILL DAY

MEASURE TO ENACT

Mr. Bill Vankoughnet (Hastings—Frontenac—Lennox and Addington) moved for leave to introduce Bill C-238, an Act respecting International Peace and Goodwill Day.

Mr. Speaker: Shall the Hon. Member have leave to introduce the Bill?

Some Hon. Members: Agreed.

Mr. Vankoughnet: Mr. Speaker, as we approach the Christmas season our thoughts turn to the ideal of peace and harmony throughout the world. As we prepare to celebrate the birth of the Prince of Peace, we are reminded that peace and goodwill among nations is a goal toward which we should strive.

I am pleased to present to the House a Bill respecting International Peace and Goodwill Day. The purpose of the Bill is to change the name presently associated with December 26 from "Boxing Day" to International Peace and Goodwill Day, in honour of all Canadians and Canada's commitment to world peace.

Some Hon. Members: Hear, hear!

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

* * *

• (1120)

[*Translation*]

STATUTE LAW (SUPERANNUATION) AMENDMENT ACT, 1986

MEASURE TO AMEND

Hon. Robert de Cotret (President of the Treasury Board) moved for leave to introduce Bill C-33, an Act to amend the Public Service Superannuation Act, the Canadian Forces Superannuation Act, the Royal Canadian Mounted Police Superannuation Act and the Supplementary Retirement Benefits Act.

Mr. Speaker: Shall the Minister have leave to introduce the said Bill?

Some Hon. Members: Agreed.

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

Mr. Speaker: When shall the Bill be read the second time? At the next sitting of the House?

Some Hon. Members: Agreed.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Speaker: Is it agreed?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

EXCISE TAX ACT AND EXCISE ACT

MEASURE TO AMEND

Hon. Tom Hockin (Minister of State (Finance)) moved that Bill C-14, an Act to amend the Excise Tax Act and the Excise Act, be read the third time and passed.

He said: Mr. Speaker, I will speak briefly, but first I would like to take this opportunity to thank Hon. Members of this Chamber for their assistance and consideration during the discussion and examination of Bill C-14.

This piece of legislation contains the necessary legislative authority to implement the sales and excise tax changes announced in the February, 1986 budget and the enrichments to the fuel tax rebate program for farmers announced by the Prime Minister (Mr. Mulroney) in April, 1986. It provides authority for changes in the rates of federal sales taxes and excise taxes on alcohol and tobacco products which are intended to raise revenue in order to reduce the deficit.

The deficit affects us all and it threatens us all. Deficit reduction measures must be shared as broadly as possible. The Bill before you, Mr. Speaker, seeks to achieve this objective by spreading the tax increases broadly and fairly. To ensure that all Canadians will contribute in an equitable manner, a new refundable sales tax credit of $50 per adult and $25 per child will be available for lower income Canadians to help offset the 1 percentage point increase in the sales tax rates implemented by this Bill.

During consideration of this Bill by the Legislative Committee, concerns were raised about the adequacy of this new tax credit. This is an important issue and I respect Members raising it. I would like to take an opportunity to address it very briefly. First, let us not forget that this refundable sales tax credit represents a unique and important initiative and clearly demonstrates the Government's concern for low income Canadians. It is the first time in our history that the federal Government has provided an income tested refundable tax credit for low income Canadian families whether or not they have children.

In designing the credit, foremost in the Government's concern was to protect those who could least afford to absorb the increase in the federal sales tax. Given the Government's limited resources, and we all know they are limited, it was impossible to design a credit that would offset the increased tax burden exactly by family size and income level. I believe that the $15,000 income threshold beyond which benefits are gradually reduced achieves an ideal balance in terms of maximizing the size of the credit and the number of beneficiaries, within an acceptable fiscal framework, while ensuring that Canadians in the lowest income brackets are fully protected against the increase in the federal sales tax. Indeed, this credit overcompensates individuals earning less than $15,000 annually.

The measures in this Bill to enrich the fuel tax rebate program are of particular benefit to farmers. First, a one year extension of the over-all fuel tax rebate program will provide additional benefits amounting to $120 million in 1987 for all primary producers, including farmers. In addition, farmers will be entitled to an additional 2.5 cents a litre rebate to relieve them fully of the sales and excise taxes on gasoline and diesel fuel. This will be further increased to 3.5 cents on January 1, 1987 to conincide with a 1 cent increase in the excise tax currently scheduled for that date. These enrichments for farmers will provide additional assistance totalling $165 million. Over 200,000 Canadian farmers will benefit under this program. These measures clearly reflect the Government's concern for the economic situation confronting farmers.

In the coming year the net impact of these changes will be to reduce the deficit by approximately $1 billion. It should be noted, however, that for every $1 that taxes have been increased to reduce the deficit, expenditures have been cut by $3. Let me emphasize that, Mr. Speaker; for every $1 that taxes have been increased to reduce the deficit, federal Government expenditures have been cut by $3. Our policies to wrestle the deficit and manage the Government better are part of a comprehensive set of actions to deal with a wide range of economic and fiscal needs.

In conclusion, together, the tax changes and expenditure cuts are an important and fair way of restoring fiscal order to this country. All Canadians will benefit from the successful achievement of these goals.

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I am pleased to have the opportunity to participate in this debate. While we have been debating this Bill for some days now in the House of Commons, Members of this House still have some grave reservations about the effect of Bill C-14. We have raised those concerns in the House in the past and this morning I will try to summarize some of the issues that my colleagues and I have brought to your attention during the last few weeks, Mr. Speaker. This is not a very voluminous piece of legislation. It has only 15 pages or so, but the consequences of the Bill are very serious to the people upon whom we are called to represent in this House.

[*Translation*]

Mr. Speaker, if and when this Bill is passed, there will be an increase in the federal sales tax on manufactured goods; increases in the price of wine, tobacco, beer, and spirits; and increases in the Air Transportation Tax and the Telecommunication Programming Services Tax. There is also the fuel tax question and other increases that will have a disastrous effect on the tourist industry, as, I am sure my hon. friend from Westmorland—Kent (Mr. Robichaud) will agree. Finally, there are the sales and excise taxes on motor fuel that will be refundable to diplomats, the collection of income tax in Canada, the fuel tax rebate for farmers, and the impact of measures related to sales tax and excise tax on the federal

Government's revenues, all of which deserve consideration this morning.

[*English*]

We must remember that the Minister of State for Finance (Mr. Hockin) has just told us that the Bill is designed to spread the burden fairly among Canadians, or words to that effect, if I can paraphrase what the Minister said. If one looks closely at the effect of this Bill, Mr. Speaker, you will notice that it does not do that at all, and I ask the Minister to address it in the future.

He said that his Bill is fair. I ask him about a one earner couple with two children whose income is $15,000 a year. This couple will have a tax increase of 1.7 per cent or will pay an extra $255 in tax increases as a result of the February, 1986 Budget, the November, 1984 Economic Statement and the May, 1985 Budget. The combination of the three Conservative budgetary documents will create that situation. I ask the Minister what is fair about imposing that kind of an extra burden on a family of four earning $15,000 a year? That family does not have one extra cent to give to the Government, much less $255 more in taxes.

• (1130)

I draw to your attention the fact that a one income couple with two children, with a total family income of $50,000 a year, will be asked to pay 1.2 per cent more in taxes. It is a 1.7 per cent increase for the first family and 1.2 per cent for the second family. That hardly sounds fair. Yet the Minister tells us this is fair legislation.

[*Translation*]

Mr. Speaker, take for instance an elderly couple with an annual income of $27,000, which has to spend 1.9 per cent more because of the measures contained in three Budgets: the economic statement of November 1984, the 1985 Budget and the 1986 Budget, which all add up to an increase of 1.9 per cent in expenses for an elderly couple with an annual income of $27,000.

Mr. Speaker, I don't think that is what we call justice.

[*English*]

I hear a Conservative Member saying "Not bad when they get an increase at the same time". He may think it is fair that low-income people are asked to pay a greater percentage in taxes than those who earn a great deal more. I do not think it is fair at all.

If the Government was asking Canadians equally to sacrifice, and it was at least fair for all, it would not be all that hard to swallow. If the Government followed its own prescription it would be even easier. Yet the Government is telling ordinary Canadians that times are tough and they are going to have to cut down on expenditures and expectations. They are going to have to cut down on what they receive, and give the Government more in taxes. If the Government said that and practised what it preached it would not be quite as bad.

Mr. Foster: But it does not.

Mr. Boudria: As the Hon. Member for Algoma (Mr. Foster) just said so eloquently, it does not.

I want to bring to your attention an article by *Southam News* yesterday. It talks about the spending of the Prime Minister (Mr. Mulroney). He will never be accused of not having style and we have the bills to prove it. He may not have class but he has style. He may not have substance but style he has a lot of. He has so much style that his expenditures are 800 per cent more than his predecessor.

Mr. Foster: Eight hundred per cent?

Mr. Boudria: Yes, 800 per cent, as unbelievable as that may seem. If you think that was spread over one or two or three decades or something like that, wrong again. It happened immediately after his Government took over. Right away the Government plunged nose first into the trough and started to partake of the—

Mr. Gormley: Point of order, Mr. Speaker. I was wondering if the House has rules of relevance and if they apply in this particular debate?

Mr. Speaker: The Hon. Member has raised a point which I think has concerned Speakers for many years. While a certain amount of latitude is allowed, I am sure the Hon. Member speaking will bring his remarks back to the Bill before us. Perhaps he can accommodate other Members in that regard.

Mr. Boudria: Mr. Speaker, I will attempt to accommodate your wishes and be as relevant as possible. I am sure you recognize that I am discussing budgetary expenditures and we are talking about a budget Bill.

Mr. Gormley: Excise tax.

Mr. Boudria: I say to the Hon. Member for The Battlefords—Meadow Lake (Mr. Gormley) that the same money the people of Canada are being forced to give to the Government through this Bill will be squandered by the Prime Minister and the rest of his cronies. It is my duty to bring it to the attention of the House even if the Hon. Member is extremely embarrassed by it. He obviously is because he stood up to try and find a way to cut off the debate when we are trying to hold the Prime Minister and the rest of those folks across the way accountable to the House of Commons.

We are talking about what the Government is asking the people of Canada to do. It is asking them to fork over more of their hard-earned dollars to the Government. In order to put that in context, it is important that I quote from a not so famous book entitled *Where I Stand*. It was written by the current Prime Minister whose name I shall not use in order to accommodate the wish of the House that we not use personal names, which suits me fine in this case anyway.

On page 44 of the book the author talks about Government waste and maladministration. He did not find that acceptable.

Remember, that was only one-eighth of the waste we have now. He said:

> How can a Government call on a nation to restrain itself and to be more realistic in its collective demands upon our economy when its own record is an unbroken string of fiscal excess? Canadians may be many things but stupid we are not. We simply will not buy leadership that so blatantly has one code of conduct for itself and quite a different one for the rest of us.

Do you know who said that? I just told you a minute ago. It is the author of the book *Where I Stand* who said that to the people of Canada. Although I do not recommend buying the book, I am sure people can go to a library and view it for a moment. It would probably be cheaper. They could then see where the Prime Minister stood at the time he was Leader of the Opposition, at the time he wrote this book, at the time he so sanctimoniously told the people of Canada that the preceding Government was not as accountable as it could be to the people of Canada. Probably no Government is as accountable as it should be. We are not suggesting that any previous Government ever was. The author of the book *Where I Stand* talks about the fiscal excess of the previous Government. That excess has been increased eight times in two years. When something which is unacceptable is multiplied eight times, it is eight times more unacceptable.

• (1140)

It is important that we hold the Government accountable for its fiscal excess. We must hold the Government accountable when it asks the House for money, as it is through this Bill. It is asking for more money with which to administer the Government. Collectively we must learn what the Government is going to do with this money and only then decide whether the Government should have it.

A Member across the way indicated a while ago that my remarks were not entirely relevant to the debate. I believe that when the Government asks for more money it is relevant to point out how it administered the money we previously gave it. If our children ask us for an excessive amount of money, it is normal to ask how they spent the money we already gave them. That is what I am doing today. I am asking the Government what it did with the money we gave it before. Members of Parliament give the Government its money. We give the Government the money of our constituents. No Government has any money of its own. Governments administer the money of the people. Therefore it is important to hold the Government accountable for what I consider to be fiscal excess.

I will quote again from the article to which I referred previously. It continues:

> Mulroney was put up in a $3,400-a-night suite in the Plaza-Athenée Hotel in Paris this February. Trudeau paid $1,250 for his room in the Ritz when he last visited Paris on a peace mission in 1983.

In one and a half years the cost of accommodating a Prime Minister in Paris tripled. The article continues:

> Mulroney's entourage of 24 spent more than $11,000 for limousines to get around New York—

There are so many limousines in New York that one trips all over them. You can hire them as cabs anywhere on the street. Why was it necessary to charter enough limousines for 24 people at a cost of $11,000 for a couple of days? Some may think that compared with the past that is all right. However, the article continues:

> Trudeau's party of 11 ran up just over $2,000 in limousine bills—in January, 1984.

Mr. Holtmann: Trudeau used to ski all over the place. We were sending him skiing. Do you remember that?

Mr. Boudria: In a year and a half the cost rose from $2,000 to $11,000. If Conservative Members had not been so sanctimonious in their criticisms of the previous Government, perhaps they would have a small point.

Mr. Holtmann: We have lots of them.

Mr. Boudria: They make noise across the way.

Mr. Holtmann: Yeah, we do.

Mr. Boudria: It is not very credible noise, but noise nevertheless. However, that will not stop me from holding the Government accountable. It will not stop me from doing my job and duty, which is to hold the Government accountable even if Members dislike it.

The Prime Minister can almost make the Member for Rosemount (Mrs. Blais-Grenier) look like a bargain when she travels. The Prime Minister is probably the only person who could make her look like a good deal. Nevertheless, he does.

I will give you some other examples of excesses. The article continues:

> Mulroney was accompanied by a valet in New York and Asia, at a cost of more than $4,300 for hotels, meals and incidentals. The official records do not show a valet for Trudeau, even on the 17-day Asia tour.

The Prime Minister and the Minister of Finance (Mr. Wilson) are telling the people of Canada that it is too bad but they will have to give the Government more funds for its administration. They tell people receiving unemployment insurance benefits that they cannot draw UIC while receiving a pension. The Government calls that double-dipping and says it is unfair because money is scarce. Why is money not scarce when it is time for the Prime Minister to partake of the public coffers for his own benefit?

Canadians do not expect the Government to travel to other countries and to receive foreign guests in an inappropriate manner. They do not want the Government to bring President Reagan to McDonalds for lunch or to have him improperly escorted. However, the Shamrock Summit—with the emphasis on the word "sham"—in Quebec City cost $2.6 million. It cost $1 million for security and $185,000 to rent le Grand Théâtre so that we could hear the Prime Minister and the President sing to us. I do not think that was worth $185,000, not to mention the $.5 million it cost for the CBC to ensure that we could hear and see it. After having heard some of the sour notes, I think it would have been a bad deal had it been free. Nevertheless, we are footing the Bill for it.

Canadians are asked to pay for such fiscal excess. The tax increases which the Government wishes to levy are unfair. There is no good reason for levying these taxes because the Government has an unbroken string of fiscal excess.

[*Translation*]

Mr. Speaker, Canadians are sick and tired of all this. It is hardly a coincidence that public opinion polls clearly show the Prime Minister's popularity and that of his Government has sagged considerably. Look at the Port-Cartier affair: $41 million completely wasted, Mr. Speaker. And why, I ask Hon. Members opposite: Why do they waste money like this?

The Minister of Supply and Services (Mrs. Vézina) sitting opposite is responsible for awarding certain contracts, but in the case of Port-Cartier, it was her predecessor. Yesterday we realized he did not do a very good job, because in the process, it seems to have been a conflict of interest, so that the contractor had to be released.

And the wasteful spending goes on: $41 million spent for no good reason. A penitentiary is being built in a part of the country where it isn't needed, at any rate not for prisoners. It may be needed as a stimulus for regional development, but there is certainly no justification for building a prison. Perhaps for building another Government building, but certainly not for building a prison, because we don't need one. Furthermore, we have to consider the cost of bringing prisoners to this institution when it is completed. How much will that cost? Imagine, the cost of putting the guards on the plane and taking these people down there, with their legal advisers, to Port-Cartier.

And finally the other point which people have a tendency to forget, Mr. Speaker, is that the inmate may be in jail, but his wife and children are not. Most prisoners will come from the Montreal area, so the families of prisoners will have no choice but to board a bus, pay $210 for return fares to Port-Cartier, and sit for 34 hours on that bus just to go and visit a family member.

I do not know whether I understood correctly, I do not know whether the Minister did say they live in Baie-Comeau, but I hope this is not what she said about prisoners' families, because they are quite free to live where they want. The fact is that most of them do not live there, quite a number come from the Montreal area.

So this will be just another burden which the prisoner's family will have to bear, again simply because the Prime Minister (Mr. Mulroney) chose to feather his own nest at taxpayers' expense. He thought he would do well to unveil his very own monument in his riding. Why? Because he might lose his own seat.

If that is not the explanation, Mr. Speaker, there has to be a more logical one but we have yet to find out what it is. So I am forced to conclude that such is the explanation.

The Prime Minister took a look around and said to himself: I am going to lose my seat, I have to do something about it. It may be ill-advised but, never mind, something has to be done. So we will simply raid the public treasury, there is lots of money there and somebody else will pay for this. Like the people I was talking about a moment ago, those who can least afford to pay still more taxes just so the Prime Minister can put up this $68 million monument in his riding—$41 million more than the original estimate.

It does not matter that part of the prison has already been built in Drummondville. It does not matter that the main facilities are there and only an additional wing would be needed. It does not matter that the land is already available in Drummondville. No matter that the prison was to be located in Drummondville. He wanted it in Port-Cartier, so he is going to have it built in Port-Cartier. So what if it doesn't make sense, in fact it makes no sense at all, and creates more problems than it solves, as I said earlier. It means additional costs for the Government and for the taxpayer. It creates all kinds of problems for the inmates' families, and the location is not suitable for rehabilitation, but so what?

Mr. Speaker, the Prime Minister decided to go ahead just the same. This is another example of the fiscal excesses of this Government I was referring to earlier. But Canadians will remember, and they are not about to forget. This Government was elected with the biggest majority ever given a political party in the House of Commons. The Prime Minister obtained the confidence of Canadians. He made long speeches during the election campaign. He talked to Canadians about patronage. He talked to Canadians about all kinds of things, and he said he was going to clean up the mess. And what did he do?

Mr. Speaker, as I see it, this Government has betrayed the Canadian people.

• (1150)

[*English*]

The Government has betrayed the Canadian people. It was given the largest majority on record. The public opinion polls clearly show that the Government has lost the trust it had been given. I am not being partisan about this issue, the people of Canada have spoken about this and are clearly demonstrating today that they do not trust the Government. They do not even trust the Prime Minister. The Government has lost the confidence of the Canadian people.

An Hon. Member: That is your opinion.

Mr. Boudria: A conservative Member to my side says that it is my opinion. That may be so. In any event, it is nice to hear from the Conservative book-ends occasionally, those Members who sit on this side of the House. They are the surfers, who come in with the tide and go out with the ebb-tide. It is nice to hear an occasional bit of noise from some of these Members who otherwise are silent. Those Members give new meaning to the expression "silent majority". The silent majority is here in the House of Commons. Very little is said—

An Hon. Member: Especially right now.

Mr. Boudria: —by them to hold the Government accountable. One Member says: "Especially right now". I do not apologize for holding the Government accountable, especially to a Member who just walked out of the House and will not likely participate in this debate. It is not the duty of one Member of Parliament—

Mrs. McDougall: Mr. Speaker, I rise on a point of order. It is my understanding that there should be no reference to a Member's presence or absence during the debate.

Mr. Boudria: Mr. Speaker, I did not name the Member in question. Of course, I could if you insisted. However, I shall refrain from doing so because of my respect for the Chair and the rules of the House.

It is not just the role of the Opposition to hold the Government accountable, it is the role of the House. In view of the way in which government Members debate, it is not only our role, it is our solemn duty to hold the Government accountable. It is clear that the Government cannot hold itself accountable, as has been proven in the past and continues to be proven day after day in the House.

I suggest that the Government had better become responsible soon because the people of Canada have had enough of the way it is running the country. They have had enough of the examples it has set for others but refuses to follow itself. Frankly, if the Government refuses to take that advice seriously it will pay for it in the next election.

Mr. Simon de Jong (Regina East): Mr. Speaker, I wish to add a few remarks to this debate on Bill C-14. It has been debated on other occasions, both in committee and in the House, but I think it is worth some further comment before the House moves on to other business.

I am sure most Members are aware that Bill C-14 increases the sales and excise taxes that the Government charges on numerous manufactured goods and other items such as alcohol and tobacco. It is one of a series of tax increases that the Conservative Government has imposed since it was elected in 1984.

Many Canadians may not be aware that the Conservative Government has increasingly relied on increases in sales and excise taxes as a means of gaining more revenue than previously had been the case. The total taxes that the average Canadian family pays the Government will have increased by some $1,230 since the 1984 election of the Conservative Government. Of that amount, the average Canadian family will pay $385 more in increased income tax which constitutes around 31 per cent of the increase in taxes. They will be paying $845 more in sales and excise tax and that constitutes some 69 per cent of their taxes.

• (1200)

The thing about sales taxes, of course, is that they are hidden. One does not see them when they are included in the sale price. When a person buys manufactured goods, the 12 per cent the federal Government charges, and in some cases it might be a little less, is hidden in that price so that the consumer never knows how much he is actually paying in taxes. The Government is nickel and diming the taxpayers.

The Conservative Government has increased the number of items which are applicable for sales tax. It has expanded the federal sales tax in previous Budgets to include things such as vitamins, some non-prescription drugs, candy bars, softdrinks and a whole host of items which were never taxed previously. This Government, as I mentioned before, is relying more and more on the sales tax as a way of increasing public revenue. It does that because the Canadian taxpayer is not aware he or she is paying these new taxes.

Let us look at the taxes the Government has imposed since being elected in 1984. It has increased taxes through sales and excise taxes by some $6.7 billion. Personal income taxes have increased by some $3.3 billion and corporate taxes have increased by $1.4 billion. Again, these figures illustrate the Government's dependence upon increases in sales and excise taxes as a major revenue grab from the taxpayers' pockets.

We object to the increases in sales and excise taxes for several reasons. First, it is not progressive. It does not mean that the tax load is carried by those who are in a better position to pay the tax. It means people who are the least capable of carrying the tax load are penalized. The regressive nature of the tax can be seen when one looks at the various income groups and understands what the increases in sales and excise taxes since 1984 mean to them.

It is true that a family earning $15,000 a year or less will receive a rebate of $150, which is $50 for every adult 18 years of age and over and $25 a year for every child. That means an average family of four will get back $150. Of course, the $150 does not cover the total increase in sales and excise taxes the family will have to pay. It will be worse off. The family earning $10,000 a year or less will in fact pay an increase in taxes of some 0.2 per cent. A family earning $15,000 a year will pay a net increase of 0.4 per cent in new taxes. Even the very, very poor who will receive a tax rebate of $150 will still see the amount of money it pays in taxes increase because of the Conservative Budget. However, the people who get hit the hardest are the working poor, for example, the family of four which earns some $20,000 a year. That income is still well below the poverty line for many families living in larger centres. The couple earning a net family income of $20,000 per year with two children will pay an extra $269 per year in extra taxes through the sales and excise taxes. That is a 1.3 per cent increase in taxes going out of the family income.

We can look as well at the well-to-do families and find that that family pays a smaller percentage of the family income in sales and excise taxes. For example, for a family with a total income of $100,000 a year, the net cost as a percentage of family income going to tax is only 0.9 per cent. Therefore, a family with $20,000 in income pays 1.3 per cent of the family income in this new tax whereas the family earning $100,000 a

year only sees 0.9 per cent of its family income going to this new tax.

The sales tax is regressive. It is not fair. It taxes those who are the least capable of affording these taxes. It is not a tax based one's ability to pay. These taxes penalize people, not in accordance with their means to pay but regardless of their means to pay.

At this Christmas time of year one must wonder how some families can afford Christmas gifts, Christmas trees and the extra food their children expect and hope for. I do not believe the Government and those people in the Department of Finance have any idea of how millions of Canadians live. They do not realize the economic hardship which exists and the difficulties which are faced day in and day out as these people try to make ends meet. I do not believe the Government, and those people in Finance who devise these master schemes for raising more money, have any idea what it is like for a wage earner who has been laid off and is now existing on employment insurance. He has children to feed, clothe and house. They do not understand the careful planning and budgeting these people must do and the difficult decisions they must make day-in and day-out as to where to spend their money. There is an amazing amount of preoccupation in the budgeting of their meagre incomes. The Government and the Department of Finance have no notion what millions of Canadians experience day-in and day-out.

• (1210)

When we see the type of legislation such as C-14, legislation that increases the tax load on these people, we can only conclude that not only are these measures unfair but that they are indecent. They are uncaring and bereft of any understanding and compassion for those who have to struggle on a daily basis in order to survive. It is not just a few lazy bums who have difficulty budgeting. There are millions of Canadians who find themselves in such circumstances.

The number of people who will be eligible for the $150 tax rebate is 3.4 million. These are families of four with incomes of less than $15,000 per year. These 3.4 million families will receive some redress in the form of the $150 tax rebate. However, they, too, will be paying more in taxes than they were paying before because of the sales and excise tax measures.

One can think of the millions of people who are earning between $18,000 and $22,000 per year who are trying to raise children and who will not be eligible for any rebate at all. Instead, they will be paying hundreds of dollars more in taxes because of the sales and excise tax. They will experience tremendous difficulties, particularly in the Christmas season.

When one considers the totality of the budgetary items that the Government has introduced since its election one finds that the Government has hit the poor and the middle income earners more than it has hit anyone else. To its list of taxpayers it has added hundreds and thousands of people who were so poor before that they were not paying taxes. However, they will now be paying income tax because of the various measures introduced by the Government.

When we consider the statistics, and we will have more to say about this when Bill C-23 comes forward for debate, we will show that those with low and middle incomes are the ones who are taking the brunt of the Government's revenue grab. We will show that high income earners will be paying less than they have been paying in the past because of the various tax measures and loopholes that the Government has afforded the well-to-do. We will also show that the corporate sector, those who have been doing quite well, will continue with the tax holidays they received under the previous Liberal Government and under the present Conservative Government. The inequities and unfairness in our tax system would make an honest person blush. Unfortunately, we do not have a Government that knows how to blush.

One must question the economic wisdom of taxing consumption as opposed to income. Not only is it unfair because it hits the poor more than it hits the well-to-do, but it relies increasingly on tax on consumption rather than income. We know that economic recovery means that people have dollars in their pockets which they are able to spend on goods and services, which in turn creates jobs. If taxes on consumption are increased then spending is discouraged. If spending is discouraged, then surely the demand for goods and services is discouraged which, in turn, loses jobs. I am not certain that the Government and the people in the Department of Finance fully appreciate what they are doing when they increase the sales and excise taxes. Nor are they aware of the effect it will have on inflation, consumer spending and employment. I do not think the Government fully understands the economic implications of these tax measures.

The last point I wish to make concerns the over-all justification for increasing these taxes which Conservatives offer in the House. Earlier this morning we heard the Minister of State for Finance (Mr. Hockin) justify, in essence, the increase in taxes on the basis of fighting the deficit. In essence, the Government is telling the Canadian people, we are sorry but we have to increase your taxes because we have to knock the deficit down. I for one do not disagree with reducing the deficit. I think the deficit has to be reduced. It is obscene that we have so much owing, that so much of our revenue that is collected every year has to go to pay off the interest on the deficit.

Where I disagree with the Government is in its understanding of the cause of the deficit and the measures taken to fight it. The reason for the deficit is that the Government and the previous Liberal Government allowed so many tax loopholes that the well-to-do and, in particular, the large and prosperous corporations have not had to pay their fair share in taxes. The tax loss has been tremendous—in fact, it is horrendous. Billions of dollars have been lost. Taxes which should have been collected have not been collected because of various loopholes.

I have used the following example in the House before. However, I will use it again because often when one repeats a point over and over again it eventually sinks in. I wish to illustrate the point that those who should have been paying have not been paying with the following example. A female teller with the Royal Bank of Canada will have paid more in actual dollars and cents in taxes in the year 1982 than the Royal Bank of Canada paid in 1982. In fact, the Royal Bank of Canada made over $300 million in profits and it did not pay one cent in tax. In fact, it received a tax credit of some $6 million. It is no wonder we have the deficit that we do. It is no wonder that the kid who pumps gas for Shell paid more dollars and cents in taxes in 1982 than did Shell Oil, even though Shell Oil made millions of dollars in profits in 1982. It is no wonder we have the deficit.

We in the New Democratic Party claim that if we are going to fight the deficit it must not be done on the backs of the working poor. It is criminal to charge an extra $200 or $300 to the person earning $20,000 who is trying to raise a family. Let the Royal Bank of Canada, Imperial Oil, and Shell Canada start paying their fair share. Perhaps then we can begin to reduce the deficit and bring some economic and fiscal responsibility and morality to this country.

• (1220)

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I only wish to make a few comments and will not take the full 20 minutes. The Minister of Finance (Mr. Wilson) in the House on several occasions has promised fiscal changes and reforms to make a more progressive and a fairer taxation system for ordinary Canadians. If we were to comment on the actions of the Government in the last two years, it would be found that instead of fair tax system, there is a tax system which bears more heavily on the lower and middle income people than it did before.

During the first two years of the Conservative Government, instead of introducing the fairer tax system it implemented a tax system which is much less fair than the previous one. There were many problems in the tax system before this Government came to power, but it has not done anything to improve the system. For example, the changes that this Government has brought in since September of 1984 have increased taxes by $1,300 for the average Canadian family. It has increased taxes for the ordinary Canadian by adding heavily to excise and sales taxes, instead of using personal taxes. That is a regressive tax, and it is exactly the opposite to what the Government said it would do.

In the November, 1984 Economic Statement the increase in sales and excise taxes added another $350 per year for the average family. In the May, 1985 Budget the Government again imposed a 1 per cent sales tax which cost the ordinary Canadian an average of $325 per year. Finally, in February, 1986 another $170 was added, not necessarily in income tax, but in taxes paid by the ordinary Canadian. Adding all those taxes up totals an increase of $845 per year. All this has been done in two years.

During the same period income tax increases, which are supposedly more progressive and equitable for families whose financial circumstances can vary considerably, have totalled only $385 per year, compared to $845 added by excise and sales taxes. In the last two years 69 per cent of the tax increases were covered by excise and sales taxes, and only 31 per cent by income taxes. In other words, this Government is opting for unfair and regressive tax, and not for fair taxes which will even out the structure of the tax system.

The Government has been stating that it will close the loopholes and cut personal income taxes so that the middle or lower income people will receive a better break. Most of the low income people, and many of the middle income people, do not have any loopholes. So plugging those loopholes will not help them at all. The cuts that the Government has put in place have not been in the lower tax areas, they have been in the marginal and the upper tax areas. Instead of benefiting the poorer people, the taxes that have been put in place are benefiting only the rich.

It is important to keep reminding the Government that its direction is exactly opposite to what it promised when it was elected. It is exactly opposite to what it says every time the Minister of Finance stands in the House and proclaims that he is making changes in taxes. It is rather sad to realize that most of the taxes that have been put before the House are not up front for everybody to see. In a sense this Government is not being honest, because it is hiding the taxes. The Government is not being accountable for the taxes it is putting on.

This Bill levies a series of taxes which are almost under the table type of taxes. People do not recognize that they are paying them, and consequently the Government does not have to take the political heat for putting these taxes in place. When most people pay excise and sales taxes they are unaware that they are paying a tax. Consequently, they do not react to them in the same way that they would to income taxes, which are much more progressive.

So we have a Government that opts for regressive taxes for its own benefit, even while it stands in the House and suggests that what it intends to do is make a fairer and better tax system which will not tax the lower and lower middle income people, but will increase taxes on the corporations and the higher income people.

I suggest that even as this Bill goes through the Government is using the cowardly approach. It is not dealing with fair taxation, but it is allowing its political hopes for the future to be based on the type of taxation which people will not recognize, not know that they are paying. If you have a very low income, you pay an inordinate amount of that income in taxation through sales and excise taxes. You may not pay very much in income tax if you have a very low income, but if you have a high income you pay a very small part of that income in sales and excise taxes. That is why these types of taxes should

be avoided, and we should be looking at a fair taxation system which has a more equitable effect on all Canadians.

• (1230)

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I am quite delighted to have an opportunity today to make some comments on Bill C-14, an Act to amend the Excise Tax Act and the Excise Act. Some very important points must be put on record.

At the outset I indicate that because of the time of year we all make efforts to expedite and facilitate the business of the House. This is probably the last speech we will make on the particular Bill. I say that so people can make their plans for Bill C-23, the back-up Bill. Unfortunately it is another tax Bill on top of the Bill which we are debating at the moment. It will see more increases in taxation.

It is important for Canadians to know that since the Conservatives formed the Government of Canada, starting in September, 1984, they have introduced an incredible number of new taxes. The ordinary Canadian family is now taxed significantly greater than it was prior to the election of the Conservative Government. As a matter of fact, if we add tax increases experienced by the ordinary Canadian family, in addition to already being overburdened with taxation, the Conservative taxes amount to $1,350 per family. That is an increase on top of the other taxes the family already pays.

For the purpose of this example, we are assuming that the average Canadian family is a family of four, including two dependent children, with a combined income of $35,000. I realize that in many parts of Canada that is not a typical family income. However, when we look statistically across Canada and include the more prosperous areas and the regions of Canada, we come up with an average family income of about $35,000.

There has been a variety of new taxes such as increased taxes on construction materials for home building and such goods, increased taxes on manufactured items, increased gasoline taxes, increased sales taxes on a variety of items, increased taxes on commodities, and increased taxes on alcoholic beverages, cable and pay television services, tobacco products, and so on. It averages, as I said, $1,350 per Canadian family. I call them Conservative taxes because they are taxes imposed by the Conservative Government. It is important for Canadians to know those facts.

My recollection of the last federal election campaign was that the Prime Minister (Mr. Mulroney), who was then the Leader of the Conservative Party, indicated that they should get Government off the backs of Canadians; that was the theme on various Canadian streets. Many people assumed that to mean that taxes would be lessened, that the burden of taxes on their backs would be lessened. They thought that that meant a reduction in taxes paid at the gas pumps, in stores and shops, and in the factories of Canada. However, that was not the case. As a result of various economic statements and Budgets introduced by the Conservative Government, we have actually seen an increase in taxes.

As a matter of fact, the biggest surprise occurred just yesterday when the Minister responsible for regulations tabled a 637 page report in the House. It contained proposed new rules on everything from the quality of orange juice concentrate to Canadian content on country music radio stations. They talk about the need to get the Government off the backs of Canadian citizens, yet they bring in 637 pages of federal rules on everything. As a matter of fact, the report itself weighs 1.5 kilograms. It is a massive document which shows that we are regulated in every aspect of our lives.

If I refer to my speech notes on Bill C-14, it looks like there will be more and more taxes. Surely to goodness there is an end. Surely to goodness they cannot keep increasing taxes.

I should like to refer to the May, 1985 Budget of the Minister of Finance. In that one statement alone he increased the federal sales tax by 1 per cent. He increased the tax on gasoline by two cents per litre effective September 3, 1985 and by one cent per litre effective January 1, 1986. He also said that there would be a new tax of two cents per litre on diesel and aviation fuels. He broadened the federal sales tax to include candies, soft drinks, pet foods, certain kinds of health foods, certain kinds of energy conservation equipment, and the like. Then he went on to say that the excise tax on tobacco would be increased by 52 per cent and that the excise tax on alcohol would be increased by 2 per cent. That was just in the May, 1985 Budget.

I should now like to refer to the November, 1984 Economic Statement. Again the Government announced another 1 per cent federal sales tax increase and an increase in the petroleum compensation charge. Most recently, in the February, 1986 Budget, it announced another 1 per cent federal sales tax increase for April 1, 1986, an excise tax increase on tobacco of another 6 per cent, and an excise tax increase on alcohol of 4 per cent. It goes on and on. There are literally pages and pages of increased taxes. Surely there is a limit.

A few months ago the Minister of Finance stood in his place and said that the tax system had to be changed, that it had to be improved. Many Canadians thought that that meant reduced amounts of taxes or that the tax system would be made simpler, or whatever. However, that is not the case. The Minister of Finance now wants to introduce a new set of tax regulations called the business transfer tax where everything will be taxed in every business transfer. This means that if one goes to a lawyer to write up a will for the benefit of one's children, spouse, other members of the family or friends, if one picks up one's laundry or if one goes out bowling for the evening, one will be paying new federal taxes.

I think Canadians have been pushed to the absolute brink by expecting them to pay a new set of taxes enthusiastically. I suspect a tax revolt is in the offing. When the Minister of Finance tables the details of the business transfer tax, people will realize that they will pay hundreds of dollars in increased

taxes on areas which were not taxed in the past. They will say, we have had it. Enough is enough. We are mad as hell. We will not take it any more. We will not continue to pay taxes.

We see this reaction against unfair Canadian tax laws every day—the underground economy. Many billions of dollars in transactions go untaxed every year because people have lost faith in the tax system. They have lost faith in the ability of the Government to introduce a fair tax. Transactions involving billions of dollars take place underground. They are never reported and thereby people avoid paying tax to various jurisdictions. The barter system takes place and cash is passed under the table. I suspect Members of Parliament would have to admit that they are aware of the underground economies in neighbourhoods and communities. It is in the forefront. People ask, why should I pay taxes to the Conservative Government in Ottawa which does not even tax thousands of profitable corporations?

According to my last recollection, if we add up the number of profitable corporations in Canada which do not even pay a single cent in federal income tax, it totals almost 80,000. That is almost inconceivable to an average person working in an office, a mine, a mill, or a small business. Such persons pay taxes on every paycheque. They can look at their paycheques and see what they are paying in personal income taxes. They see that they are paying thousands of dollars every year, yet they know about these 80,000 large corporations.

I should like to be specific and refer to some of them. They include the Bank of Montreal, the Royal Bank of Canada, General Motors, Nova Corporation, Hudson's Bay Company, and Shell Oil. I could list 80,000 of those corporations that make profits year after year after year. Sometimes they make in excess of hundreds of millions of dollars of profits. In 1983 the Royal Bank of Canada made in excess of $300 million in profits and did not pay a single cent in income tax. That was the same year the Bank of Montreal made just about $300 million in profits and it did not pay a single cent in income tax. The Hudson's Bay Company that year I think made just under $100 million in profits and did not pay one single cent in income tax.

• (1240)

Canadians say that is unfair and unjust. It is not right and consequently Canadians are getting more and more reluctant to pay what the Government says is "your fair share" knowing that all of these other large corporations have paid zip for many years. That says nothing about the many wealthy individuals who obtain incomes from a variety of investment sources and are able to manipulate the way they conduct their financial affairs in order to pay no income tax year after year after year.

The Government said it brought in a minimum tax and I should remember that. I do remember that, Mr. Speaker. I also remember receiving in the mail an example of a letter that went out from one of the largest accounting firms in Canada saying, here are six differrent routes you can use in your financial affairs to avoid paying even the minimum tax. Already the creative accountants, tax lawyers and tax accountants have found ways and means of getting around the so-called minimum tax.

It is a very sad situation when we find once again that the Government is coming to Parliament saying, we must pass this Bill to collect even more taxes from Canadians. What kind of a Bill is this, Mr. Speaker? It is a Bill that will result in increased federal sales and excise taxes. If you look at what has happened in Canada since the Conservatives took over Government, sales and excise taxes have increased $6.7 billion in terms of adding money to the federal coffers. That money has been taken out of the hands, the wallets, purses and pocket-books of Canadian citizens through sales and excise taxes.

I know, Mr. Speaker, that you are the kind of fellow who would probably ask, I wonder what else has been collected? How does that compare to personal and corporate taxes?" If you look at corporate income taxes, it does not even begin to come close to the $6.7 billion which has come from sales and excise taxes. Corporate taxes increased by only $1.4 billion. What about personal taxes? They went up $3.3 billion. We all know when you talk about sales tax that it is in a sense a hidden tax. People pay gasoline taxes at the gas pumps. When you look at sales and excise taxes and combine them with the increase in personal income tax the money collected totals nearly $10 billion more.

These are Conservative taxes that now add up to $10 billion more taken out of the small communities, towns and cities for use by the federal Government for some highly questionable things. I suppose someone has to pay the extra $41 million so we can build a prison in the Prime Minister's constituency. That is where this money goes. That is why people are outraged at being manipulated and used in such an exploitive way.

On the other hand, I suppose a lot of people will say that is all right and fine, surely we have to raise money to conduct the affairs of Canada. Indeed, we do. But should we collect it from sales and excise taxes or should we collect it through a progressive tax system of personal and corporate taxes?

As New Democrats we oppose Bill C-14 because we feel that sales taxes and excise taxes are the wrong way to raise revenues, for a variety of reasons. Let me mention two or three. First, these are hidden, sneaky, sleazy, underhanded under the table type of taxes. No one knows he or she is paying them. When you buy a product manufactured in Canada and you know there are significant increases in manufacturers' sales tax, those increases are not shown in the price of that product. People do not know to what extent the federal Government is gouging them in this under-the-table, sneaky fashion. They assume this is the price of the product of the developers, manufacturers, retailers or wholesalers. But this sneaky tax is also being added, and once again in Bill C-14 the federal Government is increasing it. We do not like it because it is not an honest tax in the sense that it is not up front for

everyone to see. The federal Government uses this method because it can keep the tax under the table and out of the view of Canadian citizens. We say that is wrong. It is not democratic and it is not forthright. It is sneaky as far as the Government is concerned.

Second, we do not like this tax because it is very regressive. When the very wealthy Canadian buys his or her snow tires he or she might have to pay an extra sales tax now of let us say $5. They do not even notice the $5 as an increase in the cost of a set of snow tires. But when a person from a very poor family goes in to buy that set of snow tires, which you must have in Canada, that person pays the same $5 extra in sales tax but it hurts. The poor family notices the significant erosion of the money at his disposal when he has to pay an extra $5, $10 or $12 through sales taxes. When that person buys his gasoline at the pump it costs an extra $2 or $3 because of increased gasoline taxes. That really hurts the family on a limited income, for example, the veteran on a veteran's pension, the senior citizen on a fixed income, a working family with a very low annual income. But it does not hurt the upper income earner. It does not hurt the person who is obtaining his or her income from investments in the $150,000 to $200,000 salary range. Those people do not notice it. Not only is it a sneaky tax because you cannot see it, it is unfair in that it hurts the low-income earner much more than it hurts the upper-income earner. A millionaire certainly does not worry much about paying sales tax, but the poor family certainly does.

Third, we oppose this type of unfair hidden tax because it is a toll on the consumer and, therefore, it retards the possibility of economic development and expansion in economic areas and job creation. When you take $6, $7, $8 or $9 billion out of the small towns, cities and rural areas of Canada through the taxation system, those dollars are not in those communities to circulate. Those dollars are not being spent at the local barber shop, the local service station or at the local shop down the road. Those dollars are dragged to Ottawa to be spent on priorities that the Government of Canada might have in building new embassies, in some cases, or deciding where to build prisons and that type of thing. Those dollars are not circulating time and time again throughout the year in these small communities. What does that do to the small shop owner, the small business person running a store or a small factory? It means that growth does not take place at the same rate. The consumer has less disposable income.

The most recent quarterly economic review published by the Department of Finance shows that during April and May of this year the disposable income of Canadians fell by 2 per cent. The Conference Board says that our ability to buy is becoming less and less. The National Council on Welfare goes on at some length in its report indicating that it is the middle and low-income Canadians who have less and less disposable income, a situation which harms the economy. Our type of economy requires people to buy services and goods and when they stop or they do not do it at the same rate it slows the economy. That is why in many cases we have such a sluggish economic recovery, if there is an economic recovery occurring at all in some regions.

• (1250)

Given that it retards growth and is a hidden, regressive tax, we feel Bill C-14 should not go ahead. What should go ahead is a commitment by the Government to begin a thorough and complete tax reform. It should make our tax system fair, just and equitable. It should collect a reasonable amount of the tax burden from the corporate sector and get away from the imposition of sales or excise taxes which by definition are unfair, unjust and, quite frankly, un-Canadian.

Mr. Deputy Speaker: Questions or comments? Debate.

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, I appreciate the opportunity to say a few words about Bill C-14 which has the effect of increasing the sales tax. My friend from Kamloops—Shuswap made a number of important and significant points—

Mr. Lewis: Name one.

Mr. Epp (Thunder Bay—Nipigon): And I want to underscore those observations from my experience in the last election campaign. He observed that the reaction of the Canadian people to this tax increase from the Conservative Government was likely to be a tax revolt. The irony is that the tax revolt in the U.S. has worked to the advantage of conservatively-minded political parties. They have used it to reduce government services and social programs.

The curious thing about the federal Conservative Government is that on the one hand pressure has been put on various programs, as exemplified in the spring of 1985 by its attempt to deindex Old Age Security and the carrying through in the fall with deindexation of family allowances. On the other hand, there has not been a corresponding reduction in taxation. On the contrary, taxpayers receive less from the Government than they expected to receive.

It seems particularly appropriate in these few days before Christmas to think about what that means. This is one of the most important times for department stores and shopkeepers of all sizes. If they do not do very well in December, they are probably not going to survive for very long. The consequences of recent tax increases have been to reduce the amount of business that can be done. My friend has already pointed out that disposable income actually fell earlier this year. That is an indication of the impact these taxes are having.

We have a Government made up of a party which makes a big deal about the importance of small business. That party believes itself to be a defender of families and individuals. Members across the way said all these things, but once they were in power what did they do? They started carrying out these raids on the pocket-books of families and the poor. Instead of enhancing their lives, the Mulroney Government has been grinding them down through its use of the tax system.

Mr. MacDougall: Point of order, Mr. Speaker. My hon. friend has slipped by referring to the Prime Minister (Mr. Mulroney) by his name.

Mr. Epp (Thunder Bay—Nipigon): Yes, it is the Conservative Government led by the Right Hon. Member for Manicouagan (Mr. Mulroney). We all know his name. We will all remember it in the next election campaign. He made promises in 1984 which had people hoping there would be more and more jobs and things would get better.

Some Hon. Members: They are!

Mr. Epp (Thunder Bay—Nipigon): As I said, personal disposable income is falling. Whatever people in the Metropolitan Toronto area may be thinking, in vast regions of the country unemployment remains high. People are afraid of what the Government will do with the Forget Commission report. There is no belief across the provinces of Atlantic Canada, through much of *la belle province*—

An Hon. Member: Come and see us!

Mr. Epp (Thunder Bay—Nipigon): —across northern Ontario, the west and into British Columbia that things will improve in the next number of months. That has a great deal to do with a Government which is behaving in so many ways as if it is in the midst of a depression. There is no depression, of course, in the Prime Minister's personal entourage. There is all kinds of squandering going on which outrages the people who have to pay for it, the taxpayers. The expectations of Canadians are not that there is going to be a better life for them in the next few months.

Mr. Lewis: Where have you been travelling these days?

Mr. Epp (Thunder Bay—Nipigon): A large part of that attitude is because of the tax policies the Government has followed. The Government feels what we have to do is tax consumption, and in ways I do not understand. It seems to believe people should be discouraged from spending money. We have to guard investment capital very carefully. We have to provide all kinds of tax incentives to the wealthy. We dangle a $500,000 capital gains tax holiday before the middle-class to try and get them on side. I am always struck at how Conservative Members get busy with their papers when we talk about these things. There is hardly one looking at me and I always find that interesting, too.

Mr. Lewis: I am bored to tears listening to you.

Mr. Mayer: You do not even have any of your own Members listening to you. Everyone is bored and I cannot blame them.

Mr. Epp (Thunder Bay—Nipigon): What the Government is doing is creating one of the basic problems of our economy. How can we expect to have people working and producing if people cannot buy?

Mr. Lewis: We are now going to get a lecture on productivity from the NDP.

Mr. Epp (Thunder Bay—Nipigon): How can we expect factories to be working and wholesale and retail trade carried on when consumers are being discouraged through taxation from spending what they would like to spend? How can we expect prosperity for producers generally when we do not have prosperity among consumers? I do not comprehend that kind of short-sightedness.

Mr. Mayer: You do not comprehend; you said it. That is the first thing you said that makes sense.

Mr. Epp (Thunder Bay—Nipigon): It makes things easy for the wealthy. It makes things seem better in the short run for those in charge of large corporations. Sure, it is nice to have tax breaks which encourage them to invest. However, if you cannot run a factory at capacity now why bother making an investment to add to your facility? There is the heart of the difficulty. We would not have to worry about protecting investment if consumer demand was at a high level.

The NDP, by speaking in defense of the consumer, is also speaking in defense of business of all kinds and sizes. We speak in support of production in the factories and in support of international trade. By being opposed to tax increases which reduce consumer demand we are doing the opposite of what the Government is doing, which is to create a kind of depression situation. The Government is mouldering and insisting that the Canadian people live in that way.

I see it is one o'clock and I will take my seat.

Mr. Deputy Speaker: It being one o'clock I do now leave the chair until two o'clock this day.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

SOCIAL AFFAIRS

PLIGHT OF DOMINION COAL COMPANY OF CANADA RETIREES

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, I rise today to urge the Government of Canada to acknowledge its moral responsibility to the retired workers of the Dominion Coal Company of Canada. These individuals worked for the coal mining company which has since become the Cape Breton Development Corporation. These men provided many years of fine service to this company but have never received any sort of pension income after their retirement.

As a consequence of this, Mr. Speaker, a great many of my constituents are living well below the poverty line of $12,500 for a couple living in a small town. That figure comes from the National Council of Welfare. Some people may think that this could not happen in a country like Canada. However, if we take the time to look at the specific case of one miner, we see that a man who has worked in the mines for 35 years must support himself and his elderly wife on no more than $637.96 a month. This amounts to less than $7,700 a year and, tragically, is well below the poverty line.

A Government's compassion is measured by the way it supports and assists the poor and the weak. If the Government has an ounce of compassion, it will acknowledge immediately that it has a moral responsibility to provide assistance to the former employees of the Dominion Coal Company of Canada and allow them to live out the rest of their lives in quiet dignity. I urge the Government and the Cape Breton Development Corporation to move on this matter forthwith.

* * *

[*Translation*]

THE ECONOMY

PARTICIPATION OF YOUTH IN ECONOMIC PROGRESS

Mr. Marcel R. Tremblay (Québec East): As Member of Parliament for Québec East, I want to publicly commend the Quebec university students who distinguished themselves at the Institute of Chartered Accountants final examination and especially Guylaine Bellavance and Remo Santarossa from Laval University who ranked second and seventh for all of Canada.

I should also mention that of the first ten candidates, five are from the Province of Quebec. That astounding success goes to prove the interest of Quebecers in the world of business and economic education.

In the 60's, we had in Quebec the "*Révolution tranquille*". We are now undergoing an economic revolution. Indeed, the Province of Quebec is in the enviable position of generating the highest number of administration and accountancy graduates of any province.

The result of that interest shown by Quebec students in business is the Quebec laureates. We, Quebecers, are very proud of their success, and I would like to congratulate students from all our Quebec universities. Bravo, keep up the good work!

S.O. 21

[*English*]

EXTERNAL AID

ASSISTANCE PROVIDED BY EAST AND WEST COAST FISHERMEN TO NICARAGUA

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, at this time of year we celebrate the message of peace on earth, good will among all people. Some fishermen on both the Atlantic and the Pacific coasts have worked to put this message into practice. In Newfoundland, where many fishermen have not had a good year, some of them have raised money to send fishing equipment and medical supplies to fishermen in Nicaragua. In British Columbia the United Fishermen and Allied Workers Union recently held their annual sale of herring. Fifty per cent of the receipts will go to their orphans fund and the rest will be divided among a number of worth-while projects, including building and supplying a fiberglass boat for Nicaragua.

Although international arms dealers continue to play the role of Herod in the slaughter of innocents, it is good to see examples of ordinary people like fishermen who make gifts to help create peace and solidarity among all people.

Some Hon. Members: Hear, hear!

* * *

[*Translation*]

EXTERNAL AFFAIRS

APPOINTMENT OF JEAN DRAPEAU AS AMBASSADOR AND PERMANENT DELEGATE TO UNESCO

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, this Government has appointed Mr. Jean Drapeau as Ambassador and Permanent Delegate to the United Nations' Educational, Scientific and Cultural Organization.

Mr. Heap: Shame!

Mr. Fontaine: Mr. Jean Drapeau, a great Montrealer, a great Quebecer and a great Canadian, was Mayor of Montreal over the last three decades.

It is an honor for Montrealers that their first citizen, whom they appreciated and loved for 30 years, has now become Canadian Ambassador to UNESCO.

The man who in such a masterly way focused world attention on the City of Montreal during the 1967 World Exhibition and the 1976 Olympic Games no doubt will succeed in setting a Canadian imprint on UNESCO, and certainly will help give that organization a wider international representativity and a rejuvenated mandate.

S.O. 21

• (1405)

[*English*]

CANADIAN NATIONAL RAILWAYS

EFFECT OF LAY-OFFS ON ATLANTIC CANADA

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, the Minister of Transport (Mr. Crosbie) said that he is not going to intervene with Canadian National to try to get Canadian National to take a human approach to Atlantic Canada. We are well aware of the conditions of the shops in Moncton. Another very serious situation is the further lay-offs in Sydney where nine carmen and one coach cleaner have been recently laid off, cutting in half the CN workforce of carmen in that city. This is at a time when the people of Cape Breton are looking forward to further industrial and economic opportunities.

We want consistency from the Government, not a reduction in the infrastructure or a reduction in the transportation picture, but its enhancement so that the attractiveness of the area will be increased and the economic opportunities will be more forthcoming.

I ask the House to urge the Minister of Transport to forget this Draconian attitude, to stop punishing the world for not having won the Tory leadership, and start acting like a human being.

* * *

[*Translation*]

THE ECONOMY

HOUSING—GOVERNMENT'S PERFORMANCE

Mr. Jean-Guy Guilbault (Drummond): Mr. Speaker, the Conservative Government's economic recovery program is translating into economic growth. For example, for the first time in many years, a financial institution is offering a ten year mortgage, certainly the kind of financing which is likely to please first-time home buyers. This allows taxpayers seeking maximum security through unvarying capital and interest amortization monthly payments to avoid falling victims to skyrocketing interest rates.

At the same time, the Minister responsible for the Canadian Mortgage and Housing Corporation announced the implementation of a new mortgage securities program. This program will have a three way impact: first, the availability of mortgage funds will be increased on the market; second, interest rates will remain at a reasonable level or go down; moreover, this will encourage longer term mortgage loans.

Our Government intends to continue its action plan which, need I mention it, has restored economic stability and growth in Canada.

NEW DEMOCRATIC PARTY

WELCOME EXTENDED TO MEMBER FOR TERREBONNE

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I am delighted to welcome the Hon. Member for Terrebonne (Mr. Toupin) in the New Democratic Party.

Some Hon. Members: Hear, hear!

Mr. Broadbent: Following several months of serious thinking and for reasons of principle, he has decided to join the New Democratic Party. He will speak out loud and clear on behalf of Quebec men and women and all the unemployed seeking work, while promoting social reform and justice.

Some Hon. Members: Hear, hear!

Some Hon. Members: Welcome!

[*English*]

Mr. Broadbent: I conclude by saying that I welcome him to the great cause of great Canadians like Tommy Douglas and Robert Cliche.

Some Hon. Members: Hear, hear!

Some Hon. Members: More, more!

• (1410)

Mr. Speaker: I am sure all Hon. Members would want the Chair to draw to their attention the old rule about congratulatory messages. However, the Chair is mindful that this was a spontaneous demonstration and, as a consequence, once again exercises some benevolence which perhaps should come out of the time of one of the honourable Parties in the Chamber.

Some Hon. Members: Oh, oh!

* * *

[*Translation*]

FORESTRY

OPENING OF CANADIAN FORESTRY SERVICE BUREAU IN VAL-D'OR, QUE.

Mr. Guy St. Julien (Abitibi): For the very first time in the whole history of the Abitibi-Témiscamingue region, Mr. Speaker, the federal Government has officially opened in Val-d'Or a new office of the Canadian Forestry Service. That is a significant presence in a forest region of world-wide reputation. Hon. Gerald Merrithew, the Minister of State (Forestry and Mines), has emphasized the close co-operation with the Quebec Department of Energy and Resources which will make it possible to achieve the goals under the Canada-Quebec agreement on forestry development which should yield an average of some $6 million per year in this North Western Quebec region.

Office Director Jacques Cloutier and his staff will have the responsibility of supporting and facilitating the execution of forestry activities undertaken by Indian bands.

Mr. Speaker, it will be easier from now on to bring continuing assistance to Employment and Immigration Canada for the various job-creation programs in the forest industry.

The Val-d'Or Office will facilitate the scientific research activities which have made the reputation of the Canada Forestry Service for over 50 years.

* * *

[*English*]

NATIONAL RESEARCH COUNCIL

TASK FORCE'S TERMS OF REFERENCE

Mr. David Berger (Laurier): Mr. Speaker, have you ever gone to the doctor knowing that he or she was not allowed to tell you you were sick, even if you were? This is what the Government did with the task force examining the cuts at the National Research Coucil.

The task force was appointed on November 7 but its terms of reference were announced only last week. The task force has been put on a short leash. It is asked to advise whether cuts endanger the health or safety of Canadians, or impair the ability of the NRC to implement its five-year plan. The task force is not authorized to question the initial decision to cut some $20 million from the budget of the NRC. It has not been asked to evaluate the basic value of the research, or to state what Canada stands to lose from these cuts if they do not affect NRC's five-year plan.

The terms of reference should be broadened. Canadians deserve a full inquiry, not a whitewash, into the Government's miserable policies.

* * *

TRADE

AMENDMENTS TO JAPAN'S BUILDING CODE—FORECAST OF INCREASED LUMBER SALES FROM BRITISH COLUMBIA

Mr. Gerry St. Germain (Mission—Port Moody): Mr. Speaker, the fate of the forest industry in British Columbia seems to be constantly in jeopardy these days and no one is more concerned for its well-being than our Prime Minister (Mr. Mulroney) and ,Members of this Government. Today in *The Globe and Mail* it is reported that the Japanese Minister of Construction has recommended amendments to Japan's building code to allow the construction of three-storey single family wooden homes.

This recommendation comes in the wake of the Prime Minister's visit to Japan and his efforts to secure a commitment to this very change. It is estimated that this building code change will result in an increase in sales of 2x4's to Japan from British Columbia by 25 per cent. Last year these sales were valued at $75 million.

It is clear that the Prime Minister's trip to Japan will be worth every penny to the people in the lumber industry in British Columbia, and to all of Canada.

* * *

NUCLEAR ARMAMENTS

CRUISE MISSILE TESTING—STUDENT'S LETTER TO PRIME MINISTER

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, at this time of year it is common to hear wishes of peace on earth, good will to all people. I am pleased to say I have received a great many letters from students at John Gunn Junior High in my riding. They have written to me and to the Prime Minister (Mr. Mulroney) with respect to their concern about the future of the world.

I would like to read a few lines from a letter which was sent to the Prime Minister from a student at John Gunn Junior High:

> I am writing this letter because I am concerned over what nuclear war would do to my future and the future of the world.
>
> I am scared about what nuclear arms will do to me, my family and my friends. I want to live a full life but with this threat of a nuclear war hanging over my head, I wonder if I will.

She goes on to say to the Prime Minister:

> What I expect of you is to take this letter very seriously. I am only a teenager, you are an adult, and I have the right to live a full life such as you and generations before us have. I will not accept nuclear war ever. You have a responsibility to listen to me and understand that I want to live.
>
> Canada right now, I understand, does not have nuclear weapons on its soil. This is step in the right direction, but why are we supporting the Americans for their nuclear weapons, and allowing them to fly the cruise missile over Canada?

That is from a student in my riding.

* * *

• (1415)

CANADA POST CORPORATION

PROVISION OF SOUND DELIVERY SYSTEM URGED

Mr. Alex Kindy (Calgary East): Mr. Speaker, the installation of community mailboxes has created havoc across the country.

Some Hon. Members: Hear, hear!

Mr. Kindy: It is just one more of those incompetent decisions of Canada Post. Mr. Speaker, do you remember the super-automated sorting plants that were supposed to help us get our mail the next day? We are still waiting for that mail to arrive in 24 hours. Now we are told that the supermailboxes will do for us—so the advertisement says—almost anything. And it's supposed to be fun, by the way.

Then Canada Post came up with another project, the closing down of 1,700 rural post offices. What a farce! I suggest that before implementing all these exotic ideas Canada Post should look for basics, and consider effecting more efficient management practices by setting higher productivity levels and by providing a more sound postal delivery system to all Canadians.

* * *

CANADA POST CORPORATION

POSTAL SUBSIDIES FOR MAGAZINES

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, magazines owned and controlled by Canadians, unlike regional and local newspapers, are primarily a national as opposed to a local medium. Their focus is from a Canadian perspective. They entertain, educate, stimulate, record heritage, and express Canadian national identity. Postal subsidies for Canadian magazines have been in place for more than 70 years. The retention of special postal rates for magazines has been supported by the O'Leary Commission, the Davey special committee, and the Applebaum-Hébert Commission.

A 1984 study done for the Department of Communications emphasized the importance of concessionary postal rates. The report warned that, if it were decided to end the subsidy, the amount and rate of increase necessary to do so would likely threaten the survival of the Canadian industry.

The vitality of a strong domestic periodical industry is important to Canadian producers of goods and services. They reach, in a cost-effective way through advertising, Canadian consumers. The postal subsidy program is key to publishers, to advertisers, the Canadian economy. It should not be phased out.

* * *

LIVESTOCK

SWINE PNEUMONIA—FUNDS TO AID RESEARCH

Mr. Lee Clark (Brandon—Souris): Mr. Speaker, over the next four years the Brandon Research Station will receive over $164,000 from the federal Government to finance the search for a vaccine to control swine pneumonia. This disease is becoming more and more of a problem for hog producers all across Canada. An effective vaccine will save producers a considerable amount of money.

The people who do agricultural research in Canada are the unsung heroes of the agricultural sector. Projects such as the one I have just mentioned may not sound many glamorous to Members of the House and they do not make very headlines, but researchers help our producers become more efficient. All of their work helps make Canada more competitive in the international market-place.

On behalf of the House I would like to commend all of those involved in agricultural research in Canada, and the federal Government for its continued commitment to this sector.

ORAL QUESTION PERIOD

[*English*]

PENITENTIARIES

PORT-CARTIER PRISON—MANAGEMENT CONTRACT—AUDITOR GENERAL'S VIEW

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, my question is for the Right Hon. Prime Minister. On the news last night the Auditor General was asked about the management contract for the construction of the prison in Port-Cartier in the Prime Minister's riding. The reporter asked: "You're saying it was fixed?" The Auditor General of Canada replied: "Yes."

Is it the view of the Prime Minister that neither he nor his Government is responsible for the awarding and procedures, in an improper way, of this contract and the acceleration of it to meet electoral purposes in his riding?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, I believe I made it very clear yesterday, both in my statement and during Question Period, that there were allegations of a conflict of interest raised in the House. At that point I announced an investigation into that conflict of interest. In fact, I reported that there was found to be a conflict of interest. I announced the sanctions that we had undertaken to deal with that conflict of interest. So I think the matter is very clear. There was a conflict of interest. We dealt with it in a manner which I feel is appropriate.

[*Translation*]

REQUEST FOR EXPLANATION OF MINISTER'S POSITION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, if the Minister insists on answering, how can he explain the fact that the Auditor General himself maintains that the awarding of the contract was accelerated, and how will he explain his own words to the effect that he had a tight schedule?

How can he explain all that to justify the position he has just taken?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, the position I have just taken is quite simple. Someone suggested in the House that there had been a conflict of interest. As a result of an inquiry into all facts in this case it was decided that indeed there had been a conflict of interest. So yesterday we announced measures to deal with this conflict.

I fail to see any inconsistency between my answer and the statements of the Auditor General.

• (1420)

[*English*]

PRIME MINISTER'S POSITION

Right Hon. John N. Turner (Leader of the Opposition): My question is again directed to the Prime Minister. The Prime Minister and his Government are spending an additional $41 million of the taxpayers' money to construct that prison in his riding, and to accelerate the construction for political purposes. After the improprieties in the awarding of the management contract, and the Auditor General's review of the entire procedure, will the Prime Minister admit that he and his Government were wrong from start to finish in this whole matter?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I am advised that the dollar information that is being used by my right hon. friend is in serious error.

Mr. Turner (Vancouver Quadra): Those were the Auditor General's figures.

Mr. Mulroney: No, they were not the Auditor General's figures. That is the figure that the Leader of the Opposition has been throwing around, and it is quite wrong. We will try to deal with that in an objective manner.

In regard to the question as to whether the decision was the proper one, the Government believes that it was. We followed criteria that were set out almost word for word by the Solicitor General of the previous Liberal Government who indicated that when a ministry has a project that is required, and in this case we did require the institution, we took account of the economic conditions in the part of Canada where it was needed in deciding precisely where it would go. I do not think that there is anything to apologize for there. I think that all Departments should do that.

What the former Solicitor General was saying was that the Government in making these determinations, as his Government did in regard to the prison in Renous, should take into consideration economic regional disparity. This Government did precisely that, and the decision was a sound one.

[*Translation*]

PRIME MINISTER'S POSITION

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, my question is directed to the Prime Minister.

In a letter which the Auditor General addressed to you yesterday, along with an update on recommendation 7.95 of his report concerning the Port-Cartier prison, he pointed out that his annual report is referred to the Standing Committee on Public Accounts. He concluded by saying: "Should the committee so desire I will be pleased to appear before the committee to review all facts related to paragraph 7.95."

Here is what I want to ask the Prime Minister. Can he assure the House that he will not bring pressure to bear on the Conservative majority members of the committee in an attempt to prevent the Auditor General from giving testimony before the committee with respect to this specific issue?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, it is a totally pejorative allegation concerning all Members of this House. Of course the Auditor General is the servant of the House. He will always be received with respect and courtesy.

POSSIBILITY OF AUDITOR GENERAL APPEARING BEFORE COMMITTEE

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, I have a reason for asking this. I quote from a press release:

[*English*]

Prime Minister Brian Mulroney's office telephoned the Chairman of the Commons Committee on Justice today apparently for a progress report on the Committee's hearing on the Port-Cartier prison.

[*Translation*]

I have a supplementary, this time concerning Hon. Members and committee witnesses. Since the Auditor General has graciously offered to appear, may I ask the chairperson of the Committee on Public Accounts whether she would be prepared to invite him to appear before the committee?

[*English*]

Miss Aideen Nicholson (Trinity): Mr. Speaker—

Mr. Speaker: The Hon. Member for Kamloops—Shuswap.

Mr. Gauthier: She is the Chairman of the committee.

Mr. Speaker: Order, please. The Hon. Member has asked a question and it has not been answered. There is no rule that says that the Minister or—

Mr. Turner (Vancouver Quadra): The committee Chairman—

• (1425)

Mr. Speaker: The Hon. Member for Kamloops—Shuswap.

Some Hon. Members: Oh, oh!

Mr. Gauthier: Koester, tell him.

Some Hon. Members: Order, order!

Mr. Speaker: Order, please. If Hon. Members have a grievance to raise, they can raise it after Question Period. The Chair has made a ruling. The Hon. Member for Kamloops—Shuswap.

* * *

CITIZENSHIP COURTS

ALLEGED BEHAVIOUR OF CITIZENSHIP COURT JUDGE

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is directed to the Minister of Justice. He will be aware of some very serious allegations in media reports today about a citizenship court judge who allegedly was counselling new Canadians to vote Conservative and to support the Conservative Party. In other words, he was making some very partisan comments as part of his ongoing discussions with new Canadians. Has the Minister of Justice looked into the situation? Has he suspended the citizenship court judge pending an investigation into these allegations?

Hon. David Crombie (Secretary of State of Canada): Perhaps I could assist, Mr. Speaker. I had an opportunity to read the allegations in the newspaper this morning. I took the action of causing an investigation to be started. That investigation began this morning. I hope to make a statement by the end of the week.

MINISTER'S POSITION

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my supplementary question is for the Minister of Justice. It concerns the very serious nature of these allegations and the pall which they throw over the entire citizenship system in Canada. Has the Minister of Justice examined the situation in adequate depth to ensure that very clear directives have gone out and are understood by all judges involved in citizenship procedures, that they are in non-partisan positions and any comments they make ought to be non-partisan in content?

Hon. David Crombie (Secretary of State of Canada): Mr. Speaker, indeed the Hon. Member is quite correct. Allegations concerning unacceptable conduct in which such judges would involve themselves are extremely serious. There is no question about that. This is why I called for an investigation this morning. I will be able to make a statement by the end of the week. I might say in respect of any further confirmation of attitudes by judges that an investigation has also been undertaken this morning.

SCRUTINY OF APPOINTEES

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I appreciate the Minister's response to the questions, but I should like to direct my last supplementary question to the Minister of Justice. Since these appointments are very important, in that a citizenship court is the first opportunity for new Canadians to be exposed to the Canadian judicial system, it is very important that they be non-partisan. To ensure that this type of partisan comment is never repeated, to ensure that the process is as clean as possible, and to ensure that such questions never have to be asked again in the House of Commons, would the Minister of Justice indicate that, whenever appointments are made, appropriate scrutiny by an appropriate committee will be given some priority?

Hon. Ray Hnatyshyn (Minister of Justice and Attorney General of Canada): Mr. Speaker, Hon. Members will know that as Minister of Justice I do not have responsibility for appointments of citizenship court judges. While they are citizenship court judges, they are not judges under Section 96 of the Constitution. I think my colleague, the Secretary of State, who has been answering in respect of the matter, has dealt with it very fulsomely and very forthcomingly. I think Hon. Members should applaud the approach being taken to ensure that we have the highest standard of citizenship court judges in the country.

STATEMENTS ATTRIBUTED TO CITIZENSHIP COURT JUDGE

Mr. John Nunziata (York South—Weston): Mr. Speaker, my question is directed to the Prime Minister. It also concerns the unconscionable conduct of a citizenship court judge who was appointed by the Prime Minister and is active in the Conservative Party. During the course of a citizenship interview with Mr. Al Roberts of Oakville, the judge referred to the Gandhi family of India as "a bunch of communist bastards". As well he urged Mr. Roberts to vote for the Conservative Party. Will the Prime Minister immediately remove this judge from office?

Hon. David Crombie (Secretary of State of Canada): Mr. Speaker, I have already indicated to the House that the allegations are extremely serious. This is why, when I read them this morning, I caused the investigation to be started. That investigation will take only a day or two. I want to ensure, before we take any action which is commensurate with any wrongdoing, that the investigation is properly done. It will take a day or two, and this is why I indicated I will make a public statement on the matter no later than Friday.

• (1430)

ALLEGED CRITICISM OF CANADIAN BROADCASTING CORPORATION

Mr. John Nunziata (York South—Weston): Mr. Speaker, I have concluded my investigation. There are a number of—

Some Hon. Members: Oh, oh!

Mr. Speaker: Order, please. The Chair has heard the questions on this particular subject and I have been listening very carefully because Hon. Members are getting very close to breaking one of our rules, and that is an attack on a judge. There may be some argument whether this judge is of a high enough court, but I think the rule intends that personal attacks

be not made on the court of the judge. The questions asked I have felt have been in order, but I would ask the Hon. Member for York South—Weston to be very careful.

Mr. Nunziata: Mr. Speaker, Conservative Members may consider this funny, but we in the Opposition—

Some Hon. Members: No.

Some Hon. Members: Oh, oh!

Mr. Nunziata: —consider it to be very serious.

If I may continue, Mr. Speaker, there are a number of documented cases. During the course of another citizenship hearing with Mr. Stephen Wadhams, a CBC producer, the same judge in question criticized the CBC for ruining the country, and further on in his interview—

Mr. Speaker: Order, please. The Chair does not view the matter that is being raised as anything else except very serious. I would ask the Hon. Member to put his question to which the Minister can reply.

Mr. Nunziata: During the course of an interview with Mr. Stephen Wadhams, a CBC producer, it is alleged that the same judge—

Mr. Riis: Question.

Some Hon. Members: Question.

Mr. Speaker: Order. The Chair is in this position. The Hon. Member has raised a matter which is of very serious importance and apparently, by the answers of the Minister, is being treated that way. This is not the place to get into an extensive discussion of allegations about anyone, especially one who is a judge. The Minister has replied that an investigation is taking place. I would ask that the Hon. Member think over carefully just exactly how he wishes to ask a question and perhaps rise tomorrow. The Hon. Member for Nickel Belt.

Some Hon. Members: Right on.

Some Hon. Members: Hear, hear!

Mr. Broadbent: Bravo.

* * *

EXTERNAL AFFAIRS

ANNOUNCED CLOSURE OF HELSINKI EMBASSY

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Secretary of State for External Affairs. It has to do with the announcement by his Department of the closing of the Canadian Embassy in Helsinki, Finland. There are over 50,000 Canadians of Finn origin in Canada, some 6,500 alone live in the Nickel Belt area. These Canadians have made a significant contribution to Canadian life. Further, Helsinki serves as an important listening post between East and West.

Can the Minister explain to all Canadians the rationale for the decision to close this very important and vital link with Finland?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I certainly share the view of the Hon. Member, and I think it is shared by all in the House, that Canadians of Finnish origin have made and continue to make an outstanding contribution to Canada. That is not the question at issue when the Government has to come to terms with the legacy of deficit that was left us by the former Government—

Some Hon. Members: Oh, oh!

Mr. Blackburn (Brant): Throw that old record out.

Mr. Waddell: Take it from the prison money.

Mr. Clark (Yellowhead): —and has to come to some difficult decisions about how the policy of restraint will be applied. We have done that carefully and we have done it with a certainty that services that Canadians expect will be capable of being performed through other arrangements, and that the relations between Canada and Finland will remain at their present excellent state.

REQUEST FOR RECONSIDERATION OF DECISION

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, my question is for the Secretary of State for External Affairs. Will he reconsider this short-sighted and unfortunate decision which has shocked thousands of my constituents in Thunder Bay, constituents of Finnish Canadian origin who love Canada but who expect to have the services of an embassy when they visit Finland and enjoy the country from which they and their ancestors came? Will the Minister reconsider the decision?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the short answer to that is no. May I also say while I am on my feet that I appreciated the endorsement of the difficult decisions we had to take by the spokesman for the New Democratic Party, the Hon. Member for Windsor—Walkerville, last night on CBC television.

Some Hon. Members: Hear, hear!

Mr. Speaker: Order, please. Hon. Members will recall that a few minutes ago the Hon. Member for Saint-Jacques asked a question of a committee Chairman. The Chair must say that I did not see the committee Chairman rising. I am now informed that indeed she was. The Hon. Parliamentary Secretary to the Deputy Prime Minister has spoken to me about this and I think it would be appropriate if I recognized the Hon. Member for Saint-Jacques to let him put his question to the Chairman of the committee.

Some Hon. Members: Hear, hear!

[*Translation*]

PUBLIC ACCOUNTS

AUDITOR GENERAL'S OFFER TO APPEAR BEFORE COMMITTEE—CHAIRMAN'S POSITION

Mr. Jacques Guilbault (Saint-Jacques): In all fairness I must thank you, Mr. Speaker.

The supplementary question I wanted to direct to the chairperson of the Committee on Public Accounts is as follows. Since the Auditor General has graciously offered to appear before the committee to elaborate on recommendation 7.95 of his report, would the committee chairperson be prepared to invite the Auditor General now and accept his offer?

[*English*]

Miss Aideen Nicholson (Trinity): Mr. Speaker, Members will know that the Public Accounts Committee has a standing reference of the Auditor General's Report so that the authority of the committee is there to deal with any part of the Auditor General's Report. The Auditor General's letter has been circulated to Members so that they can decide on an appearance as they look at competing agenda items. I will be bound by the recommendations of the Members.

Some Hon. Members: Hear, hear!

REQUEST FOR MINISTER'S DISMISSAL

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, my question is for the Prime Minister. Canadians learned from the Auditor General recently that in October, 1985, Correctional Services Canada misled Treasury Board on the contract for Port-Cartier. Yesterday we learned that the Correction Services Canada awarded a management contract in clear breach of conflict of interest guidelines. In view of the history of incompetence, of porkbarreling, of the waste of taxpayers' money, and the corruption in the awarding of contracts in this matter, will the Prime Minister not take the appropriate step and fire the Minister responsible for this sorry mess, the Solicitor General of Canada? Will he not accept responsibility for this?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, I would like to emphasize the very misleading preamble to this question. I do not recall any submission to Treasury Board which was misleading. There is a mention of a draft submission that never reached Treasury Board, and to the best of my knowledge no misleading Treasury Board submission was ever dealt with by Treasury Board.

Mr. Robinson: Mr. Speaker, the Auditor General's report at paragraph 7.98 clearly states that there was a misleading submission.

COMMITTEE HEARINGS

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, my supplementary question in the absence of the chairperson of the Standing Committee on Justice and the Solicitor General is for the Prime Minister. Can the Prime Minister confirm that this morning one of his officials, an official of the Prime Minister's Office, contacted the chairperson of the Standing Committee on Justice and Legal Affairs during our hearings on Port-Cartier? Will he explain just what on earth his official was doing in trying to interfere with an independent committee studying a serious issue? Why was he trying to muscle the chairperson of that committee on this question?

• (1440)

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Hon. Member's assertion is blatantly false. I placed a call to the chairman. I had not realized he was in committee at the time. Because he was I saw him afterwards, and I do not think there is anything wrong with meeting one of my colleagues, particularly a chairman.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF DELEGATION FROM SUPREME SOVIET OF THE UNION SOVIET SOCIALIST REPUBLICS

Mr. Speaker: I wish to draw to the attention of Hon. Members the presence in our gallery of a delegation from the Supreme Soviet of the Union of Soviet Socialist Republics led by Viktor Grigoryevich Afanasiev, a Member of the Commission on Foreign Affairs.

Some Hon. Members: Hear, hear!

* * *

IMMIGRATION

APPEAL TO FEDERAL COURT AGAINST DECISION OVERRULING MINISTER'S DEPORTATION ORDER

Mr. Gerry St. Germain (Mission—Port Moody): Mr. Speaker, my question is directed to the Minister of State for Immigration on an issue which is still very disturbing to the people of British Columbia. As I understand it, the option of appealing the recent decision of the Immigration Appeal Board in Vancouver to the Federal Court of Canada is a feasible alternative. In light of that, what I must know from the Minister today is when—I repeat, when—will he make a commitment to pursue this necessary appeal?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, the former Liberal Government allowed this person to enter Canada in 1981, or well before September 4, 1984. Now we will do everything we can to get him out. We will appeal now.

Some Hon. Members: Hear, hear!

PUBLIC SERVICE

DOCUMENT CONTAINING ALLEGED REQUEST TO CHASE MANHATTAN BANK

Hon. Bob Kaplan (York Centre): Mr. Speaker, I want to direct a question again to the Prime Minister about the Robert Shea affair which I raised yesterday. At that time the Prime Minister claimed there was no proof in writing that the Government had tried to find work for his friend Robert Shea with the Chase Manhattan Bank in a consulting contract for Cape Breton Island. I now have a copy of a document produced by the Government and tabled before the Parker Commission. Is it his position that this document is a forgery and was not produced within the Department of Regional Industrial Expansion? I am referring to the document which has the signature line of John D. McLure.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I have no idea what the hon. gentleman is referring to. I have not been given a copy of that except that I—

Mr. Guilbault (Saint-Jacques): It was not signed yesterday. Did you know yesterday?

Mr. Mulroney: —except that I did read yesterday that Mr. McLure denied signing that particular document.

REQUEST FOR INVESTIGATION OF DOCUMENT

Hon. Bob Kaplan (York Centre): Mr. Speaker, I am aware of the denial—

Some Hon. Members: Oh, oh!

Mr. Mulroney: Why didn't you mention it?

Mr. Kaplan: —but it was produced by the Prime Minister's Government and tabled before a Royal Commission.

Mr. Clark (Yellowhead): You are taking lessons from Nunziata.

Mr. Kaplan: It contains an allegation—

Some Hon. Members: Question!

Mr. Kaplan: —that the official was asked to find work for a friend of the Prime Minister. This document having been produced, is the Prime Minister prepared to inquire into it and find out why that language appears there? That is the least you should do when a document produced for a Royal Commission contains a statement like that. Get to the bottom of it.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, even for the hon. gentleman this is a new height of convoluted logic. He produces a document containing an allegation which he now admits has been denied by the alleged signatory. If you want to know anything about Mr. Shea whom I referred to yesterday, why not ask the Hon. Member for Notre-Dame-de-Grâce—Lachine East because he was a friend and classmate of Mr. Shea and speaks highly of him?

Mr. Speaker: Order, please. The Hon. Prime Minister will refrain from using the word "you".

* * *

SOCIAL AFFAIRS

CHILD TAX CREDIT—DELIVERY OF REPLACEMENT CHEQUES

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, my question is directed to the Minister of National Revenue. Bureaucratic bungling will cost thousands of low-income people who moved last year their child tax credit. It was promised for Christmas and they are counting on it for Christmas. What will the Minister do to cut the red tape which could mean it will take two to three months to get replacement cheques to families who have changed their addresses and who are desperately counting on this money for Christmas?

Hon. Elmer M. MacKay (Minister of National Revenue): I appreciate the understandable concern expressed by my colleague and I can assure her that we have taken whatever steps are feasible to make alternative arrangements to send out cheques to people whose addresses have been advertently or inadvertently supplied incorrectly. The best thing taxpayers can do under the circumstances, if they wish to expedite the process, is to contact their District Office immediately and give their correct address. We will do our best to get the cheques out as soon as possible.

REQUEST THAT PROCESS BE EXPEDITED

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, the information I have is that it will take at least eight weeks after it has gone through his Department and then to Supply and Services. That is impossible. Why can the Minister not simplify the procedure and arrange to cancel cheques sent to the wrong addresses and issue replacement cheques if applicants sign an affidavit? Make it simple and get it out for Christmas.

Hon. Elmer M. MacKay (Minister of National Revenue): We will do whatever is possible to simplify the procedures. There have to be certain minimum safeguards. However, in any area where we can expedite the process it will be done.

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IMMIGRATION

ACTION TAKEN BY IMMIGRATION APPEAL BOARD

Mr. Benno Friesen (Surrey—White Rock—North Delta): Mr. Speaker, my question is supplementary to that asked by

the Hon. Member for Mission—Port Moody of the Minister of State for Immigration. Since the Immigration Appeal Board concerned was appointed with long tenure and has put Canadian citizens at risk, would the Minister see whether or not it is subject to prosecution for doing so?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, clearly what I said is that we will appeal the decision of the IAB to the Federal Court under Section 28. It would certainly be inappropriate to comment any further as the matter will go before the Federal Court.

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GOVERNMENT EXPENDITURES

TRAVEL EXPENSES OF PRIME MINISTER

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is directed to the Prime Minister and pertains to his foreign travel expenditures which cost the taxpayers an incredible 800 per cent more than similar travels by Prime Minister Trudeau. Can he explain to this House and Canadian taxpayers why he needs to travel with as many as 78 maids, butlers, and so on, costing as much as $50,000 per night, when former Prime Minister Trudeau travelled with one-third as many people, for one-tenth the cost?

Mr. McDermid: And was about one-fifteenth as effective.

Mr. Hnatyshyn: That was on a canoe trip.

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I think even the Hon. Member will understand that the allegations in the preamble to his question are false. Let me come to the so-called news story on which he has based his allegations. They had to do with a comparison between the so-called peace mission undertaken by the former Prime Minister, Mr. Trudeau, and attendance at international summits, one of la Francophonie and one the International Economic Summit, by the present Prime Minister. Even the Hon. Member will know that the number of people involved for a small specific mission such as the peace mission of Mr. Trudeau is a much smaller number than that required by any Prime Minister attending any international summit.

Some Hon. Members: Hear, hear!

Mr. Boudria: Mr. Speaker, I never thought I would see the day when the travel expenditures of the former Minister of the Environment would sound like a bargain to Canadian taxpayers.

[*Translation*]

ALLEGED WASTEFUL SPENDING—PRIME MINISTER'S POSITION

Mr. Don Boudria (Glengarry—Prescott—Russell): I should like to direct my supplementary question to the Prime Minister. What concrete steps is he contemplating to put an end to this orgy of wasteful spending? Moreover, is he prepared to make a statement right away in this House to apologize to the Canadian people and indicate his resolve to do better from now on? Is he prepared to make such a commitment today, yes or no?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I would not want to repeat the question asked by one of my colleagues concerning the trip which the Hon. Member has made to Taiwan, but I do want to indicate that it is quite essential—and accepted as such by Canadians—that the Prime Minister of Canada should play a significant role at the Economic Summit and at the *Sommet de la Francophonie*. It is an accepted fact by all well-informed Canadians that the previous Liberal Government was not even able to achieve a Francophone summit. This Government has, and I think it is a major contribution to the future of this country.

* * *

AIRPORTS

REQUEST FOR EXPLANATION OF ADMINISTRATION OF NEW MONTREAL INTERNATIONAL AIRPORT

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have a question for the Minister of State (Transport).

Can the Minister explain why, according to his announcement last week, the administration of the new Montreal International Airport will remain under federal control? Why did the Government decide to establish a local advisory committee with no administrative powers? Why will this advisory committee represent only the private sector with no participation from the municipal and labour sectors or from consumers?

Hon. André Bissonnette (Minister of State (Transport)): Mr. Speaker, as usual, many allegations have been made, but there is very little basis for these questions.

I announced last week that there would be an advisory council during the first transition stage of the airports. As concerns the second transition stage, we are considering privatizing certain Canadian airports, as we did for ports, to provide for local administration, which would be more effective than the present system.

INQUIRY WHETHER COMMUNITY WILL PARTICIPATE IN ADMINISTRATION OF AIRPORT AT MIRABEL AND AT DORVAL

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, last week when I was in Montreal, I was asked how long this transition period would last. In addition, is it true that the basic decisions will be made before the community can take part in the administration of the Mirabel and Dorval airports?

Hon. André Bissonnette (Minister of State (Transport)): Mr. Speaker, I must tell the House that I was going to meet

Mayor Doré from Montreal this morning as well as the Chambre de Commerce and the Board of Trade to discuss certain matters. Three times already, the day before the meeting at five o'clock, that is last evening at five o'clock, the Montreal Board of Trade cancelled the meeting which was going to be held to discuss certain points at the suggestion of some people.

The federal Government is open to discussion and I have already made myself very open to discussion in the Mirabel-Dorval issue because we want to involve as many people as possible to provide for a better administration.

* * *

• (1450)

[*English*]

EXTERNAL AFFAIRS

EMBASSY CLOSURES—PRIME MINISTER'S TRAVEL EXPENDITURES

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, my question is directed to the Secretary of State for External Affairs who has just taken a stab at defending the indefensible. Does he not find it somewhat paradoxical that while he is shutting embassies and consulates the Prime Minister is squandering money on foreign travel, sometimes at the rate of $50,000 per night? This is money from the Minister's budget. Will the Minister make representations to the Prime Minister to at least reduce this obscene level of expenditure in order that the Minister will have money to provide the kind of professional representation abroad which Canadians expect?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I think the Member's colleagues found a question in that long statement. I did not. If the Member can pose one, I will try to answer it.

Mr. Johnston: Mr. Speaker, I do not want to repeat my first question since I have a supplementary question. However, in a line, he should get back some of the money that is being squandered by the Prime Minister's Office.

ANNOUNCED CLOSURE OF EMBASSY IN FINLAND

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, my supplementary question is with regard to the closing of our embassy in Helsinki, which I gather will take place. Could the Secretary of State please explain what alternative arrangements could possibly be made to substitute for the presence of our embassy in Helsinki, Finland, a country with which we have great common interests, including Finnish-Canadians, consular services and, of course, a common community of interests as northern neighbours?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I appreciate the interest of the Member and all Members of the House in this issue. Had the Government been left with a financial situation—

Some Hon. Members: Oh, oh!

Mr. Clark (Yellowhead): —less serious than the one left to it by the former Liberal Government, it would be possible for us to consider having a far more extensive diplomatic presence in the world. We are faced with the reality of having to practise restraint. We have had to make some difficult decisions. I can guarantee the Hon. Member that Canada's interests and relations with Finland will be well respected and adequately served through alternate arrangements which will be made.

* * *

CANADIAN WHEAT BOARD

HIGH QUALITY WHEAT—REQUEST THAT PRODUCERS RECEIVE FINAL PAYMENT

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is directed to the Minister responsible for the Canadian Wheat Board. Seventy representatives of prairie wheat producers are in Ottawa for today and tomorrow to attend meetings with regard to the final payments for No. 1 and No. 2 wheat from the last crop year.

Is the Government prepared to give these producers the final payment for the last crop year in order that they will receive the money which the Wheat Board has realized from the sale of their No. 1 and No. 2 wheat?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, the Hon. Member has raised this question in the House before, and he has raised it with me in committee. The Wheat Board is now in the process of doing the final calculations. It is my information that the final figures on the situation of the pool of money to be paid to wheat growers will not be available until around January 15. At that time we will know exactly the situation and will be able to deal with it. Until that time, the Hon. Member's question is basically hypothetical.

GOVERNMENT POSITION

Mr. Maurice Foster (Algoma): Mr. Speaker, clearly the producers want to receive the full payment due to them. If the Government made an error in setting the initial price for low grades of wheat, does the Minister believe it is fair that producers of No. 1 and No. 2 wheat should have to pay for that error? If the Minister would answer that question, the producers would know what course of action the Government will take when the final payment is due.

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, we are quite aware that the wheat producers are here for today and tomorrow. We welcome them. Various caucus members from all sides of the House are meeting with them. My colleague, the Minister of Agriculture, and myself will be meeting with them tomorrow morning. We are very interested in hearing their position and are prepared to listen to any proposals they want to make and to have a full discussion on what those proposals will mean for future pooling periods.

* * *

CANADIAN ARMED FORCES

ROLE OF WOMEN

Mr. Derek Blackburn (Brant): Mr. Speaker, my questions are for the Minister of National Defence. His Department has recommended that women and homosexuals not be given equal opportunity in the Armed Forces as our Charter of Rights and Freedoms guarantees. Why does his Government discriminate against women while in Denmark, which conducted its own trials and tests, women are allowed to volunteer for combat units?

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, I was very interested in the decision taken very recently in Denmark. Two weeks ago when I was in Brussels at the NATO Defence Ministers' meeting I had an opportunity to speak with my Danish colleague. He has undertaken to send me material related to the Danish experiments. I understand that the summary document, which has been in the press in recent days, is calling for studies to be done by Canada precisely to determine what new opportunities there could be for women within the Canadian Armed Forces.

EQUALITY OF WOMEN

Mr. Derek Blackburn (Brant): Mr. Speaker, my supplementary question is a simple one. Why should Canadians have to provide more positive evidence to the Minister to get the protection guaranteed by the Charter of Rights and Freedoms and our Constitution? Should the Minister not introduce legislation with the notwithstanding clause if he wants to treat women like second class citizens?

Hon. Perrin Beatty (Minister of National Defence): Indeed, Mr. Speaker, if it were the policy of the Government to treat women as second class citizens, the course advocated by the Hon. Member is the one we would have to follow. That is not our intention. We want to have full equality for women within the Canadian Armed Forces and elsewhere. That is the commitment we have made.

I am pleased to be able to say that since March of this year we have opened 7,500 new positions to women within the Canadian Armed Forces. I have opened 14 new occupations since becoming Minister.

* * *

REVENUE CANADA

DISAPPEARANCE OF MICROFICHE RECORDS—RESULT OF INVESTIGATION

Mr. Alan Redway (York East): Mr. Speaker, my question is for the Minister of National Revenue. According to press reports of last weekend, changes are under way in the district taxation office in Toronto where the microfiche records of 16 million Canadians disappeared about a month ago. Will the Minister advise the House whether he has received a report on the incident from the RCMP, what disciplinary action he has taken, and what other action he intends to take to ensure that something of this sort never happens again?

• (1500)

Hon. Elmer M. MacKay (Minister of National Revenue): Mr. Speaker, as my colleague perhaps now knows, an employee of Revenue Canada has been charged with several criminal offences, including breach of public trust. I can also advise the House that accountable individuals in this chain of events have been disciplined, reprimanded, or transferred, and appropriate steps have been taken to strengthen the microfiche procedure, as he has requested.

I am also in receipt of an interim report from the RCMP which makes certain recommendations as to improvements in the way that microfiche security procedures should be implemented. These are under study with a view to being implemented soon.

* * *

CANADIAN NATIONAL RAILWAYS

FUTURE OF RAILWAY LINES IN ONTARIO AND QUEBEC

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Mr. Speaker, my question is directed to the Minister of Transport. In a recent document, Canadian National Railways included two and one-half pages of railway lines in eastern Ontario and western Quebec that it wants to close down. This would have a tremendous financial impact on employers and employees throughout the Ottawa Valley, from Montreal to North Bay, and throughout many communities in the Province of Quebec. Is the Minister prepared to guarantee to Canadians that he will not abandon the regions of this country in favour of the large urban areas and the coffers of the CNR?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, that is a guarantee that any Member of this House would be pleased to give. I certainly give it. My guarantee is

that whether it is CN, CP, BCR or any other railway, they will not be allowed to abandon any rail lines, branch lines, main lines, any line or anything with iron upon which a train runs, without going through the proper procedures, without applying to the Canadian Transport Commission and without going through every last letter of the law.

Mr. Hopkins: He should be serious because we are quite used to those procedures.

Some Hon. Members: Oh, oh!

REPORTED ABANDONMENT OF EFFORT TO ATTRACT NEW TRAFFIC

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Mr. Speaker, in the same document Canadian National told its senior people: "Any effort to attract new traffic on these sections is to be abandoned immediately". It is discouraging business.

How can the Government support this hypocritical move to try to decrease traffic on those lines so that Canadian National can return some months or years later to tell the Canadian Transport Commission that these lines are not paying and it would like to close them down? What will he do about such an internal private request within the CNR?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, the hon. gentleman should get some new lines because this matter was raised and put to Doctor LeClair in the Standing Committee on Transport. He said he would look into the matter and that he was chagrined at being faced with it. The hon. gentleman asks if I support that kind of statement. The answer is that I do not support that kind of statement and I do not know anyone in political life who would support that kind of statement. Therefore, that statement is unsupportable.

Mr. Speaker: I want to advise the Hon. Member for York South—Weston that, after some consideration, I hoped he would have time to ask a single question today. However, I believe my earlier suggestion will have to remain because we are out of time. I will recognize the Hon. Member tomorrow.

* * *

PRIVILEGE

PRIME MINISTER'S ANSWER DURING QUESTION PERIOD

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, I rise on a question of privilege with respect to the Prime Minister's (Mr. Mulroney) suggestion during Question Period that my colleague, the Hon. Member for York Centre (Mr. Kaplan) should approach me regarding the question he put to the Prime Minister relating to Robert Shea. I must advise the House that I knew absolutely nothing about this matter and the matters that have been raised in the House until I read about them in the newspapers yesterday. I would ask the Prime Minister to withdraw his statement—

Mr. Speaker: I do not want to cut off the Hon. Member, but I find it difficult to see a question of privilege. Perhaps the Hon. Member could explain just how his privilege has been infringed?

Mr. Allmand: I believe the Prime Minister tried to implicate me in something with which I had nothing to do. He tried to avoid answering the question—

Mr. Speaker: Order. I think the Hon. Member would have to agree that some of the questions asked were clearly trying to implicate somebody. I do not think that is a question of privilege.

* * *

PRIVILEGE

REFERENCE TO THE ABSENCE OF MEMBER

Mr. Blaine A. Thacker (Lethbridge—Foothills): Mr. Speaker, I rise on a question of privilege. It relates to the comments by the Hon. Member for Burnaby (Mr. Robinson) who, in my absence during Question Period, asked a question of the Prime Minister and noted my absence. I drew the inference from the question that I was somehow neglecting my duty by not being here. I want to assure the Member opposite and you, Mr. Speaker, that I was in attendance with Mr. Jack Williams and Mr. Ron Hierath from the Province of Alberta at a legitimate meeting with respect to western grain producers.

Mr. Speaker: The Hon. Member has a complaint, but it is very doubtful whether it is a question of privilege. I notice that the Hon. Member for Burnaby (Mr. Robinson) wants to make an intervention and perhaps settle this.

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I just want to clarify that in putting my question to the Prime Minister I was merely indicating that had the chairperson of the Standing Committee been present I would, in fairness to him, put the question directly to him. Certainly, I know he has other responsibilities. There was absolutely no intention on my part to in any way comment on the absence of the Member from Question Period. I know that he had good reasons for being absent. It was for that reason that I put the question to the Prime Minister.

PRIVILEGE

ALLEGED SUPPORT OF CLOSURE OF EMBASSIES

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, in responding to a question by one of my colleagues, the Secretary of State for External Affairs (Mr. Clark) indicated my fulsome support for the closure of the Canadian Consulate offices and embassies. By doing so, he inadvertently misled the House. The fact is that I indicated that most closures could be justified on economic and functional grounds, except the closure of the Helsinki office.

Mr. Speaker: Order. I think the Hon. Member has made his point, which is not a question of privilege but debate.

GOVERNMENT ORDERS

[*English*]

EXCISE TAX ACT AND EXCISE ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Hockin that Bill C-14, an Act to amend the Excise Tax Act and the Excise Act, be read the third time and passed.

Mr. Speaker: When the House rose at one o'clock, the Hon. Member for Thunder Bay—Nipigon (Mr. Epp) had the floor. Continuing debate.

Some Hon. Members: Question.

Mr. Speaker: Mr. Hockin, seconded by Mr. McKnight, moves that Bill C-14, an Act to amend the Excise Tax Act and the Excise Act, be read the third time and do pass.

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to and Bill read the third time and passed.

* * *

INCOME TAX ACT

MEASURE TO AMEND

The House proceeded to the consideration of Bill C-23, an Act to amend the Income Tax Act and a related Act, as reported (with amendments) from the Standing Committee on Finance and Economic Affairs.

Mr. Deputy Speaker: There are 18 report stage motions on today's Notice Paper in amendment to Bill C-23, an Act to amend the Income Tax Act and a related Act.

I would like to thank Hon. Members for their co-operation in submitting their motions so promptly and, particularly, I wish to thank the Hon. Member for Ottawa Centre (Mr. Cassidy) for his helpful suggestions in relation to the grouping of his motions.

The Chair has examined all of the motions and finds them to be procedurally acceptable.

Motions Nos. 1 and 16 will be grouped for debate and voted on separately.

Motion No. 2 will be debated and voted on separately.

Motions Nos. 3 and 6 will be grouped for debate and voted on separately.

Motions Nos. 4 and 5 will be grouped for debate and voted on separately.

Motions Nos. 7, 8, 14 and 15 will be grouped for debate and voted on as follows:

[*Translation*]

An affirmative vote on Motion No. 7 will obviate the question being put on Motion No. 8. A negative vote on Motion No. 7 will necessitate the question being put on Motion No. 8.

An affirmative vote on Motion No. 14 will obviate the question being put on Motion No. 15. A negative vote on Motion No. 14 will necessitate the question being put on Motion No. 15.

• (1510)

[*English*]

Motions Nos. 9 and 10 will be grouped for debate. An affirmative vote on Motion No. 9 will obviate the question being put on Motion No. 10. A negative vote on Motion No. 9 will necessitate the question being put on Motion No. 10.

[*Translation*]

Motions Nos. 11, 12 and 13 will be grouped for debate and voted on separately.

[*English*]

Motions Nos. 14, 15 and 16 have been dealt with above.

[*Translation*]

Motions Nos. 17 and 18 will be grouped for debate. An affirmative vote on Motion No. 17 will obviate the question being put on Motion No. 18. On the other hand, a negative vote on Motion No. 17 will necessitate the question being put on Motion No. 18.

[*English*]

The Chair will now proceed to proposed Motions Nos. 1 and 16.

Mr. Cassidy: Mr. Speaker, I have to apologize for a certain unfamiliarity with the process of grouping. I would simply like to say that I am quite happy with the grouping proposed by the Chair. However, with respect to Motions 5 and 6, in particular, it is ruled that the questions will not be put in the case of a negative vote on the previous motion. I would ask if it is possible to have separate votes in those cases because it is clear

to me, at any rate, that in certain cases a Government amendment, for example, may be desirable if the whole section is going to be adopted. Members of my Party may wish to accept the Government amendment while at the same time voting to negative, if they have the chance, the entire concept of that particular section.

I do not think it causes any problem in terms of additional time and, if it is possible, I would appreciate it.

Mr. Deputy Speaker: The Chair will look into the matter immediately. In the meantime we will proceed to proposed Motions Nos. 1 and 16.

Mr. Mike Cassidy (Ottawa Centre) moved:

Motion No. 1.

That Bill C-23, be amended by deleting Clause 2.

Motion No. 16.

That Bill C-23, be amended by deleting Clause 57.

He said: Mr. Speaker, Motion No. 1, which refers to Clause 2, provides for a total removal of the current $3,500 limit on deductible contributions to pension plans, thus executives and other high income earners who now have to pay a portion of their pension contributions out of tax paid income will be able to benefit from a very rich deduction. Generally the people who benefit will be those with very high incomes and who therefore have a high marginal rate.

It is perhaps not normal to speak of these things, but the other day, at the instigation of the Government, Members of Parliament agreed to forego $1,000 of their income allegedly as a means to help to overcome the deficit. However, Clause 2 of the Bill will allow Members of Parliament who currently contribute about $5,500 per annum to their pension plan to take an additional deduction. The additional deduction will be in the order of some $2,000 a year, and I am speaking in round figures, and the consequence will be that Members of Parliament, if they are at a 50 per cent marginal rate, will have a tax saving of $1,000 because of this particular provision. That will go on in perpetuity, whereas the $1,000 cut they are taking in their salaries will come out of income before tax and, therefore, the cost to them is about $500 in terms of taxed income. I find this bizarre.

Of course, this is not just a matter for Members of Parliament, although I think there is a certain contradiction there, but is a matter which touches on all high income Canadians. The Government may say this clause and the clause relating to RRSPs is something which is desirable because it wants to encourage savings. I do not know if people want to necessarily discourage savings. The fact is that if people would spend a bit more in the country right now we might have a few more people back at work.

Motion No. 16 deals with Clause 57 of the Bill. Clause 57 raises the limit of contributions to an RRSP, a Registered Retirement Savings Plan, from the current $5,500 to $7,500 and the Government intends ultimately to raise this to $15,000. Once again this is a concession directed to middle and upper income earners because 80 per cent or more of Canadians do not contribute to RRSPs and it is estimated that only 17 per cent or 18 per cent are in a position where they can contribute. Of those Canadians who contribute to RRSPs, a very large number currently do not have the resources to put in $5,500, let alone $7,500 or $15,000. Moreover, the contributions are going to come as a deduction from taxable income and there will be a limit on the proportion of one's income one can put into RRSPs. Once we get to the ultimate of $15,000, one will need an income of around $80,000 a year, I believe, in order to be able to take advantage of the full deductibility.

Let us look at that in terms of the tax expenditures involved. If someone puts aside $15,000 a year, and that is a deduction, and if they are at the top marginal rate, that means that other taxpayers will have to come up with $7,500 to make up for that person's tax saving because of this particular exemption, once it reaches the full limit announced by the Minister of Finance (Mr. Wilson). This is not just a single kind of tax saving. If one puts $15,000 into an RRSP, one then receives the income on that RRSP, tax free, year after year after year until such time as the funds are withdrawn or begin to be used as retirement income. If one receives $1,500 a year on the income from the money one puts in and $15,000 has been put in, that means a tax saving for someone at the top marginal rate of $750 a year, again not in perpetuity but over five, 10 or maybe 25 years in which they will benefit from that particular tax saving. Frankly, I think that is too much.

I believe we are being unjust and unfair to ordinary Canadians when we ask them to pay through the nose for tax savings which in these two motions are being directed to upper income Canadians, whether they are contributing to pension plans or RRSPs. In addition, I would draw to the attention of the House the report of the select Committee on Pensions. That committee of the House of Commons strongly proposed that deductions for pension contributions, and presumably for RRSPs as well, should be in the form of a tax credit. However, that particular proposal has been ignored by the Government. That means that someone earning $20,000 a year who puts a few dollars aside into a pension plan or an RRSP will receive the equivalent of perhaps 20 per cent or 25 per cent of that money back because of the tax saving, because that is all their marginal rate is and all the deduction is worth to them, whereas someone at the top will receive far more. That seems to me to be unfair.

I would like to ask the Minister if he can respond to these points and tell us whether the Government would now be prepared to reconsider these clauses, particularly in light of our tax reform where we are trying to broaden the base and lower the rates. Here we are narrowing the base and, therefore, inevitably increasing the rates again on ordinary Canadians.

[*Translation*]

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, exactly what is the House supposed to be doing? We are now proceeding with clause by clause consideration of a Bill. There

is no Minister of Finance (Mr. Wilson). There is no Minister of State (Finance) (Mr. Hockin). There is no parliamentary secretary. What kind of debate is this? About the amendments, although I do not agree with everything the NDP Member from Ottawa just said, still, if we are supposed to discuss a committee report and there is no one on the Government side to rise in the House and say they disagree, what's the use? This makes a mockery of our whole parliamentary and democratic system.

Mr. Speaker, that being said, I would like to comment on the two motions before the House today, and I would be tempted to think along the same philosophical lines as the Member who just spoke.

I have said repeatedly here in the House and in committee that as far as pensions and deductions for Registered Retirement Savings Plans are concerned, it would be far more useful to use tax credits instead of the present deductions because with tax credits, all taxpayers are given the same tax treatment, whether they are rich or poor, whether they can save a lot or just a little. The benefit would be the same and would not be more than the tax credit allowed. This would of course be in line with what the Minister of Finance indicated last July, when he referred to the Government's intention to follow the example of the United States with their tax reform. The U.S. tax reform is very limited in its application and applies only to middle- and low-income taxpayers. Under the new measure they may set aside certain sums of money, tax free, for their retirement plan, what we in Canada call Registered Retirement Savings Plans.

However, we are not considering a Bill on tax reform. We are merely considering the proposals made in the February 1986 Budget. It is rather unfortunate that the Bill comes at the end of a session. It was introduced in the House only a few weeks ago. In any case, it is not a Bill on tax reform. These are just a number of amendments which will be temporary, I imagine, until the Government finally decides to introduce more comprehensive tax reform measures.

If we were to accept the motions presented by the Hon. Member for Ottawa Centre (Mr. Cassidy), which are now before the House, I must say that, although I tend to agree with his philosophy, this would create an imbalance in the present Income Tax Act, because it would be necessary to adopt amendments that would be consequential on a number of other Acts, and I do not see how we could do so at this time.

Are we supposed to stop and greet people as they come in, Mr. Speaker? I'm not sure I approve, but let it pass, Christmas is almost here, and perhaps now we can get on with some serious debate.

Mr. Speaker, since the amendments proposed in Motions nos. 1 and 16 would throw the Tax Act off balance since there would only be two or three retirement plan provisions that would be concerned with income tax credits while the remainder would be dealing with exemptions, I feel this would not be very consistent. This is why, even though I agree with the idea behind the proposal in Motions nos. 1 and 16, I am going to suggest to my colleagues that they oppose it for technical reasons, for reasons of consistency with the whole of the Tax Act. Under a more general tax reform, however, I think it would be appropriate to examine closely the suggestions contained in those two motions that I did introduce during discussion in committee.

• (1520)

[*English*]

Mr. Simon de Jong (Regina East): Mr. Speaker, we have proposed these amendments to introduce some fairness into the tax system. It is not that we want to discourage saving. In fact, we want to encourage those who cannot participate in company pension plans, such as professionals and small business people, to save. But this is surely a question of fairness.

The proposals made by the Government, both in Bill C-23 and in later announcements by the Minister of Finance (Mr. Wilson), will allow the more well-to-do individuals in our society to deduct up to $15,000 per year as a result of RRSP contributions. It does not take too many brains to figure out that those in the higher income levels will benefit more than those in the lower and middle income levels. In fact, those in lower income levels will be further restricted by the amount of contribution they can make to an RRSP. That is because the legislation provides that only a certain percentage of taxable income can be contributed to an RRSP. For middle and low income Canadians as opposed to those in higher income brackets this means a smaller contribution.

Let us consider someone with $20,000 in taxable income. That person is in the 20 per cent to 30 per cent income tax range. Thus, in essence, their contribution is matched through the tax system at around 20 per cent to 30 per cent. A person who is in the 50 per cent income tax bracket has one-half of the contribution paid for by the Government through the tax system because of the decreased tax that individual will have to pay.

Thus we find ourselves in a situation in which wealthy Canadians are able to have one-half of their pension plans paid for by the public because of tax savings. Low income Canadians will not have that same opportunity. They will find that only 20 per cent of their pension will be paid for by the public through the tax system. This is a basic and glaring unfairness. It tilts the system to the benefit of the wealthy at the expense of the poor.

What we are proposing is not a radical, new proposal at all. It is a proposal that has been made by a standing committee of the House of Commons which considered the matter of pensions and which recommended that a certain amount of deductions be no longer allowed as tax deductions *per se* but as tax credits. This would provide a fairness to the system so that a person with $20,000 in taxable income would have the same effective tax reduction because of his RRSP contributions as an individual who is in the $50,000, $75,000 or $100,000 taxable income range. What we are doing through these

amendments is trying to introduce an important measure of fairness into the tax system.

The Government and the Minister of Finance, in several of his speeches, have made a strong commitment to tax reform. We welcome everything he has said in this regard so far. He seems to be giving us an indication that he is serious about tax reform. He seems to be saying that it will not just be window-dressing and that, indeed, he will make a serious attempt to rewrite the basic tax structure and operations of the country so that we will have greater fairness.

This is the opportunity for creating fairness in the system and for correcting an unfairness that now exists. I urge Hon. Members to accept our amendments.

Mr. Cassidy: Mr. Speaker, will the Minister help me out? I am looking through the documents that were distributed in February—

Mr. Deputy Speaker: Order, please. The Hon. Member for Ottawa Centre (Mr. Cassidy) has already spoken and needs unanimous consent to make a short statement. Is there unanimous consent?

An Hon. Member: No.

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: The question is on Motion No. 1 standing in the name of the Hon. Member for Ottawa Centre (Mr. Cassidy). Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed to the motion will please say nay.

Some Hon. Members: Nay.

Some Hon. Members: On division.

Mr. Deputy Speaker: In my opinion the nays have it. I declare the motion lost.

Motion No. 1 (Mr. Cassidy) negatived.

• (1530)

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: The question is on Motion No. 16 standing in the name of the Hon. Member for Ottawa Centre (Mr. Cassidy). Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

Mr. Cassidy: On division.

Mr. Deputy Speaker: In my opinion, the nays have it. I declare the motion lost.

Motion No. 16 (Mr. Cassidy) negatived.

Mr. Deputy Speaker: Motion No. 2 is to be debated and voted on separately.

Mr. Mike Cassidy (Ottawa Centre) moved:

Motion No. 2

That Bill C-23, be amended by deleting Clause 6.

He said: Perhaps the Minister could comment on this particular case. This is the rather curious business where the Government has decided that the various granting councils should go out and set up their stands and try to find funds from outside in order to raise the increased funding, rather than have it come from Government.

The problem which the committee addressed directly is the fact that there is prejudicial treatment given to one of these three granting councils. As Members know, the three councils are the Natural Sciences and Engineering Research Council, the Medical Research Council, and the Social Sciences and Humanities Research Council.

As the Budget Papers indicated, beginning in 1987-88 the Government intends to match dollar for dollar increased private sector contributions received by the granting councils to a certain annual maximum increase.

The Budget Papers state, and I quote:

A consequential income tax change will be made to ensure that the private sector participant will be entitled to research and development tax treatment for his contribution—

Then it goes on, and this is the catch-22:

—for his contribution to the extent that the contribution finances research and development which is related to his business, and the results are available to him for use in his business. Other contributions to such councils will be treated as gifts to Her Majesty and as such will be deductible in computing the donor's taxable income.

That means that certain types of contributions to the Natural Sciences Council and the Medical Research Council will be treated as R and D expense and, therefore, will get

favoured status, whereas in general no contributions that were gathered in this way by the Social Sciences and Humanities Research Council will receive that favoured status at all. That means that if the three councils are out beating the drum in order to raise funds, as they are now being told that they should do by the Government, the Social Sciences and Humanities Research Council will be at a particular disadvantage in seeking funding because industrial contributors will ask, "Why should our firm contribute to your council when all we get is a deduction from income? Whereas if we contribute to one of the other councils, we will get a bonus over and above the contribution, therefore, the after tax cost is considerably less".

The Finance Committee found itself in a difficult situation because Members from all sides felt that there was injustice and prejudicial treatment with respect to the Social Sciences and Humanities Research Council.

I have met people in the social sciences and know the degree to which a great deal of academic excellence in this country hangs on the work and the funding of that particular council, and the degree to which there is a dearth of other funding alternatives for areas like the humanities, the social sciences, and many areas such as psychology and sociology which are extremely important in terms of understanding where we are going as a country. I suspect that linguistics and other things that are important to a bilingual country are not covered in other ways at all. But these are areas which inevitably will be left to starve some more because of the prejudicial treatment.

Since the Finance Committee could not respond directly and amend the Bill, we have referred this out to our researchers. We have not yet produced a report, but I think the Minister of State for Finance (Mr. Hockin) is aware of the fact that the sense of the committee was that we believe that this is wrong. We wish to see the Government accept changes in this area so that that bias against the seeking of outside funding—and it is not an ideal principle at all—but the bias against the seeking of outside funding for the Social Sciences and Humanities Research Council will come to an end.

Perhaps the Minister has some comments.

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, I wish to reply to the Hon. Member. A couple of weeks ago his colleague, the Member for Regina East (Mr. de Jong), has also expressed his concern about the same matter a couple of weeks ago. Having been a professional social scientist, I am concerned about the very topic that the Hon. Member raises.

The Member for Ottawa Centre (Mr. Cassidy) is quite right, a contribution made to the SSHRC can now be deducted, but the SSHRC is finding that it is difficult for it to be eligible for this matching grant formula because the definition of R and D is not defined in such a way as to be hospitable to the types of research that the SSHRC and social scientists do.

If we broadened the definition further, we would find that we had so extended the definition of research and development that it had lost all meaning. We would be in great trouble defining what it meant at all. I wish to assure my hon. friends in the House that I want this matter to be explored carefully as we go through tax reform in the next two or three months. I believe that we should try to find a way whereby social science research could be defined in such a way as to be included. But we have to find a way of doing it in order not to broaden the definition of R and D in such a way that it becomes almost meaningless.

Mr. Simon de Jong (Regina East): Mr. Speaker, I sympathize with the difficulty that the Secretary of State for Finance (Mr. Hockin) has mentioned in terms of defining research and development to include the social sciences and humanities, but not to open it up in such a way as to allow all manner of abuses to occur.

My mind then goes to the next situation where he illustrates the difficulty of conducting social and economic policies through the tax system. In part, that is what tax reform is all about. The tax system should stop being used for social, economic and scientific purposes and programs. But the Government is telling the funding councils to go out and find more money from the private sector. It helps them in the task by giving special tax considerations to those companies and individuals donating the money to NSERC, medical sciences, and the social sciences and humanities by attempting to get more private money into the sciences and finds it difficult to do because of the very thing that the Minister had mentioned in the house. That is why the social sciences and humanities councils particularly have been telling the Government not to go down this path but to stick with the funding formulae as they exist. Let it not offer tax incentives and concessions but, rather, let it give straight grants. If you give the humanities, the social sciences NSERC, and the medical sciences straight grants and stop the nonsense of the tax credits and deductions, the money saved by closing those tax deductions would allow the granting agencies to receive the money directly that they need to do their work.

I sympathize with the Government, and I sympathize with the Minister. In order to get a definition of research and development that would be tight enough to prevent abuse, the conclusion will have to exclude the humanities and the social sciences. That is why I urge the Government to change its policy and its direction, and fund more directly the granting councils and not tell them to go out and find private money through some tax scheme. The tax schemes have not worked.

• (1540)

Mr. Hockin: Mr. Speaker, by way of a very brief reply—

Mr. Deputy Speaker: Is there unanimous consent for the Minister to make a short reply?

Some Hon. Members: Agreed.

Mr. Hockin: The purpose of the matching grants was to do something badly needed in the country. It was to bring

research closer to the private sector, that is, the private sector defined broadly. I am not only referring to private enterprise. I am referring to the private sector outside Government, the whole private sector. It was an attempt to bring research closer to the private sector; that was its purpose. It was a good purpose. Probably it is overdue. That was the intention behind it, and I stand by it.

I know the Hon. Member would like to see it done through grants from the Government. We are trying a new approach. Hopefully it will bring research not just closer to the marketplace but closer to the private sector in general.

Mr. Riis: Mr. Speaker, I should like to make a few comments about Motion No. 2 and to direct them to the Minister. There is another concern if we are to use the matching approach or the private sector approach in terms of raising funds for research and development in the hard sciences or pure sciences as opposed to or as well as in the social sciences and humanities. There is a certain ring of regional discrimination.

I will simply speak as a westerner, but I could make the same case if I came from another region of Canada other than central Canada. If we are looking for research and development to take place through the private sector, presumably decisions will be made by supporting firms which tend to have their head offices in central Canada and tend to be concentrated geographically there. If we are looking at matching funds from the corporate sector for research or at research being tied through the private sector, it will have a natural bias toward being focused in central Canada as opposed to the regions.

It is not a major issue. I do not want to suggest it is. I do not want to suggest either that it will be a major effort toward discrimination or that there is any intentional discrimination. However, inadvertently and because of the reality of Canada and its industrial heartland or where the private sector tends to be headquartered, it would result in a certain bias in research being done in such a way that it would discriminate against the far West. Would the Minister agree with those comments?

Mr. Deputy Speaker: Is there unanimous consent to allow the Minister to make a short reply?

Some Hon. Members: Agreed.

Mr. Hockin: Mr. Speaker, that is an interesting question. It is true in the world today, in terms of research, that we often cannot produce world-class research without a critical mass of researchers. Very often this means, when we talk about the research side, that much research is concentrated in certain places. For example, medical research clearly has certain homes in Canada. I quite agree that it is not widely distributed across the country. However, that is sort of the nature of research.

I remind the Hon. Member of the nature of the private sector. Let us take western institutions, for example, in the interior of British Columbia or in the Canadian Prairies. Saskatoon has a very interesting and critical mass of space research. The co-operatives and other parts of the private sector are strong and important in certain parts of British Columbia and Alberta. We also have the oil and gas industry, potash, and so on. Perhaps researchers have not gone to these people and said: "We can do some research of use to you to strengthen your infrastructure". Maybe this would encourage them to do it, and that is why I support it. When it comes out in the wash, it could be that it is not totally balanced. That is the point of the Hon. Member. Perhaps it is a reason for us to examine it carefully in the future and see how it evolves.

[*Translation*]

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, the motion now under discussion in fact has to do with agencies in the social field, the so-called political and social sciences, which have a hard time getting funds that should come from businesses because donations for funding their research and development work could hardly be viewed as connected with the operations of the firm making such donations.

In other words, the reason for this debate is, taking the example of any type of business, let us say a bank for instance, a large Canadian bank that would like to support the Faculty of Social Sciences at the University of Toronto by making a major donation to research and development. In order for the Royal Bank to consider that as funding for research and development, it would have to prove that the research done by the University of Toronto's Faculty of Social Sciences can help the operations of the donor or of the person who wants to invest in the research and development field. This is extremely difficult.

This is why all university groups, universities and departments that are involved in research in the area of economic and social sciences, in a political and social sense, have a hard time getting their research projects funded. The goal is therefore to ask the Government to find the appropriate formula.

In his answers, the Minister stated earlier that if we open up the definition, because in my view we could solve the problem by way of regulations rather than by way of the legislation itself.

For the reasons mentioned I am prepared to accept clause 6 as it is, but we create a problem in the sense that it will be even more difficult to finance research in economic and social sciences departments.

In response to one of my colleagues the Minister said a moment ago that it might become extremely difficult to establish the criteria concerning the limits of the tax field which the Government is prepared to abandon for this kind of research and development.

Mr. Speaker, I would suggest that the Minister exaggerates to a certain extent because companies do not actually go out of their way to hand out millions of dollars just to get a tax exemption worth many hundred dollars. Indeed there are

operating costs and, to my mind, these would act as a natural check likely to prevent some of the abuses the Minister mentioned.

All things considered and given the field of activities which make it more difficult to come up with an acceptable definition, I think we might have at Government level—either the Department of the Secretary of State which looks after higher post-secondary education grants, or the Department of Finance, or other Government sectors—a committee or an assessment board which would rule and authorize donations as being directly or indirectly related to the operations of a company prepared to invest in research and development.

I would think we can find a way to devise a solution without necessarily resorting to legislation. Perhaps the Minister might consider the matter and amend the regulations, or even the legislation if it comes to that. Still I think there is a way to overcome this difficulty.

I remind the Minister that we have received strong representations from university circles, and I suspect he did too. As I see it, the problem is serious enough to be worthy of his consideration.

Having said this, Mr. Speaker, I do not see how I can support Motion No. 2 because by doing so I might be making it easier still for tax evaders in the field of research and development.

This is why I will vote against the motion now before the House because it will not achieve the basic objective. Still I urge the Minister to consider very carefully every opportunity there might be to solve the problem of research in the field of social affairs without actually incurring huge tax losses, at least no higher than the tax expenditures related to clause 6 as it is now drafted.

• (1550)

[*English*]

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: On division.

Motion No. 2 (Mr. Cassidy) negatived.

Mr. Towers: Mr. Speaker, I just wanted to make sure that the last motion was defeated on division.

Mr. Deputy Speaker: It was.

Motions Nos. 3 and 6 will be grouped for debate and voted on separately.

Mr. Simon de Jong (Regina East) (for Mr. Cassidy) moved:

Motion No. 3

That Bill C-23, be amended by deleting Clause 12.

Mr. Mike Cassidy (Ottawa Centre) moved:

Motion No. 6

That Bill C-23, be amended by deleting Clause 35.

He said: Mr. Speaker, I am sorry for being late. The difficulty is in trying to be in the committee and elsewhere at the same time. This motion relates to the flow-through clauses. The Government announced in the Budget that its intention was to make use of these shares easier and, among other things, to remove the possibility of third party liability from individuals. Elsewhere certain rules relating to limited partnerships are being somewhat tightened, but in this case the use of flow-through shares is being eased.

Once again we get into the situation where there is effectively an enormous tax expenditure involved, and despite the fact that tax reform is on the horizon, the Government does not appear to have questioned whether it should now begin to tighten down in areas where it is being quite generous. The rules allow a 100 per cent write-off against taxable income of Canadian exploration expense, a 30 per cent per annum write-off of Canadian development expense, and a 10 per cent per annum write-off of Canadian oil and gas property expense. That means that if the investment is made in the flow-through shares and if the corporation then renounces the deduction for its own purposes and passes it back or flows it through back to the investor, a wealthy Canadian tax filer whose marginal tax rate is in the 50 per cent bracket can then invest $10,000 in flow-through shares in a small mining or oil company and get an immediate write-off against taxable income for that whole amount if the company spends that amount on exploration within the tax year or within 12 months. The tax saved in this case would be about $5,000.

When we are talking about tax saving, we are talking about somebody else paying that amount. If that amount is not paid by the taxpayer, then we are all going to pay it, as we have been reminded on many occasions by the Government, through the means of an increased deficit and through paying interest over many years because of a concession such as in this case. Tax savings are only in the minds of the people who receive them, and those are normally wealthy Canadians. I do not think there are many people in my constituency who are in a position to sink $10,000 in an oil, gas or mining exploration with flow-through shares. There are a few. They live in certain parts of my riding. Some of them even vote for me, I guess, but most of the people in my riding do not have that kind of situation. Even if they did and were able to put $2,000 or $3,000 into one of these investments and gain certain benefits, the tax benefits they would receive are a lot less because this is a deduction from taxable income and, therefore, the higher the bracket, the more the people of Canada will be called upon to share in that particular investment.

The pages of *The Globe and Mail* and *The Ottawa Citizen* and business pages of other newspapers across the country are

jammed at this time of the year with various types of tax dodges and tax shelters. The Minister of Finance (Mr. Wilson) at every Budget says: "We are doing away with MURBS, limited partnerships and with these means by which tax is avoided". Yet I picked up a paper last night and read that for a mere $1,000 or $2,000 I or somebody else could generate tax losses in the first year of $23,000. I do not know how it is done.

I almost admire the creativity of the people who devise these kinds of schemes at the same time as I deplore the twisted distorted priorities of a society where somebody who has a big tax bracket and $1,000 or $2,000 to put aside can get $23,000 in tax losses and save $11,000 or $12,000 in taxation in one year while at the same time there are hundreds if not thousands of people in my constituency who do not have enough food to get themselves to the end of the month every month. People are having to go to food banks and the food banks are running out of food. These banks cannot serve the needs. The Government sees that its priority is to put more products, as the financial industry calls them, into place to allow more wealthy Canadians to avoid tax. The Government will then turn around and tell us that we need a business transfer tax or we need a higher rate of taxation on ordinary Canadians in order to provide these tax loopholes, these legal tax avoidance mechanisms, such as the one contained in Clause 35.

When we were devising the amendments in this area we had a choice. We could have tried to change, amend and improve the various measures being put forward by the Government. I decided, and my colleagues accepted, that where you have a measure which should fundamentally be re-thought, which is far too broad for the declared purpose, which is to get some needed exploration expense and activity going in the northern parts of my province, that is, Quebec, the oil and gas areas and so on, rather than simply saying there is a bit of good here and there is a lot of bad, we should simply tell the Government to stop it, take the measure away, start all over again, and strike out the loopholes. Then, if the Government has to have targeted measures in the form of tax credits, grants or other means to encourage certain types of desirable activity, for goodness' sake let it do it that way, but let it not do it in the broad brush kind of way which is being proposed here.

This is a related subject. It will not be debated directly here, but I mention it briefly. The Government purports to have reduced the use of limited partnership with the clauses elsewhere in the Bill. I want to say to the Minister of Finance and his deputy that already the high priced help in Bay Street, in St. James Street and probably Wall Street as well, are now looking at means by which they can avoid that, even by taking advantage of the new provisions which are put into this Bill. If you provide loopholes, inevitably the loopholes will be used. We have to have a commitment which I am afraid I do not see yet from the Government. If it is really intent on tax reform, it should not fiddle around at the edges with something like this. The Government should not increase some pension deductibility and say, "Well that is just temporary". The Government should be serious about tax reform from now until the end of the mandate in 1988 or 1989 and systematically ensure that every measure that affects the tax system is a strong step forward to tax reform rather than taking two steps forward and one a half backward, which is the record of the Government right now, or one and a half steps forward and two back.

Mr. Hockin: Mr. Speaker, let me reply to the Hon. Member because his points were wide-ranging and I think it is important that I do reply. I think the Hon. Member knows that flow-through shares and the tax arrangements for them are not designed for the riding of Ottawa Centre. They are designed, as the Member knows, for northern Ontario, northern Quebec, the Northwest Territories, the Yukon and northern Manitoba, Alberta and so on. As a matter of fact, it is the northern parts of our provinces that are the most neglected parts of our society economically and in every other sense. We must do something for those parts. That is what is behind the flow-through shares.

• (1600)

I want to assure the Hon. Member that we cannot stand still while looking at tax reform. We have to govern. However, quite frankly, flow-through shares have been very effective in creating very meaningful economic activity in a neglected area of Canada. How do you do it except through private investment? The Hon. Member is asking Government to do this exploration. Government is not designed to be a risk taker. It is not designed to make the tough decisions about what risks should be taken. That naturally belongs to the private sector. If you are going to ask the private sector to invest, you have to ask those who have money to invest. This policy is not aimed at helping the wealthy of Ottawa centre. It is aimed at helping the people in northern Canada and making sure that risk decisions are not taken by Government but by the private sector.

The second point deals with limited partnerships and the deductibility of losses. That is part of the question of tax reform, but let me ask the Hon. Member this question. If someone incurs a large loss which cannot be written off in one year, should they be prohibited from writing it off over a couple of other years? What if a farmer, a logger or a small businessman is caught in some terrible catastrophe? What if they do not have enough income to write it off in one year? You should be able to write it off in other years as well, but the Hon. Member would remove that right with his amendment. Therefore I am very firm in my conviction that this motion should be defeated because it goes against the very heart of what we are trying to do.

[*Translation*]

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, I have trouble understanding the reasoning behind the motions presented by the Members of the New Democratic Party. When the Liberal Government introduced these measures, as a stimulus to economic development in the mining areas of Quebec and Northern Ontario, the results were extremely positive.

Not long ago, I was visiting the Val d'Or area, where I met people who do research and development in the mining industry. I spent most of the afternoon talking to them to find out about the impact on the local economy of what are known as flow-through shares and what the positive impact had been of this tax remedy introduced by the Liberal Government at the beginning of the eighties or around the middle of the seventies. I asked whether they felt it had made a positive contribution.

I must say, Mr. Speaker, that the economic activity generated by this tax provision has had a considerable impact. This is true in Northern Quebec but it also applies to the mining industry in Ontario and to the mining, gas and petroleum industry across this country. The results have been particulary positive for people who are prospecting for gold, because the price of gold and the extremely high cost of research and exploration.

In Northern Quebec, this tax provision, which became more widespread over the years as taxpayers realized the kind of benefits it could bring and also as mining companies realized how they could finance certain activities related to the development of their resources—this provision has had a considerable economic impact.

When I met with the mining prospectors, I was told about certain economic impact studies. The prospectors claim that they can show, with the statistics to prove it, that the benefits of the tax concessions granted by the Government during the last few years to promote investment in the mining sector have greatly exceeded the cost of these measures for the state.

This is why I find it hard to understand how the Hon. Member of the New Democratic Party can claim that these measures are only designed to help people with high incomes.

Mr. Speaker, these tax provisions deal with situations where there is a risk. If you purchase flow-through shares and the prospecting company finds nothing and cannot find any mineral whatsoever, this will mean a total loss and the investor will lose his money. There is therefore a risk and it is because this risk is great that it is compensated by tax benefits. I do not understand why the New Democratic Party attacks remote regions such as the Abitibi and Northern Ontario, which need practical support to develop their economy. I can assure you that, in those regions, if flow-through shares were completely eliminated tomorrow, it would mean the loss of thousands of jobs created because of the tax benefits brought in by the Liberal Government a few years ago and maintained by this Bill.

I also find it hard to understand the attitude of the NDP in wanting to remove these two sections. This goes against their own arguments as the purpose of these provisions is to close the loopholes and better define how these tax benefits will apply so that there will be less danger of abuse. The members of the NPD are fully entitled to disagree about the objectives we were trying to meet a few years ago by bringing in flow-through shares to help mining prospection, but they will certainly not meet their objectives if the two motions before us are passed. On the contrary, it would make it completely impossible to apply the law because we would be removing two provisions which are at the centre of the legislation. This is why, since flow-through shares have contributed a lot to the development of Northern Quebec, Northern Ontario and other mining regions in Canada and since the two motions now under consideration would make it virtually impossible to apply our tax laws, I shall have to vote against these motions.

[*English*]

Mr. John A. MacDougall (Timiskaming): Mr. Speaker, I find it shocking—I guess that is the only expression to use—that the NDP would try to eliminate something that has done so much for so many Canadians. Why eliminate something that has developed so many jobs over the last number of years and has brought so much to the economy of the northern part of Canada? The members of the NDP have always said they fight for the little guy. I must say this proves they do not. They are more interested in making political points in the House of Commons than in looking after the people who send us here to do a job for them. This just shows they are more interested in Bay Street than they are in the grass roots. I find it deplorable that the Hon. Member, a former Leader of the NDP in Ontario, would not reflect on what he knows has benefited northern Ontario for many years.

I urge Members to continue with what has been beneficial to each and every one of us over the last number of years. Flow-through shares have helped develop many small businesses, whether it be the corner grocery store, a diamond driller, prospector-developer, or junior mining company. There is only one way to get the needed investment and that is through flow-through shares. I do not think that since I have been elected I have had more correspondence on any other subject than I have had from people who were concerned that we were going to remove the concept of flow-through shares. I hope each Member of the House rejects this outrageous proposal put forward by the Hon. Member for Ottawa Centre (Mr. Cassidy).

• (1610)

[*Translation*]

Mr. Guy St. Julien (Abitibi): Mr. Speaker, I wish to join with my colleagues the Hon. Member for Timiskaming (Mr. MacDougall) and the Hon. Member for Laval-des-Rapides (Mr. Garneau) concerning this amendment as well as the flow-through shares. And as I stated in the House on November 19, I was telling representatives of the Canada mining industry that our prospectors in Abitibi-Témiscamingue, in Chapais and Chibougamau were firmly demanding both the Canada and Quebec Governments to maintain the flow-through share system in the mining exploration industry. I have been fighting for several months for the Government to maintain this program, because it is important for the Northern Quebec area and all the other areas in Canada—and when I say all the other regions of Canada, I mean Northern British Columbia as

well as Nothern Ontario, both great regions, as well as Saskatchewan, the whole North and especially the great mining areas represented by Hon. Members. I must tell Members of the New Democratic Party who are trying to do away with benefits in those large regions, that in those regions we have no Star War spinoffs, no F-18 spinoffs, no spinoffs from shipbuilding for the Government of Canada. The only spinoffs we have in those regions—the Abitibi, Témiscamingue and all the other regions in Canada, especially in the North—come from mining exploration—flow-through shares have been an efficient incentive in many of those regions. We are aware of the current renewal, especially in Quebec, and recently the Quebec Association of Prospectors produced a $100,000 study that was funded both by prospectors and the Quebec Government, an economic impact study on mining exploration funding through flow-through shares and limited partnerships.

I can tell you that in that report—but let me quote a few examples, a few lines from it. The study on various flow-through provisions used in Quebec deals covers the period from 1980, starting date for the Quebec Government, through 1985. Some $315 million had been invested by 1985 by Quebec taxpayers over that period. An examination of each public issue floated produced data on the amounts that went to fund exploration in Quebec. The latter total was figured out by the study team to be $269 million. On the other hand, during 1984-85, a total amount of $61 million was gathered all across Canada and outside Quebec, and may I repeat outside Quebec, that is in Canada and in that province, for a total of $330 million. The Quebec tax cost is based on $315 million invested by Quebecers, while economic spinoffs and the federal tax cost were based on $330 million in 1985 spent in Quebec.

If I may go on, Mr. Speaker, in view of that preamble, the tax cost for both levels of Government is estimated at $239.5 million in 1985, that is $104.25 million for the federal Government and $135.2 million for the provincial Government. The program's financial and tax spinoffs are expressed under two different headings—first, spinoffs from exploration expenditures themselves, both direct, indirect and induced, and second spinoffs from mineral discoveries, their development and future mining operations. It is obvious that this last measure basically remains in the assessment of the program, because the entire program is aimed at improving on the mineral reserves in Quebec generally and in Canada as a whole.

As I said, with respect to the flow-through shares, either in Northern Ontario or in the Témiscamingue area, either in Northern Saskatchewan or throughout the provinces, the message is as follows: Even as far as our Minister of Finance is concerned, the flow-through shares should be kept at 133 1/3. And we know that as recently as last week, the Quebec Government has maintained some flow-through shares at 133 1/3. They are at the same rate as at the federal level.

Before concluding, Mr. Speaker, I should like to mention some discoveries that were developed in Quebec.

The 8 discoveries retained for financial and fiscal purposes will require during the forthcoming two years investments of about $300 million for their development and they will yield a production worth $2 billion during a 10-year period. We may be sure that some of those discoveries will yield revenues beyond that 10-year period, but the task force has found it advisable to be more conservative and to set that 10-year period.

Moreover, we have figured out in 1985 dollars the entire future economic impact so that after 10 years, the actual value of a $1 dollar investment is next to negligible.

Mr. Speaker, I agree with my colleagues the two previous speakers who dealt with flow-through shares, that is the Hon. Member for Laval-des-Rapides (Mr. Garneau) and the Hon. Member for Timiskaming (Mr. MacDougall). Flow-through shares are important for large areas.

I know that many Members in this House represent urban areas but I also know that if the Hon. Member for Laval-des-Rapides comes from an urban area he is more concerned about larger remote areas.

Mr. Speaker, I will vote against that motion.

[*English*]

Mr. Simon de Jong (Regina East): Mr. Speaker, I would like to clarify a few things. The Hon. Member for Timiskaming (Mr. MacDougall) stood up and huffed and puffed himself into great indignation. In no way are we suggesting that the mining and exploration operations in the northern regions are essential. In no way are we suggesting that the flow-through provisions have not been of significant assistance.

[*Translation*]

Mr. St. Julien: I rise on a point of order Mr. Speaker.

Mr. Deputy Speaker: Order. The Hon. Member for Abitibi (Mr. St. Julien) rises on a point of order.

Mr. St. Julien: Mr. Speaker, while I was concluding my comments a while ago, perhaps it was as a result of my deep feeling for my Abitibi constituency, but I should like to say that I am against the motion.

[*English*]

Mr. de Jong: If I may continue, Mr. Speaker, we are not questioning how the flow-through provision has been helpful. In fact, when the NDP task force, of which I was a member, toured the country we asked a pretty standard question of witnesses across the country. We asked them to give one example of a tax expenditure that was beneficial. The only example we were given was the flow-through provision, and we heard that in various parts of the country.

We are flagging this for the attention of the House in order to begin the debate on tax reform. If memory serves me right, the Department said that it cost Canadian taxpayers $450 million for this particular item. In other words, there are $450 million in uncollected taxes because certain individuals and

investors availed themselves of this opportunity. I am not saying that that is a bad investment. Perhaps it is a good investment. Perhaps we will indeed get out of it $450 million plus economic activity. I think it is worth considering.

Surely if we are going to study a tax reform proposal we will have to consider this provision as well and ask whether the public is getting $450 million worth of benefits from it. Can the benefits of this provision be delivered in another way? These are questions which the Finance Committee, the Government, the Department of Finance and this House will have to ask. That is the type of debate we are hoping to initiate here and now through our amendment. We are not questioning the benefits of the flow-through provision as they have occurred. Let me repeat that we are attempting to begin the discussion to determine whether we did receive $450 million worth of benefits. My request is no different from what the Minister of State for Finance stated in his comments earlier when debating this amendment. He admitted that if we are going to go through tax reform we will also have to ask these questions about the flow-through shares. The Government must admit that this item will also have to be scrutinized within a tax reform regime.

• (1620)

We must consider whether there is another way in which these benefits can occur to northern mining and exploration without necessarily costing the taxpayers $450 million. Is there another way to engender greater public accountability and scrutiny?

We must remember that this is an inducement in which the public takes half the risk. Those in the 50 per cent tax bracket who risk $100,000 or $10,000 on an investment will receive 50 per cent of it back on their taxes. In other words, the public is subsidizing those economic activities by 50 per cent, depending on the taxpayer.

There are Hon. Members, particularly those in the Conservative Party, who believe in the free enterprise system. They believe that those who take risks and are successful should not be taxed to death but allowed to accumulate wealth that way. If their investment fails, they should also face the consequences. However, it is not quite so simple because according to this provision, half of the risk is covered by the taxpayer, which undermines that philosophy of risk taking. Since half the risk is covered by taxpayers, we are interested in a little more public accountability in this area.

I am somewhat disappointed by the reaction of Conservative Members who enjoy taking political potshots at this amendment.

Mr. Epp (Provencher): At your inconsistencies.

Mr. de Jong: I remind the Minister of National Health and Welfare (Mr. Epp) that within six months his Government will have to ask these same questions and enter into very much the same debate if tax reform is going to be a serious exercise. I invite those Hon. Members to join in some serious debate now, or look like fools in six months when they will have to address these questions at that stage. If those Members and the Minister had any understanding of tax reform, they would not be ridiculing this debate.

Mr. Epp (Provencher): It is a ridiculous discussion.

Mr. de Jong: It is a discussion that will take place if there is to be a serious exercise in tax reform. We will have to ask some difficult questions about our tax system, some of which may not be politically advantageous. We will have to consider seriously some of the "holy cows" in our tax system. In order to have a serious tax reform exercise in this country, we must be able occasionally to ask some politically difficult questions. That is what we are attempting in this amendment, and I am disappointed that government Members in particular have not seen fit to enter into this debate and seriously discuss the issues involved. Rather, they have been more concerned about making some cheap political points. I suggest that if there is a serious debate about tax reform in six months, those Members will be embarrassed because the questions we are raising today will be the ones raised by the Department of Finance and the Finance Committee.

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, my, how they slither and squirm over there in the New Democratic Party. We saw the spectacle of the Hon. Member for Ottawa Centre (Mr. Cassidy), a gentleman who has never seen more than two blocks from the city centre, get up to say that we must get rid of flow-through shares. They do not care what effect it will have on Abitibi, Timiskaming, northern Quebec or elsewhere.

The Hon. Member for Regina West (Mr. de Jong), however, does know a little—I stress "little"—so he is trying to back down from that position, saying that they did not really mean it but were just flagging the question for future debate.

The people of Canada and those who rely on the exploration and development industry for their jobs know what would happen if we had a New Democratic Government. They know what would happen to their jobs if, God forbid, that ever happened. They will take the right precautionary measures at the next election to make sure that it never happens.

I will not dwell at length on this because my colleagues have already stressed the importance of the flow-through shares to the minerals industry.

Mineral exploration is very susceptible to taxation. One only need consider what happened in the late 1960s when the Liberals began imposing capital gains tax on the prospectors' once-in-a-lifetime find. That brought about a decline in mineral exploration. Fortunately, the Liberals saw the errors of their ways and, while they cannot go back to correct the situation, they did introduce flow-through shares. That is what this Government is continuing. It helped to mobilize those funds again in mineral exploration, providing many jobs and

many opportunities in parts of the country like that which I represent.

In my opinion, in the present state of affairs, taking into account the low value of many mineral commodities, it would be disastrous if the flow-through shares were to be taken off, as advocated by the NDP. Therefore, I am in complete support of the Minister of State for Finance (Mr. Hockin) and those of my colleagues who have spoken on this subject. We want to maintain the status quo with respect to flow-through shares, at least for the forseeable future.

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: The question is on Motion No. 3 standing in the name of the Hon. Member for Ottawa Centre (Mr. Cassidy). Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion, the nays have it.

And more than five Members having risen:

Mr. Deputy Speaker: Pursuant to Standing Order 114(11), the recorded division on the proposed motion stands deferred.

Mr. Cassidy: Mr. Speaker, is it possible to start the vote? We can do it now.

Mr. Deputy Speaker: I must take the vote on Motion No. 6. We have dealt with Motion No. 3, I will now deal with Motion No. 6. The question is on Motion No. 6 standing in the name of the Hon. Member for Ottawa Centre (Mr. Cassidy). Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion, the nays have it.

Motion No. 6 (Mr. Cassidy) negatived.

• (1630)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The Hon. Member for London East (Mr. Jepson)—Capital Punishment—Timing of Parliamentary Vote; the Hon. Member for York East (Mr. Redway)—Narcotics—Government Action to Combat Drug Abuse; the Hon. Member for Cochrane—Superior (Mr. Penner)—The Economy—Northern Ontario Recovery Package. (b) Regional Development Inquiry.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration of Bill C-23, an Act to amend the Income Tax Act and a related Act, as reported (with amendments) from the Standing Committee on Finance and Economic Affairs.

Mr. Deputy Speaker: Motions Nos. 4 and 5 will be grouped for debate and voted on separately.

Mr. Dave Nickerson (Western Arctic) moved:

Motion No. 4.

That Bill C-23, be amended in Clause 34 by striking out lines 39 and 40 at page 62 and substituting the following therefor:

"the area in respect of".

Mr. Mike Cassidy (Ottawa Centre) moved:

Motion No. 5.

That Bill C-23, be amended by deleting Clause 34.

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, it is a shame that these two motions, which are really quite different— one deals with a technical amendment to Clause 34 and the other would get rid of Clause 34 completely—are grouped for debate because I would like the opportunity to speak for 10 minutes on both issues. Of course, Sir, I am a supporter of Clause 34. It brings into legislation something for which northern Canadians have been fighting for many, many years. It will enshrine in the Income Tax Act the non-taxability of certain benefits which are frequently provided for people who

work and live in remote northern areas. It is evolutionary in a way in that most of what is incorporated in this Bill—

[*Translation*]

Mr. Deputy Speaker: The Hon. Member for Abitibi (Mr. St. Julien) on a point of order.

Mr. St. Julien: Mr. Speaker, we are not getting French interpretation, only English. May I have French interpretation?

Mr. Deputy Speaker: We will see to that immediately.

[*English*]

Mr. Nickerson: I was saying, Mr. Speaker, that it is evolutionary in that much of what is incorporated in this Bill was already incorporated into previous remission orders made under the Financial Administration Act.

I have been involved in this matter for many years as have many other Hon. Members on this side of the House. The former Minister of Indian Affairs and Northern Development, the present Minister of National Health and Welfare (Mr. Epp), has been very active in this area. The Minister of State for Science and Technology (Mr. Oberle) has been very instrumental over the years in having this Bill brought in.

This measure finds considerable support in the northern region because it is something they have wanted for a long time. In particular, the union movements, the NWT Federation, the Yukon Federation of Labour, the Steel Workers Union, the Teachers Association and Public Service Unions have always been very active in support. I find it very difficult to understand why the New Democratic Party has gone against the wishes of the labour movement. In fact, it was the Canadian Labour Congress which was very instrumental in putting pressure on the Minister of Finance (Mr. Wilson) to make these necessary changes. Therefore, why on earth would the NDP go against its supposed friends in the Canadian Labour Congress?

I want to offer some congratulations to all the many people, whether they be in the labour movement, the territorial or municipal Governments or in the private sector, who have worked so hard to make this day possible. Those are my comments on Motion No. 5 moved by the New Democratic Party.

I would now like to be specific about Motion No. 4, moved by myself, which deals with Section 110.7(d) of the Income Tax Act as it will be after this Bill is passed. The motion is in respect of the travel deduction. The new Section 110.7 (d) states:

> In computing the taxable income—there may be deducted
>
> (d) an amount received, or the value of a benefit received or enjoyed, in the year by him in respect of his employment in the area by a person with whom he was dealing at arm's length in respect of travelling expenses incurred by him, to the extent that—

The effect of my amendment would be to remove the words "—by a person with whom he was dealing at arm's length—". If we leave that in, it creates a great difference between employees of Government—of which there are many in the North because it is the greatest industry in the North, unfortunately—those employees of major concerns, say, mining companies, and small businesses and their employees, on the other hand.

Small businesses have always been at a disadvantage, especially in the North, as they try to compete for employment services. They have had to compete with wealthy Governments and corporations to get good employees. In the case of a small company, a painting outfit, for example, one very often finds that one of the employees in a three-person outfit might be the brother-in-law of the proprietor and the third person might be someone off the street, so to speak. The way this section is worded, the employee off the street would be able to take advantage of the new amendments to the Income Tax Act but the proprietor's brother-in-law would not. That does not really make too much sense. I have received quite a bit of correspondence on this issue, especially from the Yukon. I would like to quote a few paragraphs out of a letter I received from Designers North Ltd. of Whitehorse, Yukon, which explains the necessity for the amendment I have introduced probably better than I could myself. It reads:

> The proposed provision has been drawn to preclude a deduction for such travel expenses where the individual is not dealing at "arm's length" with the person providing the benefit. Thus, sole proprietors, partners in partnerships, employees of companies they control and employees of any of the foregoing who are related—within the meaning of Section 251 of the Income Tax Act—to such sole proprietors, such partners or the controlling individual or controlling group of such companies are not allowed this deduction.
>
> In meeting with the Yukon Committee for Fairness in the Taxation of Northern Equity Payments (the "Committee") your Department indicated that "self employed" persons would not be entitled to this deduction. As a result, the Committee was operating under the perception that the deduction would only not be available for sole proprietors and partners in partnerships and only until such time as these persons incorporated. As the foregoing indicates, such is not the case. Incorporated or not, this deduction would not be available. "Self employed" is thus an incorrect term to be used in describing who would not be entitled to this deduction.
>
> And what is the justification for discriminating against small businessses and small business people in this manner? In the meeting referred to above, your Department purported to justify this exception on the basis that "self-employed" persons could expense such travel. This justification does not hold water. No business or businessperson can expense non-business related travel for himself or herself much less for his or her family. The type of travel that is involved here is, by definition, not business travel.
>
> In allowing such a deduction your Government is recognizing that people who live in the north or other isolated areas have higher travel expenses and require a tax subsidy in that regard. It also reflects your Government's policy to encourage development of the north. This reasoning is equally applicable to small business and small business people.
>
> Nor, with the limits on the cost of such travel and the number of trips allowable in any one year, can this deduction be abused by small businesses or small business people. There is little doubt that it is not your Government's intention to limit this deduction in this manner.

● (1640)

There are a couple of other points I wish to place on the record. In my reading of what we have before us, the travel allowance would also apply to family members of the taxpayer and not necessarily to the taxpayer himself. My interpretation

of a phrase such as "travelling expenses incurred by him" is that if my wife were to travel and I were to pay for her ticket, then that would be a travel expense incurred by me as a taxpayer. If the Minister of State for Finance (Mr. Hockin) has an opportunity to speak on this matter, then I would, of course, like his confirmation that that is indeed the fact and that family members of taxpayers can take advantage of these proposed provisions.

Another comment I have to make relates to intra-territorial travel. Prior to this advantages were given only to people who travelled from the remote areas of the North to a southern location. It is now my interpretation that people who travel within the Territories can take advantage of the new provisions.

I see that my time has expired, Mr. Speaker. Thank you very much indeed.

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have several points I wish to make on this subject. I have met with the Committee for Tax Fairness, which is a broadly representative group, and we talked about this issue about nine or ten months ago during the course of our tax probe tour. The rules of the House make it a bit difficult to bring a matter to the attention of the House where it is appropriate at the report stage of a Bill. Had I known that the Hon. Member for Western Arctic (Mr. Nickerson) would raise his amendment, then that would have allowed me to make the points I will now make.

What I have to say may sound somewhat curious. However, since Motion No. 5 is to be voted on separately, and I have raised a point with you about that, Mr. Speaker, then I ask Hon. Members to join with us in voting against it. The motion is for the deletion of Clause 34. Therefore I support the clause as it stands even though I have substantial reservations about it, which I will now express.

I wish to pay some credit to Members from northern Canada who have worked hard to bring about the recognition that this is a substantial improvement on what now exists. As I understand it, if an employer provides subsidized or free housing, or air trips, they do not enter into taxable income and are therefore essentially tax-exempt. However, an individual who is running a small business or who works for a small business, for example, native people, do not generally benefit from the same tax provisions. Therefore it is inequitable and biased, to some extent, toward people from southern Canada and against native northerners or people who have sunk their roots into northern Canada and who have no intention or desire to move back south. So in that sense this measure is positive.

The problem with it is that it benefits more those with higher incomes. That is the major point I wished to raise. As I have said, we will not oppose the passage of this Bill although the clause is included in it. We will ask Members not to support the motion to delete Clause 34.

I have done some calculations which show that a married employee with a $20,000 income living in Whitehorse, Yellowknife or some other northern community receives a tax savings of about $1,000. That employee's supervisor, or the general manager of a large company in the North, who has an income in the $50,000 range will receive a concession that is valued at about $2,700. I believe that this is inequitable, particularly given the living costs in northern Canada, with which the Hon. Member for Western Arctic is well familiar. The worker with the modest income who has a tough time meeting the costs of housing, food, clothing and of other goods and services receives a deduction which is worth about 40 per cent of the deduction that is given someone earning two and a half times as much. In other words, the measure works backward. If anything, I think that the concession should work in the other direction. I recognize that for people who are not organized, and for native people, this is an important step forward. I point out as well that because a tax credit is not used for the employee on a modest income who wishes to fly out of the North with his or her spouse on one occasion, perhaps at Christmas to spend time with family or to take a holiday in some warmer part of the world, the cost of the trip is only subsidized in terms of tax savings to the tune of about 15 per cent. The tax cost of the trip for the high income employee is subsidized to a greater extent. The high income employee, if he does not have air travel arrangements as part of his contract, is better able to pay for tickets and take trips than an employee who receives a modest income and who may not be able to cough up the money in the first place to get out of northern Canada even one or two times every year.

The final point I wish to raise is one which I believe is being addressed by the Department of Finance. I wish to put it on the record now because it was clearly a concern of people in Yukon. My colleague from Yukon who is not here now, although I am sure he has made this point previously, suggests that in many communities in northern Canada there is no rental market. There is no way by which one can judge what the rental value of a particular house should be. If there is, it will be saying that such and such a residence cost $150,000 to construct and therefore the rent should be based on the capital value of the property. This yields very high values on imputed rent. I wish to suggest that this measure can be extremely unfair to northern people. I believe this matter is now being addressed by the Finance Department. However, to be fair, where there is not an active and representative local rental market, as may conceivably exist in places such as Yellowknife and Whitehorse—and I am not even sure about that—then I think we have to agree that where shelter is being provided as a part of a contract, then the imputed value of that shelter should not be put at such an extraordinary price that, effectively, the employee will have to pay tax on an imputed value well above the $450 per month deductible that is in place. I point out to the Minister that the $450 is in itself not that great when one looks at the rental costs of housing, even in places such as Toronto, Edmonton or Ottawa. Nonetheless, if people are being told that the accommodation which they

have, which may be quite modest, as a great deal of accommodation is in northern Canada, will have to be charged to them at $1,000, $1,200 or $1,500 a month, then they literally might not be able to afford to stay. Clearly, that would not be the intention in this case and that would definitely be unjust.

We have a situation where a number of the employees who were affected, including the trade union members referred to by the Hon. Member for Western Arctic (Mr. Nickerson), have previously benefited from tax free housing. It was not entered into their taxable income, they received it for free, and did not have to pay tax on the benefit. Of course, it was unfair that they received that free and others who had to pay their own rent did not get some equivalent concession. That is being addressed right now.

But if the housing in Pine Point, or in some other mining property in northern Canada is now to be valued at a very high level, these employees may find that they are worse off than if this present situation had prevailed. We have gone from being unfair to people who did not have a trade union contract, to being unfair to people who do have it and have traditionally had housing provided as part of their union contract. I would ask the Minister to address that particular point.

• (1650)

I agree with the point raised by the Hon. Member for Western Arctic in his amendment. I do not recall that was brought before us in the committee, where it may have had a good chance of being accepted before it came here. I hope that the Government in good faith would accept the points made by the Hon. Member for Western Arctic.

We will support Motion No. 4. I wish to put it to the Minister that the Department and the Department of Revenue Canada can surely accept the good faith of northerners and accept the fact that we are not talking about the business conditions and the size of business organizations that exist in southern Canada. After three or four years if it is found that there is some abuse taking place, then at that point some necessary measures can be taken. I suspect that the Hon. Member for Western Arctic would accept that. I believe that his approach is to begin on a good faith basis rather than to begin by suspecting that everybody who works for his brother-in-law is out to fiddle the tax system.

For those reasons, I would ask people to support Motion No. 4. Now that we have had an opportunity to address the general problems of Motion No. 5, I would support opposition to Motion No. 5 even though it was my colleagues and I who proposed it.

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: The question is on Motion No. 4 standing in the name of the Hon. Member for Western Arctic (Mr. Nickerson). Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

Mr. Cassidy: On division.

Mr. Deputy Speaker: In my opinion, the nays have it. I declare the motion lost.

Motion No. 4 (Mr. Nickerson) negatived.

Mr. Deputy Speaker: The question is on Motion No. 5 standing in the name of the Hon. Member for Ottawa Centre (Mr. Cassidy). Is it the pleasure of the House to adopt the motion?

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour please say yea.

I declare the motion lost.

Motion No. 5 (Mr. Cassidy) negatived.

Mr. Deputy Speaker: We will now deal with Motions Nos. 7, 8, 14, and 15, which will be grouped for debate and voted on as follows.

[*Translation*]

An affirmative vote on Motion No. 7 will obviate the question being put on Motion No. 8. A negative vote on Motion No. 7 will necessitate the question being put on Motion No. 8.

An affirmative vote on Motion No. 14 will obviate the question being put on Motion No. 15. A negative vote on Motion No. 14 will necessitate the question being put on Motion No. 15.

[*English*]

This was the ruling that the Speaker made a few minutes ago. After the ruling, the Hon. Member for Ottawa Centre (Mr. Cassidy) made additional arguments concerning this particular grouping, even though at first glance the argument by the Member for Ottawa Centre did made some sense. However, unfortunately they are ruled unacceptable for procedural reasons. Therefore, the proposed grouping as originally suggested does stand.

[*Translation*]

Mr. Raymond Garneau (Laval-des-Rapides) moved:

Motion No. 7

That Bill C-23, be amended in Clause 39

(*a*) by striking out line 40 at page 67 and substituting the following therefor: "section (3) for the 3 taxation years"

(*b*) by striking out line 25 at page 68 and substituting the following therefor:

"section (3) for the 3 taxation years".

Mr. Mike Cassidy (Ottawa Centre) moved:

Motion No. 8.

That Bill C-23, be amended by deleting Clause 39.

Mr. Raymond Garneau (Laval-des-Rapides) moved:

Motion No. 14.

That Bill C-23, be amended in Clause 51 by striking out line 33 at page 96 and substituting the following therefor:

"110(2), 110.4(1) and 110.6(2)".

Mr. Mike Cassidy (Ottawa Centre) moved:

Motion No. 15.

That Bill C-23, be amended by deleting Clause 51.

Mr. Deputy Speaker: The Chair recognizes the Hon. Member for Laval-des-Rapides (Mr. Garneau).

Mr. Garneau: Mr. Speaker, the motions standing in my name deal with the alternative minimum tax. We have been advised in this House by the Minister of Finance (Mr. Wilson) that the Government's purpose in introducing this Bill providing for an alternative minimum tax was to ensure that all taxpayers assume their fair share of the tax burden. In other words, each taxpayer—it is going to be extremely complicated—will have from now on to file in a regular income tax return, have a taxable income and pay so much income tax. If he has no income tax to pay, he will have, after submitting his return duly completed, to prepare another extremely complicated form to know whether he should pay an alternative minimum tax.

Mr. Speaker, for a Government which wanted to simplify our tax legislation, I can assure you that this Bill is a flop.

The fact remains that on this side of the House, we were and still are in favour of the principle of a minimum income tax as suggested by the Leader of our party during the election campaign. We thought that the Government was serious about wanting to make sure that no one, especially people on high incomes, would be able to get away with paying hardly any income tax to the federal or provincial governments.

Mr. Speaker, that was the objective, and we were all for it. However, Bill C-23 which introduces this minimum tax includes provisions with so many loopholes that no one will have to pay the minimum tax. For instance, a person who has to pay a minimum income tax of 17 per cent will be able to recover that amount over the next seven years if during that time, his regular income tax is high enough to preclude his paying a minimum tax. In other words, a person who has to pay minimum income tax has seven years in which to recover the extra amount paid. I don't see why it is necessary to make our tax system so complex, if the initial objective was to levy a minimum income tax.

Mr. Speaker, the purpose of Motion No. 7 is to reduce the recovery period from seven to three years. We think this is far more reasonable and that if the Government accepted our motion, it would have a minimum income tax with teeth. Otherwise this is going to be a pretty toothless proposition, and no one will feel the bite. In a number of articles written by tax experts, I found one author who said—I'm not sure whether I can find the exact quote—that the only good thing that could be said about the minimum tax was that in the final instance, no one would have to pay because of all the loopholes, and I think that if the Conservative Government is at all responsible, it should at least go along with Motion No. 7 and reduce the recovery period from seven to three years. Otherwise, this will just be a big joke.

The other motion, Motion No. 14 which has been regrouped with No. 7 for the purposes of debate, will remove a small sub-section, Sub-section (3) at Clause 51, by striking out line 33 at page 96 and replacing it with more or less the same thing except for the number three in brackets. This is another loophole we want to close. Mr. Speaker, the Conservative Government has introduced a minimum income tax in an attempt to catch all the tax loopholes and tax shelters and tax evasion. The only exception will be capital gains.

I think it is grossly unfair to have this double standard for taxpayers. If we want to impose a minimum income tax, it should apply to all tax loopholes and not just to a few. I therefore recommend that these two motions be adopted, Mr. Speaker.

Mr. Deputy Speaker: Order. It being five o'clock, the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

• (1700)

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*English*]

THE SENATE

SUGGESTED EQUAL PROVINCIAL AND TERRITORIAL ELECTED REPRESENTATION

Mr. Gordon Taylor (Bow River) moved:

That, in the opinion of this House, the Government should consider the advisability of introducing the appropriate measures to abolish the Senate and create a new Senate composed of Senators elected by the people of Canada on the basis of equal representation for each province and territory, and to initiate discussions to that end with provincial and territorial Governments at the earliest opportunity.

He said: Mr. Speaker, I have great pleasure in moving the motion before the House. What the motion wants is an efficient Senate elected by the people, with equal representation from each province and territory.

The report of the Special Joint Committee of the Senate and of the House of Commons on Senate Reform dated January, 1984 called for an elected Senate. The first statement in the report, Chapter 1, reads as follows:

The Senate

We have concluded that the Canadian Senate should be elected directly by the people of Canada.

An appointed Senate no longer meets the needs of the Canadian federation. An elected Senate is the only kind of Senate that can adequately fill what we think should be its principal role—the role of regional representations.

Because of the limited time allowed, I will deal only briefly with the matter of electing a Senate. However, I want to point out that the House of Commons is elected on the basis of population. Consequently, Ontario and Quebec, the two central provinces, will for a long, long time have a majority in the House of Commons. This is proper as representation in the House of Commons should be and is based on population. "Rep by pop" was fought for and won. It is an accepted rule for electing Members of Parliament.

When it comes to the Senate, however, there is no reason at all why the number of Senators should be based on population. Senators appointed now, whether for service to a political Party or on the basis of merit, may feel responsible to the Prime Minister (Mr. Mulroney) or to the Government which appointed them but they are really accountable to no one. Our contention is that Senators would be elected by the people, so they will be responsible and accountable for their actions to the people who elected them.

The second requirement of the motion is that an equal number of Senators be elected from each province. I suggest five, with two from each territory until they attain provincial status. Each province would be divided into the appropriate number of regions or the Senators could be elected at large, and nominations would proceed according to the Elections Act.

While the Special Committee on Senate Reform recommended that Senators be elected, it then suggested that the Senate should be increased from 104 Members to 144 Members, with Quebec and Ontario retaining 24 Senators each. Assuming my recommendation of five Senators being elected from each province and two from each territory, the distribution as it is now, as it would be with 144 Senators and with equal representation from each province, would be as per the table included in my notes.

Taking the table as read—and I hope it will be included in *Hansard*—let us analyse the recommendations of the joint committee with regard to distribution. First, the distribution is at least partly based on population. For example, Prince Edward Island is given six Senators, while the other maritime provinces and the four western provinces get 12 and Ontario and Quebec retain 24. Surely P.E.I. being a province it is entitled to the same benefits as other provinces. The report rationalizes this by saying that if P.E.I. was given 12 Senators, then five provinces with as little as 13.4 per cent of Canada's population would have a majority of seats if they had the support of the territories. It is strange.

The House of Commons generally has 60 per cent of its Members from the Provinces of Ontario and Quebec, with only 28 per cent from the West and the North and about 12 per cent from the Atlantic provinces. That appears okay, but population should not be a factor at all in selecting Senators. The selection should be on the basis of having the status of a province. The distribution of Senators by the special committee would really retain the *status quo* and would solve nothing. It might just a well stay as it is if all we are to accomplish is more expenditure from the people. Reform would be meaningless with Quebec and Ontario retaining 24 Senators and all other provinces with fewer seats. Ontario and Quebec already have a majority of Members in the House of Commons. Why should they also control the Senate? This motion will be fair to all provinces; each and every one will have equal power, with none having more power than any other.

However, how much would people have to pay for all this? The 144 Senators would increase the cost of the Senate in wages plus the tax-free allowance from about $6 million per year to almost $9 million. On the other hand, by having five Senators elected from each province, with two from the Yukon and two from the Northwest Territories, it would cut the cost in half and bring it down, in wages and cost of living, to less than $4 million, to say nothing about the tremendous reduction in the cost of offices and office expenses for staff, travelling, et cetera. If money means anything—and it means a lot to Canadian taxpayers—the triple E Senate would save millions. In addition, the real benefit and advantage would be that Senators would be accountable to the people who elected them, not to the Prime Minister nor the Goverment which appointed them.

An elected Senate, at least to start with, should continue to have the power extended to it by the Constitution Act, 1867. It should be noted that the absolute veto over legislation presently in effect has not been used once during the last 25 years.

I will now deal briefly with some concerns arising out of changes which will have to be made to the Constitution Act, 1867. Will huge sums of money have to be paid to present Senators allegedly because of dismissal? The Constitution Act, 1867 sets out the method of selection, the retirement age, and certain circumstances under which a person who is summoned to the Senate is disqualified from membership. An amendment would be necessary when the Senate is either abolished or a new method of selection is implemented.

Some may argue, as did the report of the joint committee on Senate reform, that there is some constitutional commitment by the Government to those Senators appointed for life or until age 75. When the Constitution was amended to change the senatorial term from life to retirement at age 75, legislation then gave an option to those in the Senate who had reached the age of 75 years either to continue or to retire with a pension. This option was given, but it could have retired them all over or under the age of 75.

In terms of compensation, why would Senators not be treated the same as other Canadians who lose their jobs or retire? Pensions are earned through contributions which persons make to a fund, as in industry. Senators who have spent some years in the Senate would secure a pension based on their years of service and their contributions. It would mean that they would secure the amount which they had properly

earned under the Act under which they worked, as do workers under UIC and workers under Canada Pension. It is the same for Members of Parliament who are defeated in an election or retire. Why should Senators be treated differently from other Canadians?

Section 42(1)(b) of the Constitution Act, 1982 specifically states that any change in the powers of the Senate must be accomplished by means of the general amending formula. However, this could be done without the consent of the Senate. Presumably such an amendment would simply repeal Section 26 which gives the Government the right to appoint additional Senators in order to break a deadlock in the House of Commons. The section dealing with retirement at age 75 would be dropped as well. The constitutional amendment would provide the method of election, and the mechanics would be left to be inserted in the Canada Elections Act.

If the Senate refuses to pass such an amendment, does the House of Commons have any recourse? A constitutional amendment which would either abolish the Senate or change the method of selection to popular election would have to be accomplished by the utilization of the general amending formula, which allows approval by the central Government and two-thirds of the provinces. This being the case, Senate approval is not required if within 180 days of the amendment being first passed by the House of Commons the Senate refuses to act or acts in a negative fashion. The matter is simply re-enacted by the House of Commons.

I submit that if the Senate is not reformed, it may well mean that the Canada we love may not for long be the Canada we know and have today. In other words, the salvation of Canada as we know it, with its varying climates, its varying regions, and its many people, is tied in to a large degree with providing protection for all regions, which in turn requires this fundamental reform of the Senate. A new Senate responsible to the people will take a sober second look at legislation to ensure that every part of Canada has an opportunity to grow and to retain its culture and language. It will also ensure that every region is treated fairly and that people in every part of the country have an equal chance to enjoy the benefits of our nation.

The bottom line in the discussion of the motion is fairness to all parts of Canada. By passing all stages it will tell Canadians that the Government of Canada and the House of Commons have listened and are acting on their message and that every region will be treated fairly, whether it be the far East, the far South, or in the centre.

I urge all Hon. Members to support the motion. The failure of the motion to pass could mean a shocking catastrophe.

Some Hon. Members: Hear, hear!

• (1710)

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I find myself in the strange but certainly welcome position of totally agreeing with the Hon. Member for Bow River (Mr. Taylor) and complimenting him on his resolution. Let me say to him that we are prepared to lend our support to an important and worth-while initiative.

I would like to point out to the House that at the recent national policy convention held some three weeks ago, delegates overwhelmingly supported this proposal to include an elected Senate that was equal and had additional powers granted to it so that it could become a Chamber of substantial weight and effectiveness in representing regional interests in Canada. To my knowledge, it is the only time that a major national Party in Canada has gone on record fully endorsing and supporting the concept of an elected and equal Senate. I have no problem in putting forward that notion.

I would like to talk about why it must be done and why Members of this House have an opportunity at this time to show some real leadership in responding to an egregious sense of grievance in many parts of Canada and to recognize that in effect our constitutional system is incomplete. We have the only federal system in the world that does not have a second Chamber that effectively represents regional interests on the basis of democratic accountability. It is not my job to second-guess the wisdom of the confederation of our forefathers. By making the decision as they did at that time to have a Senate that is an appointed body and having that tradition maintained has resulted in a situation that while the Senate does useful work—and there are some very fine people in the Senate—it does not carry the heft, the leverage or the balance within the system of making decisions required to ensure for people in regions not concentrated with high levels of economic or political power that they will get a fair deal. As a result, there are too many examples over too much of our history where decisions have been made not on the basis of fairness but on the basis of political weight.

I recall the famous statement of Napoleon who once said to the Pope: "Where are your battalions?" That is too often a question raised in our system of decision making. The counterbalances we have, the Cabinet system and the federal-provincial conferences, are not in themselves sufficient to give the kind of forum for debate and discussion and the sense of security and confidence on the part of individuals in places like western Canada and the Atlantic to be heard effectively.

There is no doubt this issue of an elected equal Senate has gained a great deal of importance and an incredible sense of urgency because of the recent decisions by the Conservative Government on the CF-18 matter. I can think of no matter, certainly in my living memory, which has struck so deeply into the consciousness and psyche of westerners than that decision. People saw by all the reasonable rational criteria that an important contract should have been awarded to western Canada but was not because of interference in the system. One can only judge by statements made by Ministers of the Crown opposite that it was done purely to meet some political requirements in central Canada. That is not acceptable. Westerners will not continue to accept that situation. I do not say that partisanly because these situations can happen with

all Governments. I think westerners have had it with CF-18 decisions. They will no longer accept that kind of bias and discriminatory decision-making. Westerners want to be sure that they have an equal chance to have their voices heard and an equal chance to ensure that there is political balance.

A week or so after the CF-18 decision was announced I happened to be in my home riding of Winnipeg watching the congressional election returns coming in from the State of North Dakota. It was intriguing to see the President of the United States having to pay as much attention to the election of Senators from North and South Dakota as he did about an election of a Senator from California and New York. There is no question that the calculation going into the political process in the United States must be duplicated here in some way.

I think the Hon. Member for Bow River has illustrated the various ways in which the so-called technical problems can be overcome. I am not saying that I adhere totally to the position he has put forward in terms of the exact model, but this motion represents a first step in this House of Commons in coming to grips with the issue.

I decry in part the reaction that we had in this House a year or so ago when the then Minister of Justice brought in a Senate Bill that was about taking the powers of the Senate away. It was supported by the New Democrats who said they wanted to abolish the Senate, therefore totally depriving the regions of any fair degree of representation. This is a chance to redress that kind of silliness and show people in the other parts of the country that we mean business.

[*Translation*]

Mr. Speaker, I think it is imperative that all Members from all regions of Canada understand and support this motion, because it is a very important initiative which attests to the interest of all Members from coast to coast in extending fair treatment to people in western Canada and the Maritimes. This is a great opportunity to show unity in this country.

I urge my colleagues and other Members to support the motion of the Hon. Member for Bow river (Mr. Taylor).

[*English*]

I rise because I think this is one of the most important debates and one of the most important resolutions that has ever been presented in this House. I think the Member for Bow River put it correctly that unless Members of Parliament take this kind of initiative, unless we show some leadership in this very crucial issue, there will be an increasing sense of alienation, scepticism and an increasing sense that the system does not work for large sections of the country. We see that situation increasingly where the economy of this country is becoming a split level economy. As we shift from a commodity resource base into an industry that is based upon services, information and research, the concentration of economic power becomes more consolidated in southern parts of Ontario and the St. Lawrence mainland. The only way one can provide a counterbalance to that is through the political system. The only way you can ensure a fair distribution of the economic gains in this country is to ensure it through the distribution of the federal system. If the federal system is flawed and if there is a major weakness in that system, if structurally it is not able to ensure the balance wheel constantly in operation, then there will not be that sense of confidence about being able to receive a fair deal and a fair reception of the growth and prosperity of Canada. We are in danger of having a split-level society, a country that finds itself divided.

I can only say that while this is not the total panacea, symbolically and in a very conscious way, this is an important demonstration of the willingness of the country to take a good look at itself, to realize that the evolution of our Constitution is not by any means over, and that the kind of good, honest outpouring of feeling exhibited in this House in the past to our colleagues from Quebec when they had grievances on language and culture must now be demonstrated by our colleagues from Quebec and Ontario on this issue that is so crucial and important to the West and the Maritimes.

• (1720)

There have been times when this House has shown an incredible generosity of spirit in recognizing that there has to be some limitation on one's rights in order to better the rights of others. That is how a civilized society operates. This House has demonstrated that in the past when we were threatened with separation over questions of language and culture. We now have the same kind of threat in the form of unfair distribution of economic and political power.

I suggest to you and all other Members of this House that this resolution provides an answer to that problem. It therefore deserves a proper review by this House. That will demonstrate that we are not blind to the difficulties we face, that in fact we are prepared to look at them collectively because we realize that the House of Commons has a responsibility to all of Canada.

Mr. Reginald Stackhouse (Scarborough West): Mr. Speaker, like the previous speaker, I want to commend the Hon. Member for Bow River (Mr. Taylor) for his initiative in introducing this subject in the House. As it is now constituted, the Senate has no place in a democracy. My reason for saying that is that we have a legislative Chamber without a mandate from the people. That, in the 20th century, is the only basis for legislative authority. We no longer recognize divine right, aristocratic superiority or any other consideration in a democracy except one, that of a mandate from the people in a free and democratic election.

Without calling into question the personal virtues or merit of members of the other place, we have to face the reality expressed in that sorry, inexcusable vacuity of authority because of which the Senate is unable to function as a true legislature. It has become a kind of legislative refinery whose chief positive role is to improve this or that feature of a Bill sent to it by the House of Commons. It has ceased to function as a legislature in the way originally intended. It is for that reason that opinion on all sides of the House over the years has

supported the intent of this motion before us. For example, in 1965 the Hon. Stanley Knowles told the House:

> We ought to ask ourselves whether there is any place in our parliamentary institution for a group of people who are not responsible to the electors.

That is the key. If you would be a legislature today, you must be accountable to the electors. You must receive from them that confidence which gives us authority to act. Another member of the other place, Senator Michael Pitfield, said:

> As an appointed Chamber it simply does not carry the credibility to perform the role in this day and age.

That is the point. We need to have an elected Senate if it is to justify its position as an upper House.

Regardless of the quality of the people who comprise it, and there is no question about that in this debate, it cannot, as an appointed Chamber, function with the full scope of an elected House. It does not usually initiate Bills of its own. It seldom dares to veto Bills from this House. It almost never goes beyond the function of refining something by rubbing off this rough edge or polishing up that dullness. However, that is surely not enough to justify it being the upper House of this Parliament. It purports to be an upper House but it lacks that essential without which it cannot function as an upper House.

The Hon. Robert L. Stanfield, with the great wisdom and perspicacity with which we associate him, has said:

> We should do whatever is in our power to increase its credibility, and that has to come basically through reform of the appointment process.

What better reform than to make it an elected Chamber? Some 25 years ago the need for some such solution was signalled in the words of the Right Hon. Leader of the Opposition (Mr. Turner) when he said:

> The Senate, in terms of current facts, no longer plays a part in the government of Canada.

That is the view of the Leader of the Liberal Party. The Senate no longer plays a part in the Government of Canada. The Hon. Member who introduced this motion identified the reason. It is not because individual members lack ability or dedication. It is because they lack a mandate from the people which only an election can give them.

I submit that the question is: Do we want an elected upper House? Or, do we want a single Chamber Parliament? There is no place in the 20th century for an appointed upper House. Democracy around the world demonstrates that there is a place for an elected upper House. The variations found in such democracies as West Germany, France, the U.S., Italy and Australia, to name only a few, demonstrate that. Therefore, I join with those who support this motion to bring before the people of Canada and their representatives the need for a profound transformation in the character and structure of the upper House of this Parliament. In that way it can perform its function in a way appropriate to this century and the one which lies ahead.

I would ask that the mover of the motion consider some emendation of the second part of his motion. I am thinking of the assumptions that underlie the call for equal representation of every province and territory without regard to population. The difficulties are obvious. We all know we have one province with only 125,000 people, another province with over six million people, and a third province with more than 8.5 million people. We must consider not removing the disproportionate character of this country and what that requires simply by saying we have provided for it in the House of Commons. We do not remove it by pointing to the way in which the U.S. Senate has equal representation for each state, whether it be Rhode Island or California. Doing that ignores the proportion of population among the regions and divisions of Canada. Ontario represents 35 per cent of the people of this country. There is no state in the Union that represents 35 per cent of the people of the U.S. If there was, it would have a population of 75 million and include not only California with its 25 million but most of the states west of the Mississippi River. If a state like that existed, then you would begin to see what it means to say "we only have two Senators from California". The same thing applies to the Province of Quebec in proportion, indeed every province. I am not asking for representation by population in the Senate such as we have in the House. We should have something which is uniquely Canadian and not a simplistic attempt to duplicate what they have in the U.S.

• (1730)

In this country, in addition to provinces and territories, we have four or five recognizable regions. We should think in terms of allotting each of those regions a more or less equal representation so there would be a strong voice from the underpopulated parts of Canada such as the Atlantic Provinces and the Prairies. We would have a strong voice from the North out of proportion to the number of its people, but we would not have the hopeless and, I submit, unacceptable situation of having equal representation from each province and each territory.

I do not suggest this simply to speak against the motion but, rather, to raise a question. When this motion proceeds, as I hope it will, and is considered by the Government and again by the House in the form of a Bill, I ask that we consider the problem which I have identified and which I believe requires careful reflection by committee and the House. The motion before us is meritorious and requires further reflection by Parliament and, ultimately, action by us all.

[*Translation*]

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, I am very pleased to join today's debate on the motion introduced by my colleague from Bow River (Mr. Taylor). If I may continue along the lines of the remarks made by my colleague from Scarborough West (Mr. Stackhouse), I would say we have before us a motion which is full of good ideas and which points the way towards a future which will be more progressive and more democratic than our present institutions. Still, Mr. Speaker, my Party and I can see the shortcomings of this motion.

We are talking about a non-democratic institution—as others have described it—at the very core of our democratic legislative process. In other words, there is an obvious contradiction in terms with our legislative institutions and this very Parliament.

Mr. Speaker, we now find ourselves in a situation where we have a House of Commons elected by the people, where every sitting Member was given a mandate by his or her electors. But we also have the other place—like my colleagues I would not want to criticize those who sit there now—we have in the other place a House where the right to sit comes only and exclusively from this Government. To put it another way, the present Government could use the Senate to reward its friends and, in light of what is now going on, to reward those who have been the good and faithful servants of the country, but especially those who belong to the Government Party.

And I myself, Mr. Speaker, have friends in the Senate. There are senators whom, I say it frankly, I admire, but what the Senate institution stands for is the patronage system that is imbedded in the Government, and the Government is always tempted to use that system despite its past protests, to try and turn it to its own purposes. And that kind of Senate subservience, that kind of departure from the concept of a true Senate as it should be, along the lines of the Roman model, and that deterioration started under the previous Government, the Trudeau Liberal Government. It was during that time that the nefarious practice of using Senate appointments to set up an election team, an election planning team within Parliament itself, a team that is there for the one and only purpose of partisan politics.

This is a corruption of the Parliamentary system for which our friends on the Liberal benches should apologize to the nation, and even for having corrupted the senators. Unfortunately, that system of corruption kept on under this Government, which has used not all but some appointments to install its own election committees at the Senate level. Therefore, Mr. Speaker, this is an ill-prepared legislation, involving a mere improvement on matters of detail over the present Senate. There are serious gaps in a proposal that would replace the present Senate by an elected Senate. I say it quite frankly, Mr. Speaker, I am a one-Chamber man myself, and our party's policies adopted in convention are for one chamber only. We believe that a single chamber is the choice of the majority of Canadians themselves. I know I will probably be repeating what has been said by the Hon. Member for Scarborough West (Mr. Stackhouse).

The main gaps in the concept of an equal, elected, efficient Senate, as it is often mentioned in the headlines, is that of course proportional representation exists in the House of Commons, but that is a proportional system that is based of course on the size of the various constituencies. Electoral boundaries have been changed according to history, tradition. There is that imbalance on which everyone will agree. There are, for instance, in Ontario constituencies, and I believe that even includes Scarborough, that have a larger population than the whole of Prince Edward Island. There were constituencies in other provinces that were larger for instance than my own, larger than the whole of Germany, 30 times larger geographically speaking than Prince Edward Island, but with only one Member to represent them, while there are now four in the example I am using. It is obvious, Mr. Speaker, that if we had agreed to the principle of an equal, effective, elected Senate, some people would have requested a reform of our system of representation in this House so that Members of Parliament could be elected strictly on the basis of the same number of people in each of our constituencies, which would naturally be against the legitimate interests of my constituents, who live in vast rural regions where there can be about 100 villages of which 30 cannot be reached by road. This means that if this Bill is passed, we shall have to consider changing our system of representation in this House.

As I have just said, Mr. Speaker, I am myself a unicameralist. I think that we should look at the examples before us. Many provinces began with two Houses, a non-elected Senate and an elected Chamber. Today, those provinces all have one Chamber, and I would even go as far as saying that those provincial Governments work better than the federal Government and are better able to meet the needs and aspirations of their voters. We also have the example of our large municipalities, some of which represent over 10 per cent of our population, and which are always unicameral. There are difficulties in implementing this Bill which must be mentioned, Mr. Speaker because, ever since the adoption of the Canadian Constitution we have had a consultation process which should come into play before this kind of measure can be passed.

Then there is the fact that our native people represent the two major immigration races or, as someone said, the founding nations.

On what basis would a triple E Senate represent the great concept we have of our founding races and our native people?

Naturally, Mr. Speaker, I may be somewhat disappointed to see that the motion of my colleague from Bow River (Mr. Taylor) has been chosen as a votable item instead of mine which was picked first.

Once again, Mr. Speaker, I must conclude that the real solution, the solution which meets the needs of all Canadians, is the unicameral solution where there is no room for a Senate.

Mr. Charles Hamelin (Charlevoix): Mr. Speaker, I am pleased to speak to this motion introduced by the Hon. Member for Bow River (Mr. Taylor) urging the House to endorse a proposal to abolish the existing Senate and create a new Senate—elected this time—where provinces and territories would have equal representation.

I take this opportunity to point out that the Hon. Member for Bow River will soon be celebrating his 40 years as an elected politician—elected, I repeat—and I should think this is the appropriate time in this debate to quote the great principle

which prevailed when the United States of America were founded, the famous words of Thomas Payne:

One cannot tax people without being duly elected. And I think the House will agree that one of the few people who today would be worthy to belong to the Senate is our hon. friend from Bow River who has been re-elected for forty years.

Imagine! He has been elected so many times there would be every justification, no offence intended, to give him a seat in the Senate without the benefit of election. And I would have no trouble supporting such a proposal. He has successfully faced the electorate so many times, both in the provincial legislature and in the House, that I think he and other people like him should be the first to be given a seat in the Senate.

• (1740)

[*English*]

"No taxation without representation".

[*Translation*]

That is the basic principle behind this motion to abolish the Senate, which, it has to be said, is a bit of an anachronism. I may recall that last year, our hon. friends in the other place obstructed the passage of Bill C-11 for several weeks. This was a Bill to provide borrowing authority for the new Government, a Government that had been elected with an exceptional and indeed historic majority. And the Senate obstructed this legislation. Why? In any case, the Liberal Senators were opposed to adopting and ratifying a Bill that constituted a major borrowing authority, the result being to create uncertainty on the financial markets and even raise doubts internationally, at a time when our dollar was more or less sagging. This situation was created by people who were not elected and who were taking this opportunity to ridicule the elected Members of Parliament who had been unanimous in adopting this Bill.

So we have the whole contradiction of this second Chamber that is applying a kind of veto, theoretically at least, but in this particular case a very real veto, to the decisions of the elected representatives of the people of Canada.

I and many of my colleagues find the situation particularly unacceptable. I may recall that the issue of the legitimacy and accountability of members of the Senate has been raised before in the course of history and as recently as last year, with these important people who, being appointed, are responsible to no one, and I tend to agree with the Hon. Member for the New Democratic Party whom I wish to congratulate on addressing the House in French, thus enhancing the francophone presence in this Chamber, and I would say that the Hon. Member is making a very valuable contribution in this respect, and I was going to say that the Hon. Member stressed the patronage aspect of these appointments, and so forth.

I would not go that far. I believe there are senators who are doing exceptional work here in Ottawa. Most of them, Mr. Speaker, are hard workers and are active on various committees, and they express views that reflect their wisdom and experience. But they still have this major drawback that they are not elected and are accountable to no one.

And when they decide—as was the case of the Liberal senators—to obstruct the decisions of a Government that was elected with such a broad majority by the Canadian people, it is time to start asking some very serious questions. And perhaps we should take this proposal by the Hon. Member who has such broad parliamentary experience as an opportunity to review this issue.

I may recall that in 1907, the House of Commons of Great Britain adopted legislation in this respect. When faced with obstruction by its own Senate—

Mr. Boudria: Quote it!

Mr. Hamelin: Yes, I'm quoting verbatim, my friend—

To accomplish the will of the people as expressed by their elected representatives, the power of the other House—

—you see, they are not very respectful: "the other House"—

—to amend or vote against Bills adopted by this House—

—the House of Commons, of course—

is to be limited by legislative means so that as far as the powers of Parliament are concerned, the final authority rests with the Commons.

Mr. Boudria: In other words, it is up to the House.

Mr. Hamelin: Well, a bitter struggle followed, perhaps something like the one the Hon. Member would like to have with me, and the House of Lords, whose powers with respect to financial measures were finally reduced in 1911 by statutory means, has only a very short time to consider such legislation, and its absolute veto with respect to other kinds of legislation has been reduced to a minor and temporary veto.

Well, enough said about Great Britain, I will get back to this place and repeat what my colleague said a while ago: Why should we not innovate? It seems to me this is the time, if ever we are to entertain the possibility of revamping our Senate from top to bottom. As my colleague pointed out earlier, if we choose not to abolish it we should at least consider an elected institution, perhaps a form of septenate to give senators a wider perspective. Seven years would be an interesting challenge. It might be ten years, but it does not matter much. Those people would not have to face their electors quite as often, they might be less concerned over strictly political considerations in the short term, but they would be able to look forward to a somewhat longer and guaranteed parliamentary tenure.

As to the powers that might be vested in the new reformed Senate, we would have to make sure that the two Houses would not work at cross purposes, as was the case recently. Senators could have more extensive and specialized advisory powers to be in a position—something along the line of the motion of our colleague—to represent provincial aspirations and those of certain other groups. I think this suggestion and

this debate can lead to challenging and worthy considerations. Given the new climate in this House and the parliamentary reform as a whole, I have the impression that in a more serene atmosphere we might convince ourselves that senators should indeed participate actively in Canadian affairs, as a matter of right, fact and fairness, if they were elected in the first place and given specific mandates in fields of jurisdiction which would be clearly defined. The least we can say about the proposition of our colleague— as was the case of others in the past—is that it raises basic issues. We sincerely hope this new climate will make it possible for all Canadians, all Members here, and perhaps even senators to give serious consideration to a more functional and more enlightened bicameral system which would show new respect for all Canadians.

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, it gives me pleasure today to rise in the debate on the motion of our colleague for Bow River (Mr. Taylor). The same motion has been introduced on numerous occasions in the past, perhaps not in this specific form, but at least in its general principle.

First, Mr. Speaker, I must explain my own position. I am in favour of an elected Senate. Second, however, I disagree with the suggestion that there should be an identical number of representatives from each province in the other Chamber. In my opinion, there should be an equal number of representatives from each region. Naturally, we would then have to decide whether there would be four regions, five regions, or whatever. We shall come back to this later.

• (1750)

[*English*]

I really take objection to the view of some Hon. Members that Canada should have a unicameral federal Parliament. I totally disagree with that idea. I just cannot understand why we would ever threaten the other House with abolition even when we disagree with it. It has been stated often that we do not need a second legislature. I believe that to suggest that is wrong and does not recognize some of the history of our country.

At Confederation there were really two roles identified for our Senate. The first role was to review the legislation. I think most people would agree that the Senate has done that job reasonably well. The second role of the upper Chamber, as I understand it, is to represent the regions of our country. At that time there were three regions; Canada East, Canada West—later to be called Quebec and Ontario—and the Maritimes. It was the wish of the Fathers of Confederation that one third of the Senators would come from the Province of Canada East or from the Province of Quebec. The reason for that was to recognize the principle of the two founding nations. That is why it is important to keep an upper House and to keep it representative of the regions of our country. The Senators, of course, presently represent their respective provinces except the Senators who represent the Province of Quebec, who are also, of course, representatives of a given area, a Senate riding, if you wish, or a seigneurie, based on the historical antecedents prior to the active union of 1840 and, indeed, in large measure prior to the Constitutional Act of 1791.

[*Translation*]

Mr. Speaker, the Conservative Government elected in 1979 did not have enough elected Members in this House to represent effectively the Quebec population. Under the circumstances, one of the founding nations could have run the risk of not being represented at all in that government. Fortunately, at the time, there was a Senate. The Prime Minister of the day, who is now Secretary of State for External Affairs (Mr. Clark) went to the Senate in search of people whom he deemed competent to represent the region of Quebec and the founding nation made up of francophones and managed to appoint a Cabinet which included representatives of that group.

Let us imagine an assembly made up of a single House facing the same situation! Naturally, we would have had a Cabinet with very few Quebec or francophones representatives in the Ministry, if at all, because we know that there were only two PC Members out of 75 representing Quebec, and only one a Francophone. That did not represent the group.

If I am saying that, it is because an NDP Member said a while ago that he was in favour of a single House; I feel such a proposition could not apply to our country, because it is important to have an assembly or Parliament made up of two houses.

[*English*]

To the extent that we must continue to have a bicameral House, I agree with the Hon. Member opposite. To the extent Senators should be elected, I agree. To the extent that each should represent a given area of our country, I also agree. I suppose the only point I disagree with is that the Hon. Member opposite is saying they should be elected in exactly the same number for each province. I say that that idea does not recognize the two founding nations principle of our country and it does not recognize certain historical antecedents.

As stated by the Hon. Member for Scarborough West (Mr. Stackhouse), the formula that the Hon. Member for Bow River (Mr. Taylor) is using resembles the American formula, with the same number of Senators per state. However, in the United States there is not one state, one province or one jurisdiction which has 35 per cent of the population. In this country there is such a province.

I am not saying that the Senate should have a number of seats which is proportional to its population, because then effectively we would have areas of our country which would be almost totally devoid of representation. I do not think we should use the representation by population principle nor the identical number per province principle, but, rather, a marriage of both, which is effectively what the regional principle is. In other words, the division of the total number of Senators should be based on various regions of our country. I

know there is still debate going on as to whether our country has four regions or five. Mr. Yurko, the former Hon. Member for Edmonton East, addressed that subject extensively in the past. We have had a lot of constructive debate, but the issue has not been totally solved.

• (1800)

With that I will end my remarks and say that in my view the motion of the Hon. Member has a great deal of merit. I congratulate him for bringing it forward. I hope that if it goes to committee we can amend it somewhat in order to reflect the principle that I have outlined. I hope that the day will come soon when we will stop talking about reforming the Senate and actually do it.

[*Translation*]

Mr. Deputy Speaker: Order please. The hour provided for the consideration of Private Members' business has now expired. Pursuant to Standing Order 36(2), the order is dropped to the bottom of the order of precedence on the Order Paper.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

CAPITAL PUNISHMENT—TIMING OF PARLIAMENTARY VOTE

Mr. Jim Jepson (London East): Mr. Speaker, it is a pleasure to rise in the House today to speak on the merits of reinstating capital punishment in Canada.

For years, public opinion polls have shown consistently that approximately 70 per cent of all Canadians want capital punishment reinstated. It is not hard to see why. Murders have increased by 116 per cent in Canada since the last executions were carried out in Toronto's Don Jail in 1962. The fact of the matter is that the incidence of violent crimes being committed in Canada is rising as a result to an all-time high in 1985.

The statistics pertaining to this enigmatic problem do not lie, as illustrated by the recent figures available from the Canadian Centre for Justice Statistics. These figures reveal an alarming rise in the actual number of homicides committed in the last 20 years.

More specifically, I urge all Members of the House to seriously take note of the fact that from 1961 to 1983 the actual number of homicides in Canada increased 293 per cent, from 233 to 682. Therefore, at a time when violent crime is increasing, the main objective of our laws in Canada must be founded upon the absolute protection of our society rather than on the treatment of the criminal.

Reinstatement of the death penalty would alleviate the injustice we see in our country today. Not only do I firmly believe that the death penalty is a deterrent to the most heinous of crimes, it would be a just sentence for murder and a vital necessity to protect the value and sanctity of human life. It is my belief that capital punishment should be a legal option for our judiciary to impose in sentencing murderers who want this application of the law.

The most important reason for reinstating the use of the death penalty is the probability of its deterrent effect which, based on common sense, must be greater than that of any other punishment. If it is accepted that punishment does not deter the crime then, to be logical, the ultimate punishment of the death penalty must have the greatest deterrent value. The undeniable fact that the threat of capital punishment has not prevented some murders in Canada does not mean that it has not stopped others from happening. At the very least the death penalty prevents the offender so punished from ever committing violence again. We recently saw the case of a man in the Ottawa area who was convicted of murder for the second time. To that extent capital punishment definitely protects society.

In the case of premeditated murder it can be assumed that the possible consequences of the act are considered. The Royal Commission on Capital Punishment in Great Britain heard evidence concerning such criminal cases in four countries which indicated that in some instances the threat of the death penalty had acted as a deterrent to murder. In the case of some professional criminals, it is the only sentence which might be expected to have a serious deterrent effect. They are accustomed to imprisonment and regard it only as an occupational hazard. The known existence of the death penalty may discourage some professional criminals from entering Canada. Furthermore, it may deter those already present from carrying weapons and from committing crimes of violence.

Law enforcement authorities in Canada have long contended that the abolition of the death penalty increases the risk for police and prison staff. It would be reasonable to assume that in seeking to avoid arrest a criminal would be less likely to shoot a policeman if there is a death penalty in place. Similarly, it might be expected that the death penalty would deter a prisoner from murdering in prison or while attempting to escape from prison. If, for example, he is already serving a sentence of life imprisonment, no other sentence except the death penalty would be likely to have a deterrent effect on his behaviour.

• (1805)

It may be argued by critics of capital punishment that even if the potential murderer does not stop to consider the possible consequences of a violent crime, he has been previously mentally conditioned to be aware of the very serious consequences by the existence of the most extreme form of punishment and, therefore, to avoid the criminal act. Moreover, by reserving this drastic punishment for the most serious crime, the law would foster a special abhorrence of murder in the

minds of the public and subsequently this in itself could be expected to have some deterrent effect.

Abolitionists arguing against capital punishment assert that the taking of human life is morally wrong for the state and for the individual citizen. Furthermore, the state should set a precedent by recognizing the sanctity of human life in all cases. This view of capital punishment is commonly held by the Canadian Coalition Against the Return of the Death Penalty, which includes representatives of some churches and organizations that defend civil liberties.

I believe that we are seeing a continuing deterioration of the sanctity of life. For this reason, I believe that it is important that if a person takes another person's life, he or she should realize that they stand to forfeit their own life.

The results of studies to determine the effectiveness of capital punishment have been inconclusive. There is no proof that the death penalty does not deter crime, particularly crimes of violence for gain, and premeditated murder. Therefore, in the absence of any such proof, common sense indicates that it must have some deterrent effect on normal human beings.

In conclusion, capital punishment is appropriate not as a means of vengeance but rather one of justice, and a clear signal of society's abhorrence of violent crime. Punishment should adequately reflect society's revulsion toward murder. Some murderers particularly demand the most emphatic denunciation that society can give. In addition, it may be considered a healthy function of society to be able to react legally in the strongest possible manner to the most heinous of crimes committed in Canada.

By allowing the people of Canada the right to voice their concerns on this important issue to their elected Members of Parliament, it is therefore a duty of a democratic Government to respond. After careful consideration and analysis, I firmly believe that Canadians are quite capable of arriving at a rational decision, and subsequently deserve to have this issue brought forth for a free vote in the House.

I am happy to commend the Prime Minister (Mr. Mulroney) who in his last press conference addressed this issue. I realize that this Government has had serious economic problems to deal with as a result of taking over two short years ago and having to deal with the massive deficit. Having made progress, I applaud the Prime Minister for taking a stand and promising that this matter will be dealt with in the new year.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, on September 15, 1986 in Vancouver the Prime Minister (Mr. Mulroney) said that his position on capital punishment is well known to the caucus and to the House of Commons, and that there will be a free vote in Parliament during this Government's mandate. In response to a question in the House on December 3, 1986 from the Hon. Member for London East (Mr. Jepson) the Deputy Prime Minister (Mr. Mazankowski) stated:

—as the Hon. Member knows, the Government' position is quite clear on this issue. At the present time I am currently examining options as to how this issue might be brought forth.

At his recent press conference on December 5, 1986, the Prime Minister said that capital punishment will be debated in the House of Commons next year. He said, "I have indicated to caucus, to my Party, there will be an opportunity to debate this issue during our first mandate and it will be during the course of next year."

This Government takes the issue of capital punishment very seriously. Our intentions to deal with this issue are on the record.

• (1810)

NARCOTICS—GOVERNMENT ACTION TO COMBAT DRUG ABUSE

Mr. Alan Redway (York East): Mr. Speaker, I am sure you know of many people, particularly young people and their families, who have had problems with illegal drugs. I certainly do.

I think especially of one family when I think of the problem. It is a very close knit family—a mother, a father, and three children, a son and two daughters. The members of the family have always been close and have always demonstrated concern for one another. The mother is concerned with other people to such an extent that she works for UNICEF, looking after the concerns of people around the world. She is involved in community issues such as pornography and abortion. She is concerned about her family in the wider world. She and her husband are church-goers. They are involved in the church and in home and school or parent-teacher activities. They are involved in that way with their children. The father is a former member of the local board of trade. They are a good, God fearing, concerned, and close knit family.

Suddenly one day their son's school work started to tail off. He started spending more and more time away from the family, closeted in his room or with his friends. Then drugs were discovered.

The parents worked with their son, with the other children in the family, with the school, and with the police to try to get a handle on the problem and to solve it. Eventually the problem appeared to be under control. However, one day very suddenly there was a grisly murder, and it was discovered that their son was involved. It was discovered at the same time that drugs were involved in the case.

As one can imagine the family was heart-broken. Of course the hearts of their neighbours and friends went out to them. However, it did not change the fact that their son is now incarcerated in Kingston Penitentiary doing time for a murder which was committed with the involvement of drugs. This is the sort of things illegal drugs can do.

When I think of my school days, I think of the fact that there were not any drugs around my school. There was no involvement with drugs in the neighbourhood, the community, or even in my city. Thinking of those times, I think of the fact

that drugs were something which happened in other cities such as perhaps New York and London, England, but never in my own city. Today we find drugs in schools across Canada.

In light of these facts, it is no wonder the Prime Minister (Mr. Mulroney) indicated in a speech in September in Vancouver that the use of illegal drugs in Canada was now an epidemic and that the people breeding this epidemic were corrupting an entire generation of Canadians. As well, it is no wonder that in a Gallup poll conducted last month, 75 per cent of all Canadians agreed with the Prime Minister's comments that drugs were an epidemic.

What will we do about it? In September the Prime Minister talked about waging a war on drugs. He also talked about a major package which would be brought forth involving education, unique ways of stopping a demand for drugs, prosecutions, and penalties. In the Speech from the Throne on October 1, the Government promised to take effective action against the grave and growing threat posed by the traffic in illegal drugs. It indicated that there would be a national drug strategy to support the prevention of drug abuse, and that there would be continued domestic and international leadership in controlling drug abuse in amateur sport.

• (1815)

What has happened since that time, Mr. Speaker? On October 30, the Solicitor General (Mr. Kelleher), the Minister of State for Fitness and Amateur Sport (Mr. Jelinek), the Minister of State for Youth (Mr. Charest) together with the National Hockey League and the Canadian Football League announced that they had joined together with the RCMP to produce an anti-drug abuse video message to Canadian youth. This program, to my mind, was a modest extension of another program involving both the NHL and the CFL that was started in 1980. I may be wrong, Mr. Speaker, but I cannot really recall anything else in the way of an announcement, an action or a program since that time. There is nothing as far as I can remember from the Minister of National Health and Welfare (Mr. Epp) on this. There is nothing as far as I can remember from the Minister of Justice (Mr. Hnatyshyn) or from anyone else on the Government side on this question.

If illegal drugs are an epidemic in Canada—I certainly believe they are and 75 per cent of Canadians believe they are—then surely the Government should be taking urgent action to deal with this problem and this epidemic. The Government takes urgent action to deal with other epidemics. It is time that the Government took urgent action to deal with this one as well. Tonight I hope to hear from the Parliamentary Secretary when we will see this urgent action and what that urgent action will be.

Mrs. Jennifer Cossitt (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, it is a pleasure to respond to my colleague, the Hon. Member for York East (Mr. Redway), who is the most active and able representative in this House on behalf of his constituents. I think the question he has raised is very typical of the deep and sincere concern that he has for social issues.

It was not surprising to hear the results of a Gallup poll which indicated that the majority of Canadians, 75 per cent, are deeply concerned about the abuse of illicit drugs. Even those Canadians who have had no direct experience with this problem are well aware of the harmful effects to drug abusers and the distress that this has caused to their respective families, co-workers, fellow students, friends and communities. This poll is indeed a strong indication that the Canadian people support fully the Government and its efforts to deal with the problem and its harmful social effects.

On October 7, 1986, the Minister of National Health and Welfare (Mr. Epp) informed the House that the Government is determined to address the problem on all fronts. It is important to recognize the complexity of the problem and that there is no one quick and easy solution. Drug abuse has multiple causes, and efforts to reduce this activity has to encompass a broad range of initiatives, including a balanced approach to supply and demand reduction. It is for these reasons that the Government is developing a comprehensive strategy which ranges from primary prevention to legislative and enforcement measures aimed at unscrupulous traffickers.

It is imperative that we also take into account the international dimension of the drug trafficking problem. International trade in illicit substances has grown to the point where the United Nations and some countries have recognized that the problem is beyond the ability of any country to resolve in isolation.

Domestically reducing the demand for drugs will require bringing together the efforts of the community and the provinces. On November 4 and 5 initial discussions were held with the provincial Ministers of Health, and I am pleased to report that the provinces are not only very supportive but have expressed a willingness to explore new initiatives and how efforts can be co-ordinated to achieve optimum impact in reducing drug taking behaviour.

THE ECONOMY—NORTHERN ONTARIO RECOVERY PACKAGE. (B) REGIONAL DEVELOPMENT INQUIRY

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, the economy of northern Ontario at the present time is experiencing some rather serious aches and pains. As Members of the House will know, base metal prices remain very low. Competition in the pulp market is becoming keener by the month. Now we have a 15 per cent U.S. countervailing duty on softwood lumber. That has already caused some mills to close and others which were supposed to open in the near future will not open. Others are threatened with closure. It is vital to northern Ontario that we continue to fight that tariff through the prescribed judicial process in the U.S.

• (1820)

I spoke again with leaders in the industry this morning and they are convinced that cooler, calmer heads in the U.S.

Department of Commerce will favour Canada with a good decision. However, I am sorry to say that the Government of Canada has already seriously weakened our position by agreeing to negotiate that duty. It has tried to settle out of court and that has not helped at all. However, nothing can be more ludicrous, I submit, than the idea of a 15 per cent export tax on softwood lumber. That is more than the industry can bear. It will affect our exports not only to the U.S. but wherever we sell softwood lumber. It is a tax grab which will result in lost jobs and damage to a very important industry. We should drop that idea immediately, get behind the industry as quickly as possible and fight the case before the U.S. Department of Commerce.

I said at the beginning that the economy of northern Ontario is in some difficulty. The new Government at Queen's Park in Ontario has recognized that. The premier is deeply concerned. He has assumed responsibility himself for northern affairs and mines and has taken a number of important initiatives for which we are grateful. However, in the past the federal Government has played a very important role in regional development. Northern Ontario has benefited from that since the late 1960s. Yet since the 1984 election I must report to Hon. Members that there has been little or no evidence of any federal concern for northern Ontario.

Recently Conservative Members of Parliament from the North had a meeting in Sudbury and something very hopeful, to me, came out of that meeting. It was announced there was to be a northern Ontario recovery program. At the time no details were provided. However, the Member of Parliament for Timiskaming (Mr. MacDougall) made a statement after the meeting to the effect that this had better be more than a philosophical statement, otherwise "we are all dead in the water".

After weeks of probing here in the House of Commons, the Deputy Prime Minister (Mr. Mazankowski) finally revealed a little of what was in that recovery program. I thank him for the information. However, the details remain sketchy and provide nothing but a general direction and very few specifics. That is the reason for my appearing in the Adjournment Debate this evening. I would like more specifics.

For example, the program says that northern Ontario is to be regarded as a separate economic region, that is separate from the rest of the province. It is falsely said that this is a first but I ask the Parliamentary Secretary, what is in a name? Second, there is to be some decentralization of federal departments and offices to northern Ontario. The previous Liberal Government did that as well. The Department of National Health and Welfare, for example, went to Timmins. StatsCan opened an office in Sturgeon Falls. The Department of National Revenue went to Sudbury. Those were all good moves and I say to the Government that if there is to be more of it, it will be welcomed. We will gladly accept those offices and those jobs. What I want to ask now, though, is if the Government can tell us which offices and when?

Looking again at the initiatives outlined by the Deputy Prime Minister, I would point out that number three is simply a repeat of number one. Number four goes on to say there is to be a federal forestry and mining stabilization program. That appeals to me and I would like to know more about it. The Government has my attention, so what are the details?

Number five talks about a special tax break for those who invest in northern Ontario. When will this come into effect? Do we have to wait for the federal Budget which is expected next year, or will it come sooner? Six says that we are to be assisted in our marketing strategy. How are we going to be helped in the marketing of lumber? We have already been badly hurt there. Will we be assisted in marketing pulp, base metals or gold? I am very nervous that if we call upon the marketing experts in the Government we may end up losing much more than we gain.

• (1825)

Seven would be amusing if it were not so tragic. It promises that northern Ontario is to get more research and development. The private sector is to take the lead but it will be encouraged by the federal administration. We know that research and development has not been given particular emphasis by the Government. Why should northern Ontario expect something when the entire country has already been sorely disappointed in this regard?

The Deputy Prime Minister did not tell me who would be the lead Minister in these so-called northern Ontario economic development initiatives. DRIE, the Department of Regional Industrial Expansion, has dried up. Will these initiatives be DRIE driven? I doubt whether the Department of Employment and Immigration is capable of handling these programs. Surely the Solicitor General (Mr. Kelleher), the Hon. Member for Sault Ste. Marie, is not to be the man to whom we must look. He is already preoccupied with other matters such as the construction of prisons in various parts of the country.

I conclude that the Government's recovery program for northern Ontario must regrettably be described as an empty vessel. I believe it is a bust. The economy of northern Ontario will also be a bust unless we get some help, unless the Government recognizes that regional economic development is a priority and a legitimate objective for the federal Government.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, it is a pleasure to respond to my colleague, the Member for Cochrane—Superior (Mr. Penner), who represents one of the many Liberal Party positions on free trade. Northern Ontario's early growth resulted from producing raw materials and bringing them to market. As a result, the region has a strong resource base from which many secondary industries have been built. We are all aware of the serious problems facing the resource-based industries in the country, especially those in northern Ontario. We face competition from Third World countries. Technological innovation is producing new materials which are substituted for the products of northern

Ontario. There are punitive trade barriers the world over which are frustrating our ability to compete as a nation.

The five members of the Progressive Conservative Party who represent this region are committed to ensuring that its people and resources have a productive future. As indicated by my hon. colleague, under the leadership of the Solicitor General (Mr. Kelleher), Progressive Conservative Members from all ridings met in Sudbury to consider positive programs to build on the strength of northern Ontario, its resources and its people. This is the first time a national Government has treated the people of northern Ontario with attention which reflects its unique characteristics and problems. The specifics of the northern Ontario recovery program will be brought forth in due time.

We are working today to improve the lot of northern Ontario. Yet, earlier today the New Democratic Party moved a motion to eliminate the concept of flow-through shares, which is vital to the mining industry in northern Ontario and elsewhere in the country. Led by my colleague, the Member for Timiskaming (Mr. MacDougall), and assisted by the Member for Abitibi (Mr. St. Julien), government Members defeated the NDP initiative which would have been so harmful to the mining industry.

Members opposite only talk about the problems of northern Ontario. Members of the Progressive Conservative Party are sitting down with people from the region to address the problems and find the solutions. We do not intend to ignore this unfortunate region of Canada. We stand committed to improving the prospects of northern Ontario and its citizens in the years ahead.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 3(1).

The House adjourned at 6.30 p.m.

HOUSE OF COMMONS

Wednesday, December 17, 1986

The House met at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

FISHERIES

EAST COAST BLUEFIN TUNA FISHERY

Mr. George Henderson (Egmont): Mr. Speaker, bluefin tuna fishermen in Atlantic Canada are hopping mad. The Minister has sold them out. Two Japanese longliners have caught 400 bluefin tuna weighing less than 300 pounds each. That is 400 bluefin tuna which our Canadian fishermen will never catch.

Does the Minister think he can go against the advice of his own advisory committees, his own Department, and Canadian fishermen, and get away with it? No slight reprimand, or "I promise not to do it next time", will satisfy fishermen in Atlantic Canada.

The Minister calls this sell-out experimental. Fishermen call it exploitation. The Minister said he wanted to put money into the pockets of fishermen. Then why did the Minister line the pockets of Bayshore Tuna?

Tuna fishermen in Atlantic Canada deserve better answers than the Minister has given. They will not forget the Minister and his secret deal with his Tory cronies.

* * *

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

STUDY OF GREATER QUEBEC CITY'S CONCERNS

Mrs. Suzanne Duplessis (Louis-Hébert): Mr. Speaker, today I would like to draw the attention of the House to a historic event that occurred last Friday in Quebec City.

For the very first time, federal and provincial Members from the greater Quebec City area met to discuss the region's major issues, including industrial development, the future of research and high technology in Quebec City, the dossier on the hi-tech industrial park, transportation, tourism, the *Sommet de la francophonie*, and so forth.

In a spirit of co-operation, we worked together on policies for the major projects that will enhance the area's economic development and the future of the people of the greater Quebec City area.

Mr. Speaker, this was a very successful and important meeting for the future of the area, and above all, it illustrates the sustained efforts being made by this Government to achieve national reconciliation.

* * *

• (1405)

[*English*]

HUMANITY

SCIENTIFIC GENDER SELECTION—STUDY OF ISSUES URGED

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, because male and female sperm determinant differ, it is now possible to choose whether a boy or girl will be born. For those for whom a 50-50 chance has produced the reality of several children of the same sex, this technology can provide a happier balance, and for that it is to be welcomed. But all may not be well as gender selection kits appear on the shelves of corner drug stores.

Dare we ask whether a mechanism produced by billions of years of evolution to ensure equal proportion of males and females and the perpetuation of the species should now be replaced by the same kind of preference as that for the colour of a new car?

Does not the establishment of gender selection clinics by oh, so humanitarian, multinational corporations in the Third World suggest a new and dramatically effective means of birth control, namely, the elimination of female births?

Are not the kind of ethical and political questions raised by science in the service of personal choice in a narcissistic age as momentous as those for science in the service of war? And is it not time for us to weigh these questions and implications of our creativity, and act to preserve our humanity? Remember, a coin that always turns up heads means someone is always the loser.

S.O. 21

HISTORIC EVENTS

ANNIVERSARY OF STATUTE OF WESTMINSTER

Mr. Rob Nicholson (Niagara Falls): Mr. Speaker, this past week marked the anniversary of one of the most significant dates in Canadian constitutional history. I am referring to the passage of the Statute of Westminster passed 55 years ago in December, 1931. In the long constitutional development of this country, that date is as significant as any other.

After the Statute of Westminster, we can say that Canada truly became an independent country. The document confirmed that no legislation passed by the Parliament of the United Kingdom would apply to Canada unless expressly authorized by Canada's Parliament. By 1931 the country had come a long way since that day in 1791 when Lieutenant Governor John Graves Simcoe opened the first Legislature of Upper Canada in Niagara-on-the-Lake.

The Statute of Westminster did not, however, sever our allegiance to the Crown, and that is why it was appropriate that the Union Jack flew over government buildings again last week. As one of the local newspapers in my riding, *The Niagara Advance*, indicated: "The royal standard Union Jack was being flown . . . in recognition of Canada's allegiance to the Crown and membership in the Commonwealth of Nations".

* * *

[*Translation*]

THE LATE HONOURABLE SENATOR JEAN-PAUL DESCHATELETS

Hon. André Ouellet (Papineau): Mr. Speaker, a few days ago, Senator Jean-Paul Deschatelets died in Montreal after a long illness. I wish to pay tribute to this public figure who for many years played a major role on the federal political scene, first as a Member of the House of Commons, then as Minister and later as Senator.

I had the privilege of working closely with him during those years and was able to appreciate his exceptional qualities as a humanist. He was the soul of integrity, and those who knew him well will remember him as a philosopher in politics. One is tempted to ask what on earth he was doing in politics. I think he even asked himself that question on occasion. In any case, he always remained faithful to his roots and to his deepest convictions.

We have lost a patriot, and speaking on my own behalf, on behalf of my colleagues in the Liberal Party and especially the Hon. Member for Saint-Denis (Mr. Prud'homme), I wish to extend our sincere condolences to Mrs. Deschatelets and the family.

[*English*]

ABORTION

FUND RAISING CAMPAIGN TO OPEN ABORTION CLINIC IN VANCOUVER

Mr. Ross Belsher (Fraser Valley East): Mr. Speaker, the winter 1986 issue of *Healthsharing*, a feminist magazine published in Toronto, reports that an organization calling itself Concerned Citizens for Choice on Abortion is raising funds to open an illegal abortion clinic in Vancouver.

Last week we learned from the final comprehensive annual abortion statistics from Stats Canada that British Columbia still has the highest abortion rate in the country, 26 abortions for every 100 live births. The Vancouver General Hospital already has a separate accredited facility which alone is responsible for 400 abortions per month, and yet we hear that there is a group in Vancouver raising funds to open an illegal abortion facility.

In British Columbia, over 20 per cent of the children conceived are killed by abortion, while a group of people are raising money with the expressed intention of breaking the law in order to kill even more unborn children. Will we wait until half of the children of B.C. are killed before we address the situation? I hope not, Mr. Speaker. I think we in this House must address the abortion issue now.

* * *

• (1410)

ENVIRONMENTAL AFFAIRS

EFFECT OF CANADA-UNITED STATES TRADE NEGOTIATIONS

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, the Government has said that environmental issues are not part of the free trade negotiations with the United States. Unfortunately, life is not that simple. Whatever either party to the negotiations wants to have on the table is on the table, whether the other party likes it or not. We have already seen that the Americans may consider our social programs to be a government subsidy to Canadian business. There is no reason to believe they will not think the same about our environmental programs.

For example, the Americans could consider government sponsored reforestation programs or pollution abatement programs to be non-tariff trade barriers which we should bargain away. Or, where Canadian environmental laws are weak, we could be locking ourselves into a situation in which they would have to remain weak.

At the moment these environmental dimensions of the free trade initiatives are being overlooked by the federal negotiators. No environmentalists sit on Canada's free trade negotiating team, nor are they among Simon Reisman's 85 staff people or his 54 advisers. There is no commitment on the part of the

Government to conduct an environmental assessment of the final free trade agreement. Canada must not bargain away the political and economic power it needs to build a truly healthy, sustainable and environmentally sound economy.

* * *

[*Translation*]

PHARMACEUTICAL PRODUCTS

EXISTENCE OF COMMON FRONT IN FAVOUR OF BILL C-22

Mr. Gilbert Chartrand (Verdun—Saint-Paul): Mr. Speaker, in yesterday's edition of *La Presse* we learned about the existence of a common front made up of representatives of the business, political and scientific communities, and dedicated to the promotion of Bill C-22 dealing with drug patents.

Such prestigious personalities as Mrs. Manon Vennat, President of the Montreal Board of Trade, Mr. Marcel Daoust, President of the Montreal Chamber of Commerce, and Dr. Jacques Gagné, Dean of the faculty of Pharmacology of Montreal University, have publicly indicated their support for this Bill.

These people believe that the 10 years period of exclusive right granted to manufacturers is not only essential to recognize copyrights but represents for them bare minimum.

The future legislation will make it possible for the Canadian pharmaceutical industry to reach new levels of prosperity. In the Montreal region alone, investments up to $200 million, out of an expected total of $500 million, have already been announced and will create hundreds of high-tech jobs.

Everybody warmly supports this Bill. Apparently, only Members of the Opposition are unable to see its potential benefits.

* * *

[*English*]

ENVIRONMENTAL AFFAIRS

DEPLETION OF OZONE LAYER

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, the depletion of the ozone layer, the greenhouse effect and climatic change, and the long-range transport of acidic and toxic substances are interrelated and cause man's contamination of the atmosphere. A new approach and ethic toward discharging wastes and chemical materials into the air must be adopted on an international scale.

A number of substances, including chlorofluorocarbons, have major impacts on climate and the ozone layer. Chlorofluorocarbons are used in refrigeration, solvents and foam insulation, as spray can propellants, and in fast food containers. Identified as a source of chlorine in the stratosphere, they contribute to a chemical reaction which is eroding the ozone layer. Scientists say that on average a drop of 1 per cent in the ozone layer means a 4 per cent jump in skin cancer rates.

Canada should take the initiative of urging other nations to control and reduce the use of chlorofluorocarbons, companies should be urged to limit their use, and their disposal should be carefully handled. The ozone layer must be protected to protect human health.

* * *

[*Translation*]

POLITICAL PARTIES

MEMBER'S ALLEGED UNCO-OPERATIVE ATTITUDE

Mr. Gabriel Fontaine (Lévis): Less than 24 hours after the Liberal Party of Canada convention, Mr. Speaker, the Liberal Member for Notre-Dame-de-Grâce—Lachine East (Mr. Allmand) contradicted his leader by telling him that he had to follow the policies duly endorsed by Party delegates.

The leader certainly did not rush to ask for a public retraction from this recalcitrant Member.

In a letter published today in *The Gazette* the Hon. Member for Notre-Dame-de-Grâce—Lachine East makes a feeble attempt at making amends, but he simply will not bow to the leader. Indeed he cannot refrain from stressing in his letter, and I quote: "Some resolutions were passed unanimously and others by a narrow margin. Some were detailed and others general, some were clear and others vague, some were complimentary while others contradictory, and finally, some issues were not dealt with at all. More significantly, many of these resolutions were carried without information on their financial implications."

The Liberal Member did take a last shot at his leader by stating that "their first responsibility is to the electorate and not to their party."

In the next few days we will hear more about the recalcitrant attitude of the Hon. Member for Notre-Dame-de-Grâce—Lachine East. Who will win? The leader or the little red rooster?

* * *

[*English*]

PHARMACEUTICAL INDUSTRY

CRITICISM OF PATENT AMENDING LEGISLATION

Mr. Neil Young (Beaches): Mr. Speaker, I have yet another letter I would like to share with the House about the Government's plan to amend the Patent Act. The letter reads:

A couple of questions are the bitter pill the Minister of Consumer & Corporate Affairs wants the country to swallow blind:

I have been moved to tears, almost, about his plea that the Opposition is denying 3,000 "young research scientists" a chance to work wonders, etc., etc. But if Mr. Andre is so devoted to young scientists, why the cuts at the National Research Council?

Further, if the new patent legislation is not going to cost consumers "one penny more", why are the multinationals so hot to have it passed? If there's not extra money in it for them, they are obviously wasting their time.

Or is Mr. Andre gilding as well as coating the pill? Is he equally ready to declare that the new legislation will not cost the taxpayers of Canada "one penny more"?

How come this Government hates old folks so badly that first it tried to chisel their pensions, now it's after their potions?

Yours truly,
H. W. Somerville.

* * *

• (1415)

MISSING CHILDREN

A CHRISTMASTIME REMINDER

Mr. William G. Lesick (Edmonton East): Mr. Speaker, Christmas is the time of year for families to gather together and reflect on our good fortunes, as we remember the birth of the Prince of Peace.

However, there are many families who are not so fortunate. There are over 2,000 missing children in Canada today. In my hometown of Edmonton, Tania Murrell has been missing since January, 1983.

What has our Government done to address this tragedy? Well, a missing children's registry has been created for access by all police forces. A missing children's research project has been established in four urban centres, including Edmonton. Customs officers at our borders will be provided with names and photos of missing children. This is a positive start, but all Canadians must work together to prevent this tragedy from continuing.

As we gather together this holiday season, let us remember the families of missing children and let them know our hearts are with them.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

SITUATION OF EARLY RETIREES

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Yesterday, Mr. Speaker, I had an opportunity to go to Quebec City where I met with 450 early retirees who were denied benefits by this Government. I can tell you that the people of Quebec will not forget the former Member for Lévis who is still here and who will be turfed out at the next election because he did not dare show up. Nor will they forget the Members for Louis-Hébert, Langelier, Quebec East, Montmorency—Orléans, and Portneuf.

Mr. Speaker, the 450 early retirees have decided to lead the fight so that all Canadians who have been denied benefits will get refunds. These people also urge Canadians to enjoy their Christmas turkey, meat stew and ham while discussing the unfairness of the Progressive Conservative Government and of the Prime Minister towards older workers.

ORAL QUESTION PERIOD

[*English*]

ENERGY

SITUATION OF INDUSTRY IN WESTERN CANADA

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, in the absence of the Minister of Energy, Mines and Resources my question is directed to the Deputy Prime Minister. He knows that 50,000 Canadians have lost their jobs directly in the oil and gas industry because of the current weakness in the energy sector in Canada, and another 40,000 Canadians have lost their jobs in the supplier industry. He knows that energy markets are in a mess, that major projects are on hold in Canada, and that we are risking our security of supply as a nation. When will the Government recognize the current situation and deal with the immense human suffering, particularly in western Canada, arising out of the failure of the energy sector since the Government took office?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the right hon. gentleman has certainly identified a very serious problem. It is a problem that has been caused by depressed prices as a result of an action taken half-way around the world. The Government has responded in many respects. We dismantled the devastating National Energy Program which stripped billions of dollars from the energy sector and western Canada. We accelerated the demise of the PGRT. We have been and are working very closely with industry and the Government of Alberta on a number of ongoing initiatives. Clearly, the Government takes the problem and the issue of security of supply and energy self-sufficiency for Canada very seriously.

Mr. Turner (Vancouver Quadra): As the Government moves into the second half of its mandate, those arguments about what previous administrations did or did not do begin to wear pretty thin.

OFFSHORE EXPLORATION PROJECTS

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the Deputy Prime Minister knows that the offshore exploration both in the Beaufort and in Atlantic Canada will virtually cease next year. This will place the future security of supply for Canada in jeopardy. What action does the Government intend to take, despite the current relaxed attitude of the

Minister of Energy, in order to revive offshore exploration and ensure that Canada has security of supply in the years ahead?

• (1420)

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, one thing we have done is remove the heavy burden of taxation on the industry and the producing provinces. As a matter of fact, in the last two years of the Liberal Government some $4.5 billion to $5 billion a year was extracted from the oil patch. Today it is less than $500 million. With the demise of the PGRT it will be a lot less.

The Government of Canada is working very closely with the producing provinces and the industry. Quite frankly, the Government has responded to every request the industry advanced and we will continue to work very closely with it because we believe that through co-operation and consultation, not confrontation as was the case with the previous Government, we can revitalize the oil patch.

SYNCRUDE PROJECT

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I doubt whether that rhetoric will impress his fellow citizens in Alberta.

I have been unable to get an answer from the Deputy Prime Minister on general policy or whether the Government intends to take action on the frontier. Perhaps I can ask him a question about a specific project. Has the federal Government agreed to give financial assistance to the Syncrude project in Alberta despite the opposition of the Minister of Energy?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, that project is under consideration. If any arrangement is worked out with Syncrude and the Province of Alberta, an announcement will be made. I repeat that it is being looked at very seriously.

CHEVRON CANADA—DIVIDEND PAYMENT TO PARENT COMPANY IN UNITED STATES

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, my question is directed to the Deputy Prime Minister. A recent survey by the Petroleum Monitoring Agency says that a Canadian company made a dividend payment of $500 million because of the deferral of a major capital project. That payment was made by Chevron Canada to its U.S. parent because of the Government's inaction on Hibernia. How can the Government condone this bleeding of $500 million from the Canadian energy sector? Does it not prove that major Canadian oil companies have no confidence in a Government which lacks an energy policy?

Mr. Clark (Yellowhead): The voice of the NEP.

Mr. Jack Shields (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I am quite surprised that the Hon. Member failed to consider all the report. That company made a dividend payment of $500 million, but he failed to say that they had not paid a dividend to their shareholders for a number of years.

Mr. MacLellan: Mr. Speaker, three years to be exact. However, that is $500 million that will not go into creating jobs in Canada.

GOVERNMENT POLICY

Mr. Russell MacLellan (Cape Breton—The Sydneys): If the Government wants to do something it can start by appointing a full-time, not just a part-time, Minister of Energy. When is the Government going to do something to stop this bleeding of money from the Canadian energy sector and create exploration and development along with jobs in the energy sector?

Mr. Jack Shields (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the Hon. Member now admits that the company had not paid a return to the investors for three years. I would suggest that not very many people want to invest in an industry if they are not going to get a return. It is as simple as that.

* * *

[*Translation*]

FINANCE

EQUALIZATION PAYMENTS—GOVERNMENT'S DECISION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Minister of Finance. The other day, the Minister of Finance of New Brunswick said that the federal Government had unilaterally withdrawn the offer it made in Edmonton to increase equalization payments to the provinces by $175 million for the next financial year. Today, I was able to confirm this with the Minister of Finance for Quebec and the Government of Manitoba.

My question is this: Why did the federal Government make this incredible decision?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, this proposal was made by officials of the provincial and federal governments. The offer did not come from the federal Government. I told the provinces yesterday and last Friday that the federal Government could not possibly accept the one-year proposal. We were agreeable to an increase over two years, and that is what our Government has decided. This is in addition to the increase from 4 to 6 per cent in the annual increment for the equalization program.

• (1425)

[*English*]

Mr. Broadbent: I will say to the Minister that the people in the poorer provinces will know that instead of getting $175

million in the coming year, they are going to get it in two years, which will mean they are going to have to pay a lot more out of their own revenues for increased education costs and everything else. They understand that, if the Minister does not.

POSITION OF FEDERAL GOVERNMENT

Hon. Edward Broadbent (Oshawa): Mr. Speaker, will the Minister confirm that the federal Government did indeed offer $175 million at the Edmonton meeting in additional payments starting next year, and then a few weeks later at the Toronto meeting it cancelled that offer? Why is there this increased injustice for the parts of Canada which need more assistance?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Hon. Member has it all wrong or he is purposely twisting the truth.

Some Hon. Members: Oh, oh!

An Hon. Member: What's new?

Mr. Blackburn (Brant): Order.

Mr. Speaker: Order, please. I know the Hon. Minister would want to change the way he put his answer because, of course, it is inappropriate to say another Hon. Member is purposely twisting the truth.

Mr. Wilson (Etobicoke Centre): Mr. Speaker, would you allow me to say he is twisting the facts?

Some Hon. Members: Oh, oh!

Mr. Speaker: Order. I can say to the Hon. Minister that that is an honourable occupation in this Chamber.

Some Hon. Members: Oh, oh!

Mr. Wilson (Etobicoke Centre): Let me then, Mr. Speaker, state the facts as they should be stated.

Mr. Broadbent: That will be very different indeed.

Mr. Wilson (Etobicoke Centre): In Edmonton there was a proposition put on the table by a committee of bureaucrats, officials from both the provincial and federal levels of Government, to increase the size of the Equalization Program by $175 million.

Mr. Broadbent: The next fiscal year.

Mr. Wilson (Etobicoke Centre): We had a discussion at that meeting. There was no consensus. I did not have a consenus to take back to my colleagues in Cabinet. Since the Edmonton meeting, I had an opportunity to discuss it with my colleagues. We agreed to accept the proposition of an $175 million increase on top of one of the fastest growing federal Government programs, equalization, growing at 4 per cent to 6 per cent per annum. We said we wo;uld accept it, but only over two years because of our fiscal position. So we are increasing by a significant amount one of the fastest growing areas of government assistance.

Mr. Broadbent: I thought the very last thing this Government would do would be to raise questions about credibility in statements.

SIZE OF FEDERAL PAYMENT TO PROVINCES

Hon. Edward Broadbent (Oshawa): I listened to the answer by the Minister of Finance with care, and following on with what he just said, will he now acknowledge that the federal Government did offer at the Edmonton meeting $175 million in additional payments to the Equalization Program, which would start in the coming fiscal year, but that the Government changed its offer at the Toronto meeting? Will he confirm that? And if he does so, will the Government finally come to its senses and admit it has cut back on hundreds of millions of dollars to the poorest parts of Canada which need increases, not reductions?

• (1430)

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I could make another comment about the facts just laid out by the Hon. Member. We did not withdraw an offer—there was never an offer on the table. There was a report. I challenge the Hon. Member to find one person who will say that there was a federal government offer on the table.

Mr. Broadbent: I just talked to three of them.

Mr. Wilson (Etobicoke Centre): Bring them in and we will talk about it. There was no offer on the table. We have recognized the position of the poorer provinces. We have increased the program by 4 per cent to 6 per cent per annum. On top of that the enhancement of the program will be by an increase of $87.5 million this coming year and by $175 million the following year. That clearly demonstrates the concern that this Government has for most parts of the country.

POSITION OF PROVINCES

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, the Minister just said that he needs witnesses to prove that this offer has been made. Perhaps the Treasurer of the Province of Alberta would be good enough for this Tory Government. The Treasurer suggested that the provinces had thought that the larger payment was a certainty because of statements made by the Minister of Finance at the meeting in Edmonton two months ago and reaffirmed by the Prime Minister in Vancouver at the meeting of First Ministers. Why has the Minister of Finance broken another promise to the provinces?

Some Hon. Members: Hear, hear!

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I challenge the Hon. Member to prove on the floor of this House that I have broken a promise that there would be an increase

in this program by $175 million. Prove it on the floor of the House of Commons, or withdraw.

Some Hon. Members: Withdraw!

Mr. Garneau: Mr. Speaker, I thought that the evidence was there. The facts are—

Some Hon. Members: Withdraw!

Mr. Turner (Vancouver Quadra): Bring in the provincial Treasurer, he will prove it.

Mr. Garneau: I wish to ask the Minister another question. What I just read was from *The Globe and Mail* under the signature—

Some Hon. Members: Oh, oh!

Mr. Allmand: It's a Conservative Party newspaper!

Mr. Speaker: I know that all Hon. Members will want to hear the Hon. Member's question. Will he please put his question?

Mr. Garneau: What I have just said came from the Treasurer of Alberta. He may come to the House and—

Mr. Turner (Vancouver Quadra): Bring the provincial Treasurer before the Bar of the House.

Mr. Speaker: Will the Hon. Member please put his question?

Mr. Hnatyshyn: A coherent question!

[*Translation*]

Mr. Garneau: Mr. Speaker, I was challenged by the Minister of Finance and I felt I had to set the record straight.

[*English*]

Mr. Speaker: Order, please. Challenges abound in this Chamber. Will the Hon. Member please put his question?

Mr. Clark (Yellowhead): Show a little honour and withdraw.

[*Translation*]

PROMISES MADE TO PROVINCES—GOVERNMENT POSITION

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, could the Minister explain to the House why his Department and his Government had enough money to reimburse shareholders at the Bank of British Columbia but did not have enough to keep the promises he and his officials made to the provinces across this country?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, for the benefit of our erstwhile banker, perhaps I may explain that this proposal was not a promise made by the Government of Canada, the Prime Minister or myself. It was an offer made by the committee of provincial and federal officials. There was no consensus at the meeting in Edmonton. After this meeting, I had discussions with my colleagues and they accepted the committee's proposal, but it would be for two years and not one. This is not a change in policy by the Government of Canada. We understand the position of the provinces located in the least advantaged areas of our country. We have increased the increment from 4 to 6 per cent, and on top of that, we are adding an increase of $175 million.

[*English*]

POSITION OF PROVINCIAL MINISTERS

Mr. Rod Murphy (Churchill): Mr. Speaker, my question is directed to the Minister of Finance. Why is it that the Ministers of Finance of Quebec and Manitoba believe that the federal Government made an offer of $175 million over one year? Why have these people confirmed to us today that that is what they believe the federal Government said?

Mr. Broadbent: And New Brunswick.

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I cannot answer why they are saying what they are saying. I am telling the Hon. Member, and I am laying my job on the line right in this House—

Some Hon. Members: Hear, hear!

Mr. Axworthy: Now we have you.

Mr. Wilson (Etobicoke Centre): I put it right back to the Hon. Member. If he wants to lay his job on the line, then—

Some Hon. Members: Hear, hear!

Mr. Speaker: Order, please. I remind all Members that time is slipping by. The Hon. Member for Churchill on a short supplementary question.

Mr. Clark (Yellowhead): Put your seat on the line.

PROVINCIAL MINISTERS' BELIEF

Mr. Rod Murphy (Churchill): Mr. Speaker, I will ask a short supplementary question of the Minister. It is not only the Liberal Government in Quebec and the New Democratic Government in Manitoba but the Conservative Government in New Brunswick which say the same thing. Again I ask the Minister why they believe something which is completely contradictory to what he is saying?

Some Hon. Members: Hear, hear!

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I do not know what the rules of the House are in this regard, but I have said to the House, and I have said to the Hon. Member, that I will lay my job on the line if he can prove that I have broken a promise. If he wants to continue this line of questioning then he should lay his job on the line as well, because I have not broken a promise.

Some Hon. Members: Hear, hear!

* * *

EXTERNAL AFFAIRS

AID TO NICARAGUAN CONTRAS—TORONTO CONFERENCE

Ms. Sheila Copps (Hamilton East): Mr. Speaker, it looks as if we have a revivified leadership candidate here.

Mr. Clark (Yellowhead): What are you running for, Sheila?

Ms. Copps: My question is for the Secretary of State in the wake of the Irangate-Nicaraguan affair. The Minister is no doubt aware of concerns that have been expressed to him in writing about his attendance recently at a Toronto conference which included featured guest Mario Calero, chief U.S. fund-raiser for the Nicaraguan Contras. Can the Minister explain whether he was at this conference in a private capacity or whether he was there representing the Government?

Hon. David Crombie (Secretary of State): Mr. Speaker, unless I misunderstood the question, I was not at the conference.

Mr. Speaker: The Hon. Member for Hamilton East.

Mr. Andre: Don't let that stop you, Sheila!

Some Hon. Members: Oh, oh!

• (1440)

Mr. Speaker: Hon. Members will, I am sure, want to let the Hon. Member put her question.

UNITED STATES ARMS SALES TO IRAN—RCMP INVESTIGATION

Ms. Sheila Copps (Hamilton East): Mr. Speaker, I believe that the Minister was cited as being one of the patrons of the conference. He will know that he received a letter on December 5 from Canadian Action for Nicaragua specifically asking him if he was patronizing the conference as a Minister or as a Member.

In light of today's press reports linking a former Conservative MP with the Canadian connection in Irangate, can the Government give us the assurance that an RCMP investigation will include any role played by the former MP for York North?

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, I can advise the House that after the request of the Deputy Prime Minister to investigate all aspects of any Canadian involvement in the Iranian deal, that was commenced immediately. I had a meeting with the Commissioner yesterday and I can assure the Hon. Member that the investigation is indeed continuing and will involve anyone who comes to its notice.

LABOUR RELATIONS

PROCLAMATION OF PART I OF PARLIAMENTARY EMPLOYMENT AND STAFF RELATIONS ACT

Mr. Barry Turner (Ottawa—Carleton): Mr. Speaker, my question is addressed to the Deputy Prime Minister and Government House Leader and concerns the status of Bill C-45 which deals with employees on Parliament Hill. Now that the Board of Internal Economy has met to discuss the status of this Bill, can the Deputy Prime Minister give us any indication of when all or parts of the Bill will finally be Gazetted?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am sure the Hon. Member will know that the Government has worked very closely with the Board of Internal Economy on this matter. I am pleased to advise the House that an agreement, with the concurrence of the Board of Internal Economy, has been reached providing that Part I of Bill C-45 will be proclaimed on December 24.

* * *

[*Translation*]

ENERGY

PETROLEUM PRODUCTION CAPACITY IN QUEBEC

Mr. Robert Toupin (Terrebonne): Mr. Speaker, I wish to direct a question to the Minister of Energy, Mines and Resources.

Last year the Conservative Government agreed to and actively supported the shutdown of the Montreal East Gulf refinery. After yesterday's explosion at the Petro-Canada refinery in Montreal East, what does the Government plan to do to prevent a further decline in Quebec production and still higher prices for Quebec consumers?

[*English*]

Mr. Jack Shields (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I would like to inform the Hon. Member that Petro-Canada has assured the Government of Canada and the Minister of Energy that there will be no disruption whatsoever in the gasoline supply resulting from the explosion.

[*Translation*]

REQUEST FOR GUARANTEES

Mr. Robert Toupin (Terrebonne): Mr. Speaker, what guarantee will the Government give to avoid a worsening of the situation which Quebecers will again end up paying for? What guarantee?

[*English*]

Mr. Jack Shields (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I answered the

Hon. Member's second question the first time. I want to assure him that Petro-Canada has assured the Government that there will be no disruption in gasoline supplies or production from the plant.

* * *

CITIZENSHIP COURTS

JUDGE'S ALLEGED CONDUCT

Mr. John Nunziata (York South—Weston): Mr. Speaker, my question is directed to the Secretary of State of Canada and is a general question concerning Citizenship Court judges. Would the Minister not agree that it is highly inappropriate for a Citizenship Court judge to ask a female applicant why she was not married and whether or not she was romantically involved with any individual? Would the Minister not agree that conduct of that kind would be grounds for the dismissal of a Citizenship Court judge?

Hon. David Crombie (Secretary of State of Canada): Mr. Speaker, I am not sure to which particular case the Hon. Member is referring. If he would like to bring that information or facts about a case which occurred in the past to me, I will investigate the matter if he will let me know about it.

DENIAL OF CITIZENSHIP APPLICATIONS—REQUEST FOR INVESTIGATION

Mr. John Nunziata (York South—Weston): Mr. Speaker, specifically the question is about the case of Judge Walter. Can the Minister assure the House that during the course of this investigation he will investigate all cases of citizenship being denied by Judge Walter to determine the reasons citizenships was denied?

Hon. David Crombie (Secretary of State of Canada): Mr. Speaker, I gave assurance to the House yesterday that, because of the severity and seriousness of the allegations made, the investigation would take place immediately, and it has. The under-secretary has instructions to carry out a full investigation to make sure that he was carrying out his responsibilities properly and to deal with those allegations specifically. I still give that assurance to the House and I expect to make a statement on Friday morning.

* * *

PORTS

PRINCE RUPERT COAL PROJECT—INVOLVEMENT OF FEDNAV COMPANY

Mr. Jim Fulton (Skeena): Mr. Speaker, my question is directed to the Minister of Transport. Since the Minister has been warned by the President and the Chairman of Ports Canada that the continued presence of FedNav in the coal port of Prince Rupert will cost Canada control of the project and as much as a thousand million dollars—that should perk up the ears of a Government looking for money—because of FedNav's veto power, will the Minister explain why no action is being taken to cut FedNav loose from this deal before it extorts any more money from Canada or the Prince Rupert coal project?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, the Hon. Member appears to be a slow learner. I went over all of this with him several months ago. There was a pre-incorporation agreement authorized by the Liberal Government of the day, as one might expect, in October of 1981, and approved by the Treasury Board of the day in December of 1981. Under that agreement there is no obligation on the Government of Canada to exercise its call option with FedNav or any other company in the universe, in the year 2001 or at any other time. There is a put option and there is a call option, a put and a call. It neither has to be put nor called by the Government of Canada.

With respect to the directors, they owe a duty to the company. The federal government directors can veto certain decisions and the FedNav directors can veto certain decisions but all directors must act in the general interest of the company. The Hon. Member would not understand that because he does not like companies.

COMPANY'S VETO POWER

Mr. Jim Fulton (Skeena): Mr. Speaker, I believe I have the entire cabinet file on this matter and I would suggest that the Minister of Transport read it. It contains no shotgun clause. FedNav maintains the veto power and Canadians stand to lose a thousand million dollars. If the Government is hungry for money, why does it not boot FedNav out since it is composed of a bunch of Liberal hacks?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, the hon. gentleman has more cabinet files than I have.

Mr. Broadbent: That's probably true.

Mr. Crosbie: Why is it that I understand the situation and he does not? Let me just explain this once more. If the Government of Canada exercises its option now, it would cost us $49 million, but if we wait until—

Mr. Fulton: You're reading that out of the newspaper. Here, I'll give you the file.

Some Hon. Members: Oh, oh!

Mr. Speaker: The Chair is in a very difficult position because the Chair cannot make out who is being put and who is being called. The Chair has an announcement to make which will be of interest to all Hon. Members. I know Hon. Members will give the Chair the courtesy of hearing it.

Oral Questions

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MANITOBA LEADER OF THE OPPOSITION

Mr. Speaker: I wish to draw to the attention of Hon. Members the presence in the gallery of the Hon. Gary Filmon, Leader of the Opposition in Manitoba.

Some Hon. Members: Hear, hear!

* * *

[*Translation*]

PENITENTIARIES

CONSTRUCTION OF PORT-CARTIER PRISON—SAFETY OF WORKERS

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, in a hurry to speed up construction of the Port-Cartier prison so as to comply with the Prime Minister's political agenda, the Government completely forgot—believe it or not—to connect the water pipes which would have made it a lot easier to put out the fire. One hundred and thirty-seven workers could have been killed.

I should like to ask the Solicitor General whether he can explain why the most elementary fire fighting facilities were not available on the construction site. Was the Government in too much of a hurry to finish the job before the next election?

[*English*]

Hon. Stewart McInnes (Minister of Public Works): Mr. Speaker, usually water lines of the kind contemplated by the Hon. Member are not installed until 30 per cent or 40 per cent of the construction is completed. This is normal construction practice. Only about 30 per cent of the construction had been finished when the fire occurred.

[*Translation*]

REQUEST THAT MINISTER INSTITUTE INVESTIGATION

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, it is unacceptable that the lives of workers be in danger. In my opinion, construction should cease forthwith.

I want to ask the Solicitor General whether he will launch an inquiry on the circumstances surrounding this fire, and in addition will he assure the House that work will not resume until the usual fire prevention standards are fully implemented?

[*English*]

Hon. Stewart McInnes (Minister of Public Works): Mr. Speaker, an investigation has already been concluded concerning the fire and the circumstances relevant to it. We are absolutely satisfied that nothing is in jeopardy and that the construction will proceed without further difficulty.

[*Translation*]

OLD PORT OF QUEBEC

POSSIBLE ESTABLISHMENT OF UNIVERSITY OF QUEBEC HEADQUARTERS

Mr. Marcel R. Tremblay (Quebec East): Mr. Speaker, my question is directed to the Minister of State responsible for Canada Lands Company (*Vieux-Port de Québec*).

These days, in Quebec City, there is much speculation about the possible establishment of University of Quebec headquarters in the *Vieux-Port* area. Could the Minister advise the House whether this location could accommodate such an establishment?

Hon. Roch La Salle (Minister of State): Mr. Speaker, the House will be delighted to know that the Company has been responsible for investments totalling some $30 million in the *Vieux-Port de Québec* area over the past year. There is also the possibility, of course, that the University of Quebec Headquarters could be moved to that area. I have personally met the minister responsible, Mr. Ryan, about this. He has indicated that he was not prepared to invest between $25 million and $40 million to finance the establishment of a university, but that he would be quite receptive to a proposal which is already before the Company to integrate the presence of the University of Quebec. We hope to be able to give a positive response in that regard within the context of a proposal which is before us and which would certainly delight both the residents and the authorities of the City of Quebec.

* * *

[*English*]

REFUGEES

REVIEW OF REFUGEE CLAIMS

Mr. Dan Heap (Spadina): Mr. Speaker, my question is for the Minister of State for Immigration, to whom I delivered yesterday documentation of a scandalous situation in the administrative review of refugee claims. Last Friday two brown-skinned women from Guyana were refused landing in Canada, to which they were entitled under the regulations of the administrative review of refugee claims. Will the Minister tell the House whether that wrong decision arose from orders given by senior immigration official, Ralph Girard, to increase the proportion of refusals for political purposes, or was it dictated by prejudice against brown-skinned women from the Third World?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, the Government, unlike the previous one which kept people inhumanely waiting for a response, put an administrative review into place. Of the 2,900 cases heard in Toronto, only 450 are of European origin. There has been a 93 per cent success rate. The critera are well established, and I am not

aware of any contradictory directives which might have been given.

• (1450)

[*Translation*]

REQUEST THAT MINISTER INTERVENE

Mr. Dan Heap (Spadina): Mr. Speaker, could the Minister examine the facts concerning the two cases I have referred to him and look very closely at the secret change in immigration procedure which apparently occurred following Mr. Girard's visit to Toronto?

Mr. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, I certainly wish to thank my hon. friend for the letter he has delivered to me directly. I can give him every assurance that my officials are going to review these cases that we will follow up this together with the Hon. Members.

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TRADE

FOOTWEAR INDUSTRY—INQUIRY IF GOVERNMENT WILLING TO REVERSE NOVEMBER 1985 DECISION

Mr. Alain Tardif (Richmond—Wolfe): Mr. Speaker, my question is directed to the Secretary of State for External Affairs and is related to the footwear industry. On November 26, 1985, the Minister for International Trade stated, and I quote:

"I have the greatest faith that those industries and the people who work in them can compete with anybody in the world", referring to footwear, especially men's footwear.

Now Statistics Canada has determined and proven right the opposite. There are many more imports, in proportions reaching up to 50 per cent, in some areas of operations. Faced with that dramatic situation, will his Department agree to reconsider his decision of November 1985 and set quotas, the only way to maintain the thousands of jobs involved in the Canadian footwear industry?

[*English*]

Mr. John McDermid (Parliamentary Secretary to Minister for International Trade): Mr. Speaker, at the time of the announcement, which was on the recommendation of the import tribunal, it was indicated in the Minister's press statement that they expected a surge of imports in the first 12 months to 18 months. We are just finished the first 12 month period, and we are experiencing a surge. However, there is still a 23 per cent tariff on imported shoes, so there is protection to the Canadian shoe industry.

REQUEST THAT MINISTER MEET INDUSTRY REPRESENTATIVES

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my supplementary question is directed to the Secretary of State for External Affairs. It concerns the Government's job elimination program in the shoe industry which has resulted in the dismissal of 140 employees at a plant in Alexandria, in my riding. That on November 25 the Minister promised in the House that he would try to arrange a meeting between the Shoe Manufacturers' Association and the Minister for International Trade. The organization has been refused a meeting four times. When will the meeting take place, or is he waiting for every single job to disappear in my riding and elsewhere before doing something?

Mr. John McDermid (Parliamentary Secretary to Minister for International Trade): Mr. Speaker, I think the Hon. Member is being a little unfair. He knows full well that the person responsible in the Minister's office has met, as late as last week, with representatives of the Association and has explained the situation very clearly. They know the Minister is occupied with the softwood lumber situation at the present time and that she will be meeting with them in the new year. The Hon. Member knows that full well and, to try to raise it in the House now is just showboating, as usual.

* * *

[*Translation*]

CANADA POST CORPORATION

REQUEST FOR RESTORATION OF MAIL DELIVERY TO REGIONAL LINE 4 OF LAUNAY IN ABITIBI

Mr. Guy St. Julien (Abitibi): Mr. Speaker, my question is directed to the Minister responsible for Canada Post. Since October last, rural route residents in Launay's range 4 in Abitibi have no more mail distribution. My question is this: Will Canada Post immediately reinstate that route before the Christmas season for the Abitibi area pioneers like Mr. Laroche, a farmer, Mrs. Bossé, who is turning 73 this year, and the 59 other people who are deprived of a longstanding service?

Canada Post has shown no respect for senior citizens in my area, and many people do not even own cars with which to go and get their mail several kilometers away.

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, of course I am most sensitive about the comments made by the Hon. Member. He knows very well that Canada Post's corporate plan has been tabled and referred to a committee. That committee has submitted its recommendations, and Canada Post is reviewing them in order indeed to respond in a more sensitive way to the problem of rural routes, and as soon as we have Canada Post's recommendations, we will release them to the public at large.

[*English*]

CANADIAN WHEAT BOARD

SALE OF UNITED STATES WHEAT TO ALGERIA

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, my question is directed to the Minister of State for the Canadian Wheat Board. The Minister will be aware that during past months the United States has used its massive subsidy program to sell over 300,000 tonnes of Durum wheat in Canada's traditional market in Algeria. Now that the Americans have taken direct aim at a traditional Canadian market, has the Minister taken steps to reach Washington and present a strongly worded protest to the Americans about their predatory practices in the sale of wheat?

• (1500)

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, the straight answer to the Hon. Member's question, which is a serious matter for us, is, yes. We have let the Americans know that we do not approve of this kind of action. We do not think it is helpful to grain prices internationally and we do not think it is going to work. As the Hon. Member knows, with the good reputation of the Canadian Wheat Board and past performance we are and will continue to maintain our share of world wheat markets.

PRESERVATION OF DURUM WHEAT MARKETS

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, since the Algerian market accounts for a large portion of our Durum sales, what specific action is the Minister taking to do something about the fact that we no longer have those sales so as to preserve our markets for Durum wheat?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, we regularly sell to something like 60 countries around the world. Our reputation as a supplier of very high quality product is extremely well known. The action we have taken as a country is to support fully the efforts of the Canadian Wheat Board, which is in an entirely different vein from what previous Governments did in backing away and putting in LIP programs. We have a major commitment to the industry in terms of a billion dollar payment just announced by the Prime Minister. That is a firm commitment to the agricultural industry and it is a firm indication to both customers and competitors alike that Canada is in the grain business for the long haul.

* * *

EXTERNAL AFFAIRS

PRIME MINISTER'S FORTHCOMING VISIT TO AFRICA

Hon. Donald J. Johnston (Saint-Henri—Westmount): I note with some trepidation that the Prime Minister is embarking on a seven-day trip to Africa in January. Could the Secretary of State of State for External Affairs relieve our anxiety about the costs of this trip by requesting the Prime Minister to pay for it from his own travel budget and practise some of that restraint so that the Secretary of State for External Affairs will not be obliged to close other embassies or other posts abroad in order to keep the Prime Minister in the style to which he has become accustomed?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I am amazed that the spokesman on foreign policy for the Official Opposition should suggest that the Prime Minister of Canada should not travel to Africa, should not carry on consultations that will allow Canada to continue the role of leadership that we have taken on the question of South Africa and, indeed, allow Canada to continue to play the role of leadership commenced under this Government in the context of *la Francophonie* and in terms of encouraging international economic development.

An Hon. Member: You are twisted.

Mr. Garneau: You are stupid, Joe.

ANNOUNCED CLOSURE OF EMBASSY IN FINLAND

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, the Secretary of State for External Affairs sounded like the wise statesman that *Maclean's* magazine wrote about a few weeks ago.

Some Hon. Members: Oh, oh!

Mr. Johnston: Speaking then of closing embassies, yesterday the Minister refused to tell us what plans have been made if the Finnish embassy is closed. No Government would not have some plan to have those functions carried out. Would he undertake to table the detailed plan he has so that we know what will happen to the functions now being carried out by the embassy in Finland?

Mr. Blackburn (Brant): Moscow will look after them.

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the responsibilities that are now being carried out by the embassy in Finland which, because of the legacy of debt that we inherited from the former Government of which the Hon. Member was a part, we had to close down—

Mr. Blackburn (Brant): We don't believe you any more.

Mr. Clark (Yellowhead): —those responsibilities will be carried out through our embassy in Stockholm. There is not a detailed plan that has to be presented or tabled. I suppose I should say to the Hon. Member with regard to *Maclean's* magazine that, if he has a little bit of patience and waits for 14 years, perhaps his turn will come once too.

Some Hon. Members: Oh, oh!

THE CONSTITUTION

RESOLUTION OF THE LEGISLATIVE ASSEMBLY OF ONTARIO

Mr. Speaker: I would like to bring to the attention of Hon. Members that a resolution has been passed in the Legislative Assembly of Ontario concerning the Canadian Constitution. That particular communication has been sent to the Speaker.

In bringing that communication to the attention of all Hon. Members I shall read out the formal parts in a moment, but I want it clearly understood that this communication from the Legislative Assembly of Ontario is by way of information and does not initiate any process within this Chamber.

I have the honour to inform the House that I have received a communication from the Hon. Hugh Edighoffer, Speaker of the Legislative Assembly of Ontario, transmitting to this House a resolution adopted by the Legislative Assembly.

The motion reads:

Resolved, That this House authorizes that a Proclamation be issued by the Governor General under the Great Seal of Canada amending Section 7 of the Canadian Charter of Rights and Freedoms to read as follows:

> 7. Everyone has the right to life, liberty, security of the person and enjoyment of property and the right not to be deprived thereof except in accordance with the principles of fundamental justice,

and urges that the Senate and the House of Commons and the Legislative Assemblies of the other provinces do likewise.

Some Hon. Members: Hear, hear!

Mr. Murphy: What about the Alberta Legislature?

Mr. Speaker: I want to inform Hon. Members that for the benefit of Hon. Members copies of the resolution are available at the Table in both official languages.

* * *

BUSINESS OF THE HOUSE

DISPOSITION OF PRIVATE MEMBERS' BUSINESS

Mr. Speaker: I wish to bring another matter to the attention of Hon. Members. I have received written notice from the Hon. Member for York Centre (Mr. Kaplan) that, due to a prior commitment, he is unable to be present in the House Friday, December 19, 1986 to move his motion during the hour for Private Members' Business. Accordingly, I am directing the Table to drop that item of business to the bottom of the order of precedence. Since notice will thereby be removed, the hour for Private Members' Business will be suspended and, pursuant to Standing Order 39(2), the House will continue with the business before it prior to that hour until the ordinary hour of daily adjournment.

Mr. Sid Fraleigh (Lambton—Middlesex): Mr. Speaker, could you clarify a point for me? I am having some trouble in identifying just which Party the Hon. Member for Terrebonne (Mr. Toupin) was representing today? Is he an Independent, a Conservative, or a Liberal?

Hon. Bob Kaplan (York Centre): Mr. Speaker, you have just indicated that I have a prior commitment that will keep me from the House on Friday when my Notice of Motion would otherwise have been debated. I would be pleased to have the record show that I am appearing that day before the Federal Electoral Boundaries Commission in Toronto.

Mr. Speaker: I should say to the Hon. Member for York Centre that I welcome his comments so that the record is accurate. I hope the Hon. Member does not think that I in any way impugned his well-known habit of hard work on behalf of his constituents.

Mr. Gauthier: Mr. Speaker, I am sure you know that I rise again to ask that serious consideration be given to protecting the rights of private Members in this House to use Private Members' Hour which is available to them to defend, present, and debate the issues that are their concerns. By allowing the procedure to continue that was just announced, we are giving the Government an extra hour or two or three a week and are depriving backbench Members of this House of the right to have their debates as ordered. I would like to ask the Chair again to give us a decision—I know you are thinking about it—on whatever solution you have to that problem, and given the fact that my motion on the Order Paper has not yet been taken up.

• (1510)

Mr. Speaker: I know the Hon. Member has a very intense interest in this matter, as do other Hon. Members. The Chair will make a ruling soon.

[*Translation*]

Mr. Ouellet: On the same matter, Mr. Speaker, I would urge you to read a report submitted by the Hon. Member for Burlington (Mr. Kempling), Chairman of the Committee on Private Members' Business, who made a series of recommendations which should be included in the Standing Orders and which suggest a procedure likely to enable us to avoid the dilemma now facing my colleague from Ottawa—Vanier (Mr. Gauthier). It has been suggested that the chairman or his deputy might be given more latitude when selecting private Members' business which can be introduced and debated during private Members' hour.

I urge you not only to read this report but also to make sure that the Government and Opposition Parties House Leaders reach an agreement to implement these recommendations next year.

Mr. Speaker: The intervention of the Hon. Member is very interesting and might be useful to the Chair!

Tabling of Documents

ROUTINE PROCEEDINGS

[*Translation*]

SUPPLEMENTARY ESTIMATES B, 1986-87

A message from Her Excellency the Governor General transmitting Supplementary Estimates (B) for the financial year ending March 31, 1987, and in accordance with section 54 of the Constitutional Act, 1867, recommending these Estimates to the House of Commons, was presented by Hon. Robert de Cotret (President of the Treasury Board) and read by Mr. Speaker to the House.

* * *

JUSTICE

TABLING OF PROJECT—REVISED STATUTES OF CANADA (1985)

Hon. Ray Hnatyshyn (Minister of Justice and Attorney General of Canada): Mr. Speaker, I have the honour to table in both official languages and pursuant to section 7 of the Statute Revision Act, the project of Revised Statutes of Canada (1985), prepared by the Statute Revision Commission.

[*English*]

I should point out that there are some 16 additional volumes, about 900 pages each, which I have already left with the Clerk in order to avoid causing back problems for this hon. gentlemen here.

* * *

SEALS AND SEALING

TABLING OF REPORT OF ROYAL COMMISSION

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, under the provisions of Standing Order 67(2), I wish to table in both official languages the report of the Royal Commission on Seals and Sealing in Canada.

* * *

[*Translation*]

FRENCH CONSTITUTIONAL DRAFTING COMMITTEE

TABLING OF FIRST REPORT

Hon. Ray Hnatyshyn (Minister of Justice and Attorney General of Canada): Mr. Speaker, I have the honour to table in both official languages the first report of the French Constitutional Drafting Committee, created to help the Minister of Justice establish, in accordance with section 55 of the Constitution Act, 1982, the official French version of some constitution acts.

[*Editor's Note: For above report see today's Votes and Proceedings.*]

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PETITIONS

GOVERNMENT RESPONSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 106(8), I have the honour to table, in both official languages, the Government's response to the following petitions: 332-43, 332-54 to 332-85 inclusive, 332-87 to 332-89 inclusive, 332-91 to 332-100 inclusive and 332-102 to 332-105 inclusive.

* * *

[*English*]

POINT OF ORDER

COMMITTEE ON JUSTICE AND SOLICITOR GENERAL—CORRECTION TO *GLOBE AND MAIL* REPORT

Mr. Blaine A. Thacker (Lethbridge—Foothills): Mr. Speaker, I have a point of order concerning a grievous error made by *The Globe and Mail* concerning the clerk of the Standing Committee on Justice and Solicitor General. One Andrew McIntosh writes in today's *Globe and Mail* concerning a call I received that:

> The clerk then confirmed that the caller identified himself—

That is absolutely incorrect and a grave injustice to an outstanding clerk. I think the record should show that.

Mr. Speaker: I thank the Hon. Member.

* * *

[*Translation*]

CANADAIR LIMITED DIVESTITURE ACT

PRESENTATION OF REPORT OF LEGISLATIVE COMMITTEE

Mrs. Lise Bourgault (Argenteuil—Papineau): Mr. Speaker, as chairwoman of the Legislative Committee on Bill C-25, An Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith, I have the honour to report the bill without amendment.

[*Editor's Note: For above report see today's Votes and Proceedings.*]

[*English*]

PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, pursuant to Standing Order 106, I would like to table two petitions verified by the Clerk of Petitions. The first one is signed by residents of Thunder Bay and the community of Nipigon. They are concerned about the Government's plan regarding generic drugs and call upon the House to reject the legislation.

The second petition is signed by residents of the community of Atikokan and Thunder Bay, and they too voice their concern over this measure which they believe will unfairly hurt the people whose health needs require the purchase of prescription drugs on a continuing basis.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, I rise again to try and sensitize the Government to the concerns of the reading public about the tax on reading. I have petitions from your part of the country, Vancouver, and I deposit them for your information and consideration. The petitioners are concerned that the tariff on books has had little negative effect on the U.S. publishing industry, yet penalizes Canada's consumers, book publishers, book sellers, distributors and culture. It is costing a fortune and has placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries. The petitioners call upon Parliament to rescind this negative tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries with respect to free trade negotitions.

I have been begging you, sirs, to remove this ridiculous tax on reading.

Mr. Speaker: Order, please. The Hon. Member is vigorously—

Mr. Friesen: Is it a petition or speech?

Mr. Speaker: —making a point but I must move on. The Hon. Member's petitions will of course be received.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, it is my pleasure to table petition after petition from Ottawa, Regina, British Columbia, Windsor and Saskatoon, all protesting the Government's Patent Act changes which will delay drug price decreases in this country.

[*Translation*]

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Sergio Marchi (York West): Mr. Speaker, I am also pleased to present petitions concerning tariff, levied on books, and signed by Canadians from all parts of the country.

I have petitions coming from Halifax, Saskatchewan and Manitoba. This Government should respond to the wishes of the Canadian book industry and rescind this regressive tariff.

Mr. Jean-Robert Gauthier (Ottawa—Vanier): I am also pleased to present petitions on behalf of Canadians from Ontario, British Columbia, Manitoba and Saskatchewan.

• (1520)

[*English*]

All these people humbly submit that the Government of Canada has imposed a retaliatory tariff on imported books in the English language which has limited the access of Canadians to literature and information. The tariff has had little negative effect on the publishing industry of the United States yet penalizes Canada's consumers, book publishers, book sellers, book distributors and Canada's culture. Rising book prices have placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries. The hundreds undersigned humbly pray and call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries in respect to free trade negotiations.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is my honour and privilege to present a petition from the undersigned residents of Canada who avail themselves of their ancient and undoubted right to present a grievance common to your petitioners in the certain assurance that your honourable House will therefore provide a remedy. The petitioners are asking the Government to reconsider the decision to proceed with changing the Patent Act which they feel will allow prescription drug prices to be significantly higher than they need be. They, therefore, are asking Parliament to reject these proposals which will increase prescription drug prices for all Canadians.

Mr. Simon de Jong (Regina East): Mr. Speaker, I also have a petition which I wish to present to the House. It is from residents of Winnipeg, Manitoba. The petitioners also ask the Government to back off from its move to increase the price of drugs.

REMOVAL OF MAILBOXES BY CANADA POST

Mr. Dan Heap (Spadina): Mr. Speaker, I have the honour to present a petition which has been approved by the Clerk of Petitions. It is from a number of residents of the City of

Toronto who complain that, in order to cut costs, the Post Office is removing letter drop boxes from the City of Toronto. About a third of them will be removed. The loss of this large number of boxes is greatly inconveniencing residents as well as causing risk to young children and older people who may have to cross arterial roads to mail letters. Therefore, your petitioners humbly pray and call upon Parliament to ensure that Canada Post replaces these mail boxes and consults with the residents of the communities affected before removing these boxes and other services in the future.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. Dan Heap (Spadina): Mr. Speaker, I have a petition from residents of a number of communities in the Province of Newfoundland, including the communities of Torbay, Grand Bank and St. John's. These residents complain that the low-level flight training by NATO pilots in the region around Goose Bay, Labrador, is disrupting the life of the native people there and is also a provocative and aggressive war-fighting action which tends to endanger world peace. Therefore, the undersigned have called upon Parliament to ensure that the Prime Minister (Mr. Mulroney) will end all low-level flight training at the Goose Bay Canadian Forces Base and cease negotiations with NATO for establishment of a larger base there.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Hon. Bob Kaplan (York Centre): Mr. Speaker, I also have the honour to submit a petition duly authorized on behalf of a group of Canadians protesting the imposition of the retaliatory tariff on books imported from the United States which is, as my colleague has observed, a tax on reading.

Miss Aideen Nicholson (Trinity): Mr. Speaker, I have the honour to present petitions signed by citizens in Ontario and Vancouver protesting the Government's tax on reading. The petitioners point out that the retaliatory tariff on imported books in the English language hurts Canadian consumers, book publishers, book sellers and distributors rather than the publishing industry of the United States at which the measure was aimed. The petitioners request that the tariff be rescinded.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, I wish to present a petion sent to me by constituents from the town of Watrous, Saskatchewan, who point out that the proposals to change the Patent Act will severely restrict the ability of average Canadians to buy necessary prescription drugs and will unfairly hurt Canadians whose health needs require the purchase of prescription drugs on an ongoing basis. It will also result in higher costs to provincial government drug plans. The petitioners therefore pray and call upon Parliament to reject these proposals which will increase prescription drug prices for all Canadians.

SUPPLEMENTARY ESTIMATES (B)

REFERENCE TO STANDING COMMITTEE

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 83, I move:

That Supplementary Estimates (B) for the fiscal year ending March 31, 1987, laid upon the table earlier this day, be referred to the Standing Committee on Agriculture.

Motion agreed to.

* * *

BUSINESS OF THE HOUSE

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there have been the usual discussions with the House Leaders of the other two Parties and I think you will find unanimous consent for the adoption of the following motion with respect to the order of business for tomorrow:

That, notwithstanding any Standing or Special Order of this House, at 3.30 o'clock p.m. on Thursday, December 18, 1986, proceedings then before the House shall be interrupted and the House shall proceed to the consideration of Private Members' Business as scheduled on that day's Notice Paper;

Provided, that in relation to the proceedings to be interrupted at 3.30 o'clock p.m., the provisions of Standing Order 11 shall apply;

That at 4.30 o'clock p.m., on that day, the House shall revert to Statements by Ministers for the purpose of the presentation of a statement by the Minister of State (Finance), and the replies thereto;

Provided, that the Minister shall lay upon the table a document in relation thereto;

That provisions of Standing Order 19(6), in relation to the extension of that day's sitting, shall not apply; and

That, immediately upon the conclusion of proceedings in relation to this statement by the Minister, Mr. Speaker shall adjourn the House until the next sitting day.

Mr. Deputy Speaker: Does the Hon. Deputy Prime Minister and President of the Privy Council (Mr. Mazankowski) have the unanimous consent of the House to move his motion?

Some Hon. Members: Agreed.

Mr. Deputy Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to.

* * *

STATUTE REVISION COMMISSION

REFERENCE OF REPORT TO STANDING COMMITTEE

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I move,

seconded by the President of the Treasury Board (Mr. de Cotret):

That the report of the Statute Revision Commission, Volumes I-17, be referred to the Standing Committee on Justice and Solicitor General; and

That the Committee report its findings and recommendations with respect to this matter to the House no later than Friday, May 1, 1987.

Motion agreed to.

* * *

FRENCH CONSTITUTIONAL DRAFTING COMMITTEE

REFERENCE OF FIRST REPORT TO STANDING COMMITTEE

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I move, seconded by the President of the Treasury Board (Mr. de Cotret):

That the first report of the French constitutional drafting committee be referred to the Standing Committee on Justice and Solicitor General.

Motion agreed to.

* * *

• (1530)

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONCURRENCE IN FIRST REPORT OF STANDING JOINT COMMITTEE

Hon. Bob Kaplan (York Centre) moved:

That the first report of the Standing Joint Committee on Regulations and Other Statutory Instruments, presented to the House on Tuesday, December 2, 1986, be concurred in.

Mr. Mazankowski: Mr. Speaker, I am not sure whether there have been any discussions with respect to this matter. There usually is.

Mr. Kaplan: Mr. Speaker, I raised the matter with the Parliamentary Secretary to the Deputy Prime Minister (Mr. Lewis) weeks ago and I am prepared to defend it.

Mr. Lewis: That is true, Mr. Speaker. This matter was raised last week, at least, and is presently being studied. We have had no notice that the Hon. Member intended to move his motion today. I will definitely undertake to see what is holding up the answers to this case and get back to the Hon. Member tomorrow.

Mr. Kaplan: Mr. Speaker, I will speak to the motion, the Government can speak against it, and then we can have a vote. I am assuming that I can now speak to the motion.

It is a very simple matter. It is a unanimous report from the Joint Standing Committee on Regulations and Other Statutory Instruments in which we basically ask for concurrence to have a quorum of four Members because we have great difficulty in attracting larger numbers of Members to our committee meetings. I would ask the House to concur in the motion.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am rising to speak to this motion rather unexpectedly. As I indicated to the House, the Hon. Member brought this matter to my attention. We undertook to determine from our members on the committee the reasons for the change in the quorum. We understand that these meetings have been taking place and that there are difficulties in finding a quorum on certain days. I believe we have had discussions about this at the Whip Level as well as among the House Leaders.

In this last two weeks prior to the Christmas break we are trying to proceed in a manner in which matters such as this would not be brought to the floor of the House of Commons without prior discussion among House Leaders. In fact, a House Leaders meeting has been scheduled for 3.45 p.m. this afternoon and I find myself at a bit of a loss to know why there had to be a tearing rush by the Hon. Member to bring this to a vote.

Often, committees have motions that may be unanimous and make a great deal of sense from their standpoint, but may not make sense when considered in conjunction with the activities of the rest of the House or the other two Parties. I can assure you, Mr. Speaker, that that is why we will discuss this even if it may impede the business of the day somewhat. I think it is important.

When we bring changes to the Standing Orders forward to the House, they are the subject of a great deal of discussion, along with some give and take on the wording or on issues that one Party may support and another may not. However, we try in all circumstances to come to the House with an agreement so that we can present to the House what is essentially a *fait accompli*. The Chair and all Members will realize that when changing House orders it is important that they be agreed upon by all Parties.

I have not had an opportunity to discuss this fully with my colleagues who sit on this Standing Joint Committee on Regulations and Other Statutory Instruments, nor have I had an opportunity to discuss it with the House Leaders, Deputy House Leaders and Whips of the other Parties.

Without indicating how I intend to vote on this motion, I suggest that there be further debate in order to determine if it is acceptable with the Whip of our Party, the Whips of the Opposition Parties, as well as the House Leaders. We can take into account all of the problems that impinge upon whether or not we support this motion.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, on behalf of the New Democratic Party, let me indicate that there have been some discussions. On December 2, 1986 the Hon. Member in fact presented the first report of the Standing Joint

Committee on Regulations and Other Statutory Instruments and, following that intervention, the Hon. Member did take time to inform the other parties of his concern regarding the difficulty in getting a quorum in order to conduct the business of that joint committee. After reflection and discussions, we felt this was in order and we have no hesitation about supporting the motion.

However, perhaps I should draw to the attention of the Hon. Member that when we are introducing motions such as this and asking for support in a matter as important as enabling the committee to function effectively, we usually receive a notification that such an initiative is being made. Perhaps that is where there is some confusion this afternoon, and nothing more than that.

Hon. Herb Gray (Windsor West): Mr. Speaker, the Hon. Member for York Centre (Mr. Kaplan) has raised a very important point in his motion. The House Leader for the New Democratic Party pointed out that this matter came before the chamber well before today, even well before notice was first given of the intention to move this motion. In order to move along with the business of the House, may I propose to the Government that, while I understand the desire to look at this motion in the context of other suggestions with respect to changing quorums of committees, perhaps it would be willing to accept this motion without creating a precedent for any other issues with respect to quorums of committees. I believe the Hon. Member for York Centre has proven that a real effort has been made to operate the Standing Joint Committee on Regulations and Other Statutory Instruments, which is a very central committee, with the present quorum.

Without reflecting on any Members of the House about why they can or cannot attend the meetings of the committee, I think it has been demonstrated that the committee cannot function with its present quorum. I repeat, I think it has been demonstrated that the committee cannot function with its present quorum. I am not, nor are my colleagues, reflecting in any way on the interest of any Hon. Members of the House in the work of this committee. However, I think something which adds weight to my proposal is that the report we are debating has been signed by the co-chairman of the committee, a Conservative Member of the other place. Therefore, I would urge upon Hon. Members, particularly those Hon. Members on the Government side, to agree to this motion without prejudice to the position they may take with respect to any other issue regarding quorums and membership of committees.

• (1540)

I understand the desire of the Government House Leader and the Deputy Government House Leader to ensure that some problem is not being created through some inadvertence if this motion goes through. I think it has been made clear in the debate so far that there is a case for this motion being adopted. In my position as Opposition House Leader, I will say that if the motion is accepted, I would certainly not attempt, nor would my colleagues, to say it is a precedent with respect to any other issues involving size of other committees or the size of their quorum.

I conclude by once again urging the Government House Leader to consider the proposal I have just made.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I appreciate the remarks of the House Leader of the Official Opposition and also the remarks of my good friend, the Hon. Member for Kamloops-Shuswap (Mr. Riis). I find this rather strange in as much as we have been playing with a number of these things, looking at the structure of committees and revising quorums, on the basis of mutual discussion and co-operation. To have this inflicted at this particular time is a bit of a surprise. I think it really takes away from the spirit we have tried to develop.

What we do here on various occasions is modify the rules and regulations to adapt to the particular proceedings before us at the time. Not having been given prior notice that this was going to be brought up today, I think is really very unbecoming.

Having said that, and having regard to the caveats expressed by the House Leader of the Liberal Party—I think he would agree that it really is not a very good way of doing business—I would prefer to have an opportunity to consult with the Hon. Members representing the Government on this particular issue as to whether or not they have any objections to the report being concurred in. Hopefully, we can bring it forth on another day. That is what I would prefer. I wonder if the Hon. Member might consider that?

Mr. Kaplan: Mr. Speaker, the committee is hoping to meet again tomorrow. We have had four meetings scheduled and at each of those four meetings of that committee, which has nine Conservative Members, two Liberals and one New Democrat, we have had either zero or just one Conservative show up and the meetings could not take place.

Our workload for those meetings has piled up. I spent hours, as did the other regular members of the committee, and the former vice-chairman, sitting beside the Government House Leader, knows that, and the meetings cannot take place because Conservative Members do not come to make up the quorum.

Here is our report. The Deputy Prime Minister (Mr. Mazankowski) says I did not give him notice. You know, Mr. Speaker, I did give notice. At the beginning, when I asked the Parliamentary Secretary to give unanimous consent so those earlier meetings could take place, even in the absence of most of the members of the Conservative Caucus, the Parliamentary Secretary refused to give his unanimous consent. Now the Conservatives are asking me for my consent to subvert the rules which now permit me, as chairman of that committee, to have the question decided now. No thank you, Mr. Speaker.

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: The House has heard the motion. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion (Mr. Kaplan) agreed to.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Speaker: Is it agreed?

Some Hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all motions for the production of papers be allowed to stand.

Mr. Speaker: Shall all motions for the production of papers be allowed to stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Tuesday December 16, consideration of Bill C-23, an Act to amend the Income Tax Act and a related Act, as reported (with amendments) from the Standing Committee on Finance and Economic Affairs; and motions Nos. 7 and 14 (Mr. Garneau) (p. 2178-2179) and motions Nos. 8 and 15 (Mr. Cassidy) (p. 2179).

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, yes, I intend to finish what I have to say about Motion No. 7 and then proceed with Motion No. 14. The purpose of Motion No. 7 was to reduce, from seven years to three, the period during which a taxpayer who paid the minimum tax will be able to recover that payment, and my point was that if a taxpayer is given seven years to recover the minimum tax he paid in a given year, we might as well not adopt this legislation, because in the final instance, no one is going to be stupid enough to have to pay this minimum tax.

I see this as a useless complication of our tax system, since everyone should be able to recover this tax.

Mr. Speaker, Motion No. 14 concerns an equally basic aspect of the minimum tax. The tax was proposed to ensure that people who make use of tax shelters are nevertheless subject to paying a minimum of income tax. People who purchase flow-through shares, people who purchase what are referred to as MURBs in the housing sector, and people who purchase shares that are tax deductible, are all using ways to avoid paying income tax.

The minimum tax was introduced to ensure that these taxpayers pay at least 17 per cent on income computed according to a different set of rules. This income, as explained in the legislation, will include tax shelters such as flow-through shares, MURBs and other types of tax shelters, all of which are to be reincluded in the alternative minimum income for the purposes of the minimum tax. The number of exemptions is very limited and includes only basic personal exemptions, charitable donations and a few other exemptions of this kind.

What is rather surprising, however, is that among the exemptions listed by the Minister of Finance in his technical notes and which we find in the legislation, we see that the taxpayer is allowed to deduct 50 per cent of his capital gains, which means that the only tax shelter that will not be included as income for the purposes of the minimum tax is the lifetime $500,000 exemption on capital gains.

Mr. Speaker, I think it is an insult to people's intelligence to propose a minimum tax and then, first of all, allow recovery of the tax over the next seven years and second, to subtract from income otherwise taxable for the purposes of the minimum tax, the lifetime capital gains exemption.

And something strange, that lifetime exemption on capital gains, for minimum income tax purposes again, comes under the same headings as personal exemptions, student exemptions and handicapped exemptions, the deduction for medical expenses, the deduction for charitable donations, the deduction available to people who took vows of perpetual poverty, the deductions in respect of certain social benefits, the deduction for due refunds of unemployment insurance benefits, the deduction for income averaging and finally in the total deductions they will include the lifetime exemption on capital gains on the same level as charitable donations, personal exemptions and exemptions for the handicapped.

Mr. Speaker, this is not good enough in my view. And this is why we are proposing in our Motion No. 14 an amendment by which, in computing the minimum income tax, the $500,000 lifetime exemption on capital gains would be treated the same way as other tax havens like flow-through shares, or MURBs, or benefits derived from investing in certain areas of economic activity.

And the reason why we are moving this at this stage is that during the previous discussion of the Bill, on the basis of the comments made by the Minister of Finance (Mr. Wilson) and the Minister of State (Finance) (Mr. Hockin), everybody on the Opposition side at least and many observers also realized that for the purposes of the minimum income tax, the $500,000 lifetime exemption on capital gains should receive the same treatment as the other tax havens, but we learned at the committee stage only, when we had officials before us, that what should finally be realized was that the capital gains exemption was also to be exempt from the minimum income tax. We believed that was unacceptable, and this is why we introduced the amendment in Motions Nos. 7 and 14.

Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I am disappointed by the motion of the Hon. Member for Laval-des-Rapides (Mr. Garneau). He simply wants to abolish the $500,000 capital gains tax exemption. That is the only purpose of his motion. Yet, Mr. Speaker, to date, this tax exemption has proved useful economically. Small businesses and business people are all happy with this tax exemption, but the Hon. Member for Laval-des-Rapides simply wants to abolish it.

I was listening to a television program not so long ago where he was publicly rebuffed and told that he was not being serious and that the $500,000 capital gains tax exemption was a good initiative.

He is at it again today since he wants to have this tax exemption abolished.

As for the minimum tax, he criticizes the fact that the amounts which may be payable in one year because of a very high income or salary can be recovered over a period of seven years. This is petty politics, Mr. Speaker. The Hon. Member for Laval-des-Rapides is playing political games. I would like to give an example to explain the reason for this seven-year period. For instance, an artist might sell one, two or perhaps three paintings in one year. However, in a given year, he might be lucky enough to sell 25 and to have a very high business income for that year, but not for future years. If he has to pay the minimum tax that year, which he will have to do, this provision will be perfect to ensure that he pays his fair share of taxes.

However, what garantee is there that this same artist will not have a very low income in the next two, three of four years? The minimum tax is aimed at those who have high incomes year after year and who do not pay their fair share of taxes. Its purpose is not to tax someone who has a high income one year only.

Let us look, Mr. Speaker, at a young man from your constituency who has the good luck to sign a good hockey contract. He has a good income. However, in following years, either he is not considered to be a future hockey star or he has an accident which prevents him from playing. His career was in hockey. It is true that he had a high income in 1986, but in 1987, 1988 and 1989, he will no longer have any income, but he would be taxed at a higher rate than other people.

Mr. Speaker, I think that we have to be realistic and this is why we set a period of seven years to adjust the tax rates of all taxpayers so that no one will be penalized compared with others. This is simply fair to all Canadian taxpayers and this is what we are doing with the Income Tax Act . . . I hear a Member on the other side laugh. Unfortunately, Mr. Speaker, they do not always understand.

Mr. Cassidy: A justice for the rich.

Mr. Vincent: Mr. Speaker, when the Minister of Finance (Mr. Wilson) introduced the minimum tax a year ago—I remember it clearly, I was here—his Leader rose in the House to congratulate us; now, one year later, he is laughing.

Mr. Cassidy: In principle, but not in practice.

Mr. Vincent: One year later, Mr. Speaker, it is no longer good. It changes every day. They say that in the political world, one day is quite a long life. I realize now that for NDP Members, one year is a very, very long time, that policies and ideas change.

Mr. Cassidy: This is not a true minimum tax.

Mr. Vincent: It is a minimum tax, Mr. Speaker, and his Leader supported it.

Mr. Cassidy: No. Not at all!

Mr. Vincent: All of this to say that this is the purpose of the legislation, and I respectfully submit that the two motions should be lost.

Mr. Cassidy: Mr. Speaker, I certainly remember that my Leader, the Hon. Member for Oshawa (Mr. Broadbent) had supported the principle of a minimum tax which had been introduced by the Government in its last year Budget. But what is significant is that because of the pressure from the New Democratic Party, the Conservatives have finally accepted to have a minimum income tax. But in reality, Mr. Speaker, it is not a minimum income tax but simply an advance tax which will be excused in the future, which means that it will be simply a tax pre-payment, an advance payment of the tax and not at all a real minimum tax.

What we are really faced with is a situation where high income people earning over $100,000 or $200,000 are not paying any income tax at all. Justice for low income earners and ordinary people who have to pay income tax year after year demands that rich people who have all kinds of benefits, who have legal counsels, real estate brokers and accountants at their service should not be able to avail themselves of all the loopholes in the tax system to avoid paying taxes.

• (1550)

[*English*]

This is the problem which the Parliamentary Secretary does not appear to understand. People who earn $250,000 a year are paying no tax at all while people who work as bank clerks, truck drivers and secretaries who earn $12,000 to $20,000 per year are paying a substantial portion of their incomes in tax. This is what we sought to have fixed by insisting that there be a minimum tax.

I remember the debate on television during the course of the 1984 election campaign. It was not the Progressive Conservatives who proposed a minimum tax. Nor was it the Liberals who proposed a minimum tax. It was the NDP. We proposed it and, finally, the other two Parties decided that they had better come on board. We now see their true stripes. The finance critic for the Liberal Party says that this is such a messy tax we might as well not have it at all. His Party really does not want there to be a minimum tax. The Government wants people to think that there is a minimum tax. But, in practice, because of the seven-year carry forward and because there are extra loopholes built into this minimum tax, it is not a minimum tax at all.

[*Translation*]

That is the reason why, Mr. Speaker, we introduced motions to delete the sections dealing with the minimum tax as proposed by the Government. We do not want to do away with the minimum income tax, but to give the Government a chance to reintroduce a really effective tax, a real minimum income tax.

Mr. Speaker, the Parliamentary Secretary did not mention people earning around $100,000 a year, for example. To start with, half of their capital gains would be exempt. Second, they would be able to take advantage of personal exemptions. Third, they are going to be entitled to a $40,000 deduction. To recapitulate, someone with a family, having an income of $100,000 a year and able to use all the loopholes to escape paying any normal income tax, would not pay 17 per cent in minimum income tax, but may be about half that amount, that is to say a minimum tax of $5,000, $6,000, $7,000 depending on the proportion coming from capital gains. But even that small amount is not really a tax, it is a deposit against any normal taxes the taxpayer might have to pay during the next seven years. In effect, Mr. Speaker, the only benefit for Treasury Board, for Revenue Canada, will be to receive $7,000 or $8,000 in 1987, for example, rather than in 1988, 1989 or 1994. That is the only result of this measure.

• (1600)

[*English*]

That is not enough.

In the United States, that bastion of capitalism, tax reform proposals have been put forward by the Reagan administration, an administration which is certainly not a friend of this Party, nor are we are friend of it. These proposals provide for a carry-forward of a minimum tax only in cases where it is judged that there has been a genuine tax deferred. For example, a corporation—and there is a corporate minimum tax in the United States—which defers tax by means of accelerated write-offs will in fact be able to take a tax credit for the minimum tax it pays in order that it can then pay off the tax that comes due later when the deferred tax becomes payable. However, if a tax is forgone in this country because of the tax-free exemption on capital gains, there is no such carry-forward at all. The American legislation, therefore, does not allow for three years of carry-forward as proposed by the Hon. Member for Laval-des-Rapides (Mr. Garneau), but for no carry-forward at all where there is a total exemption from tax in the regular tax system. It seems to me that we should be looking at that kind of thing here.

According to the rules of the House, we will only vote once on each of these two motions, Nos. 8 and 15. While we propose to wipe out the seven-year carry-forward and then to review it in the context of an effective minimum tax, we will support the motion of the Hon. Member for Laval-des-Rapides for a three-year carry-forward since it is better than the clause as it exists and it will indicate our opposition to the measures proposed by the Government.

Motion No. 15 deals with Clause 51 of the Bill. That is the clause which allows, among other things, for the deduction from the income assessed for the minimum tax of 50 per cent of capital gains on top of the regular 50 per cent exemption. In other words, while capital gains will become liable to minimum tax, they will be liable at half the rate of other income. That perpetuates the ludricous policy of the Government which allows $500,000 in capital gains to be tax-free.

The people who will benefit from the capital gains tax exemption are not ordinary taxpayers. They are people with high incomes. Perhaps 90 per cent of the benefit of that measure will go to the 5 per cent of the people who are top-income earners because they are the ones who invest and stand to make capital gains.

Capital gains on personal residences are not taxable in Canada because of the view that people will in fact roll that money forward and because one has only one principal residence at a time. Figures in today's newspaper suggested that only 17 per cent or 18 per cent of the population invests in the stock market and only a portion of that group receives any appreciable amount of capital gains. We are talking about a very small proportion of the population. Inevitably, those are the people who tend to be better educated, have better jobs and receive higher incomes. The ordinary people in my riding and the riding of Regina East, the farmers in Saskatchewan and others like that will have to pay extra taxes in order to provide a tax benefit to upper-income earners.

In addition, upper-income earners will have special privileged treatment when it comes to computing the minimum tax payable because some of their income came through the lifetime capital-gains tax exemption. These people are classed

as being as worthy as people who have taken a lifetime vow of poverty and receive a special income tax exemption for that purpose. I find that ludicrous. The amendment of the Hon. Member for Laval-des-Rapides would at least do away with that particular objectionable and offensive part of the minimum tax. We will support that proposal. If we had the chance to do so, we would vote against the entire clause on the grounds that while the Government promised a minimum tax, and while we welcome the principle of a minimum tax, we did not get it.

We in Canada will really miss what is now in place in the United States and that is a minimum corporate tax. The use of preferred-shares financing and other dodges has allowed many of the largest and most powerful financial and industrial corporations in Canada to avoid virtually all corporate income tax. If it is a good principle that individuals should not be able to avoid paying a reasonably fair share of tax through the application of an effective minimum tax on personal incomes, that should be the case with corporate incomes as well. I regret the fact that the Government has not acted on that.

Mr. Simon de Jong (Regina East): Mr. Speaker, when we are talking about the minimum tax let us not forget that the issue was raised during the 1984 election campaign by members of the New Democratic Party. The issue came up when the leaders were debating and, not to lose out on a good issue, the present Prime Minister (Mr. Mulroney) immediately realized that Canadians on the whole are outraged by the fact that there are individuals who earn substantial income but year after year do not pay one cent of tax. The notion of a minimum tax became quite popular and the commitment was made by the Conservative Party that if elected it would introduce a minimum tax.

Today we see what type of minimum tax the Conservatives had in mind. It is a minimum tax full of loopholes. It is a sieve. As the Chairman of the Finance Committee so aptly put it, only unsophisticated taxpayers would be caught in this net. Certainly those who know how to plan their taxes and finances will escape paying one cent under the existing proposal for minimum tax.

I have here a copy of a newsletter entitled *The Tax Letter* which is put out by an accounting firm. It states: "Yes, you can beat the minimum tax," and it goes on to list several ways sophisticated taxpayers with the aid of accounting firms can avoid paying any minimum tax. The suggestions are numerous. Some tax shelters are still in effect. Interest deductions, tax havens, employer RPP contributions, business or investment losses and holding companies are some of the techniques that may be used to avoid paying the minimum tax.

A wealthy individual who has succeeded over the years in not paying any tax but does not quite have his finances in order this year will be hit with the minimum tax, but the Government gives him another loophole. He can claim those deductions in future years, in fact in seven years. It amounts to a deferral of exemptions. I would point out again that it is a very ineffective minimum tax. I would be very surprised if indeed the Treasury collects any revenue under this proposal.

• (1610)

The Parliamentary Secretary to the Minister of Finance pointed out that when the Minister of Finance (Mr. Wilson) announced the minimum tax, the Leader and every Member of my Party welcomed the initiative. Certainly we understood it to be a commitment and recognition on the part of the Government that it was unfair to have Canadians earning substantial incomes year in and year out and not paying any tax at all. We welcomed that recognition, and we also took the Minister of Finance at his word when he stated the following:

> What the minimum tax does is to prevent high-income taxpayers from using the capital gains exemption, alone or in combination with other tax incentives, to avoid paying tax in any one year.

I hope the Parliamentary Secretary heard the Minister of Finance when he stated that the minimum tax would prevent individuals from using the capital gains exemption to avoid paying any tax at all.

Our amendment would put into force what the Minister of Finance promised the minimum tax would be when introduced. For the Parliamentary Secretary to defend the capital gains tax exemption in the minimum tax proposal contradicts what was promised by the Minister of Finance and what our Leader supported at that time.

When we see what the Tories mean by a minimum tax, can anyone blame us for not supporting the measure before the House? Surely everyone understands why we are not supporting that measure. Surely it is understandable to the Parliamentary Secretary and to other government Members why we are attempting to introduce some amendments to the piece of legislation, so that indeed it will become an effective minimum tax and there will be some tax justice and fairness in the country.

What about those individuals who live below the poverty line and began to pay taxes this year? I am referring to those persons who never paid taxes before. At least with a minimum tax, a sense of justice and fairness would be reintroduced into the system, and those persons earning from $50,000 to $100,000 or more per year would also pay a fair share in taxes. I urge the House to support the amendments.

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: The question is on Motion No. 7 standing in the name of the Hon. Member for Laval-des-Rapides (Mr. Garneau). Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five Members having risen:

Mr. Deputy Speaker: Pursuant to Standing Order 114(11), the recorded division on the proposed motion stands deferred.

The next question is on Motion No. 14.

[*Translation*]

The Hon. Member for Laval-des-Rapides (Mr. Garneau) on a point of order.

Mr. Garneau: Mr. Speaker, I would like to have a recorded vote on Motion No. 7, and I ask you how I should proceed.

Mr. Deputy Speaker: Indeed there will be recorded votes after all motions have been put. This vote is simply deferred. It will probably take place this afternoon or on another day.

So the vote is now on Motion No. 8.

[*English*]

The next question is on Motion No. 14 standing in the name of the Hon. Member for Laval-des-Rapides (Mr. Garneau). Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five Members having risen:

Mr. Deputy Speaker: Pursuant to Standing Order 114(11), the recorded division on the proposed motion stands deferred.

Mr. Cassidy: Mr. Speaker, I rise on a point of order. I understand, according to the ruling of the Speaker, that the votes on Motions Nos. 7 and 10 have been deferred; they will be taken subsequently.

Mr. Deputy Speaker: Yes. Motions Nos. 9 and 10 will be grouped for debate. An affirmative vote on Motion No. 9 will obviate the question being put on Motion No. 10, and a negative vote on Motion No. 9 will necessitate the question being put on Motion No. 10.

Hon. Stewart McInnes (for the Minister of State (Finance)) moved:

Motion No. 9

That Bill C-23 be amended in Clause 42 by striking out lines 1 to 6 at page 71 and substituting the following therefor:

(i) a person in respect of whom the individual, or his spouse referred to in paragraph (a), was the only person who claimed a deduction under section 109 for the year, or

(ii) a person (other than a person referred to in subparagraph (i)) who is a child of the individual and who was living with the individual at the end of the year.

Mr. Mike Cassidy (Ottawa Centre) moved:

Motion No. 10

That Bill C-23 be amended by deleting Clause 42.

[*Translation*]

Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance): Mr. Speaker, Motion No. 9 is meant to clarify the Government's intention concerning the federal sales tax child tax credit. For example, in the case of a separated or divorced couple, the way Bill C-23 was drafted when it was first introduced made it possible for both former spouses to claim the federal sales tax child tax credit.

We are moving this amendment because the intention of the Government is that the spouse who is keeping the dependent child or children should be the only one eligible for the $25 federal sales tax child credit. That is the purpose of Motion No. 9, and I urge Hon. Members to adopt it.

Mr. Speaker, I should like to comment briefly on Motion No. 10. As I said before in the House, granting a tax credit with respect to the federal sales tax is something entirely new in this field. It is an innovative approach which will make the tax system more objective. As a result of this measure a family earning less than $15,000 will be eligible for a tax credit related to items which it may have bought during the year and on which the federal sales tax may have been slightly increased.

As you know, Mr. Speaker, this is important because 75,000 Canadian families are involved, and as early as next year they will be eligible for this tax credit, $50 for adults and $25 for children.

So this is important because we now have a system where sales tax can be increased for people with higher incomes who can afford to pay, and at the same time we can protect low-income individuals and their families. My point is that we had to introduce both the increase and the sales tax credit.

Mr. Speaker, I submit, with respect, that Motion No. 9 should be approved in order to restore what the Minister of Finance intended when he brought down the Budget, which was that per spouse or per child, if you prefer, a federal sales tax credit of $25 would be available, and that the federal sales tax credit proposed in the Budget by the Minister of Finance

in February 1986 be maintained. I feel this is a progressive measure that shows the Conservative Government's concern for low-income families, and at the same time opens up new possibilities for the application of the Income Tax Act and related Acts. It shows this Government is creative and is capable of thought and action. It shows that we can have a Canadian tax system that will be fair to all Canadians. That is what we have sought, and I think that up to now, Mr. Speaker, we have been successful.

I shall, if I may, quote some comments by the well known C.D. Howe Institute, Mr. Speaker, which mentioned in a recent report:

• (1620)

[*English*]

The Government's record in identifying priorities over the past year or so has been good. The February 1986 Budget introduced a fiscal plan to reduce the deficit and stabilize the debt ratio at below 60 per cent by the end of the decade.

[*Translation*]

Mr. Speaker, the C.D. Howe Institute is known as a non-partisan group. These are people who analyze and look at what the federal Government is doing in the fiscal area, in its Budget and what it is doing for the Canadian economy and the individual provinces. I think that what it says here and what I just quoted is an accurate reflection of the mandate we received in 1984.

They go a little further, Mr. Speaker and perhaps I may quote, this is called *Fiscal Responsibility and Tax Reform*, and it mentions the $2.5 billion increase in the deficit announced by the Minister of Finance in September. It says here, Mr. Speaker:

[*English*]

In the Institute's assessment, this deviation from the target is acceptable, provided that the Government continues to demonstrate its commitment to deficit reduction in the medium term. No single deficit number is the dividing line between responsible and irresponsible fiscal management.

[*Translation*]

And it goes on like this, in that they understand the problems the Canadian Government has had to cope with in the West and the additional needs and expenditures with which it was confronted. However, Mr. Speaker, the important thing is that for the second consecutive year, we managed not to increase our spending. The increase in this year's deficit will be due, not to an increase in spending but to a drop in Government revenues. That is something, Mr. Speaker, that had not been seen in Canada in the last ten years. It is important to stress that, since we are discussing Bill C-23 that provides for most of the tax schemes which we introduced in February 1986 and which necessarily worked their way through the Canadian economy and the economies of all the provinces, of your constituency and of the beautiful constituency of Trois-Rivières which you know of course. By the way, things are going well in Trois-Rivières, we have a low 10 per cent unemployment rate. But this again is due to the concrete steps taken in the May 1985 and the February 1986 budgets.

I will conclude on this Mr. Speaker, by urging the House to pass Motion No. 9 as rapidly as possible, and to reject Motion No. 10.

[*English*]

Mr. Simon de Jong (Regina East): Mr. Speaker, our amendment asks for the rejection of the Government motion. In essence what the Government has done is, it has taken one thousandfold from the poor and by this measure will return a fraction. The Government is proposing a rebate to "your average family" of two parents and two children. It will return to those people $150 if they earn $15,000 or less. By the time the family earns $18,000 it will get nothing back.

You have to consider, Mr. Speaker, that since the Government came to power it has taken some $845 per year out of the pockets of your average family in increased sales and excise taxes. The Government is willing to pay back $150 to low-income groups. That is cynical to say the least. What happens to the people in the income brackets of $18,000, $19,000 and $20,000 a year, again a family of four trying to make ends meet? These people very often in this day and age are living in tremendous insecurity and desperation. Their lifestyles are not like those of us in the House of Commons. Their lifestyles are not like those people in the Finance Department. These people live in genuine economic insecurity and fear. They are the working poor. Very often they have great difficulty maintaining permanent jobs. They are often the first to lose their jobs. They are perhaps living in the the most difficult period in our history. Very often they are trying to raise families under extremely difficult situations. They have had extra tax burdens placed on them by the Government since it came to power, not only through hefty increases in sales and excise taxes but on vitamins, non-prescription drugs, chocolate bars, soft drinks and a host of other items. As well there have been changes to the Income Tax Act. The other week I heard testimony from the National Council on Welfare. It presented a graph. The line on the graph keeps going up. Starting in 1985 for the first time earnings equal to half the poverty line in Canada will be taxed. In other words, people earning half of what is considered to be the poverty line will start paying income tax. That line continues upward from 1985 to 1986 to 1987 to 1988 to 1989 to 1990 and so forth. It is true though that the Government has introduced some measures that will soften the blow to the very poor. When you deduct the sales tax credit and the marginal increase in benefits for children from those increased taxes you will find that the very poor are worse off than they were before.

• (1630)

The other part of the equation is the benefits that the well-to-do have received from this Government. *The Financial Post* of March 8, 1986, analysed the effect of the Conservative Government budgets on the $40,000, $60,000, and $150,000 income groups. The $40,000 group will end up paying marginally more, around $800, in taxes from 1984 to 1987. The $60,000 group will end up paying roughly $1,200 less in

taxes in 1987 than they did in 1984. The $150,000 group will end up paying some $6,000 less. I call that obscene. There is no other word for it.

The Government tries to dress up this inequity by pointing to the $150 it will pay to a family of four. This is not only unfair, it is unjust. That is why we are asking now, as we intended in committee, that the minimum tax credit be $200 for an adult rather than $50, and $100 for a dependant, rather than $25. That is less than what the anti-poverty groups have called for. They asked that the tax credit for an adult be $400, and $200 for a child. They feel that at that level the poor will be protected from the increase in the cost of living due to these sales and excise tax increases put forward by the Government. That is also why we have no alternative but to oppose this part of the legislation. By doing so we hope to raise the awareness of the Government which has been socking it to the poor. For heaven's sake, redress the injustice in the next Budget and allow a decent tax credit for poor families.

[*Translation*]

Mr. Garneau: Mr. Speaker, on Motion No. 9 introduced by the Minister of State (Finance) (Mr. Hockin), which adds details to the definitions of people entitled to the income tax credit, I have no objection and I do not think it is worth the trouble discussing it at length. Indeed, the new version might be more specific and prevent interpretations that could prove costly or unfair. So, as far as Motion No. 9 is concerned, I have no objection and we will support it immediately.

As far as Motion No. 10 is concerned, I do not understand it, Mr. Speaker. I do not understand it in the sense that it proposes to remove clause 42 entirely .

I understand the objective of the mover and of the New Democratic Party, but if this motion were adopted, there would be no tax credit whatsoever to reimburse the sales tax which have been dramatically increased by the Conservative Government in the last two years. This tax has gone from 9 to 12 per cent, which is an increase of 33 per cent. It is not surprising that the Government should feel somewhat embarrassed by its harassment of low-income families and that it would want to provide a tax credit.

I agree with the mover of motion No. 10 that the tax credit as proposed is completely insufficient. As the previous speaker has just pointed out, at the meeting of the Committee on Finance when representatives of the Canadian Welfare Council came to express their views, it was clearly established that to compensate, not future increases, but those which have already been proposed and implemented by the Conservative Government, we would need a tax credit of $400 per adult, while Clause 42 of this bill only provides for tax credits of $50 per adult and $25 per child. This is totally insufficient.

This tax credit is not only insufficient, it is also embarrassing. If I were sitting to the right on the Government benches and had to vote on this measure, I would be embarrassed to propose such a thing when all organizations, including Government agencies such as Statistics Canada, have set the poverty line for a family of four in a major urban centre at $21,000 and the tax credit being proposed is only $50 per adult and $25 per child based on a maximum income of $15,000. This represents a $6,000 difference for a family of four. It is senseless. The amount is totally insufficient and I am surprised that the Hon. Member for Trois-Rivières did not say so in his comments earlier.

Mr. Speaker, we are put in a difficult position because, on the one hand, if we support motion No. 10 now before us, there will be no tax credit whatsoever. And on the other hand, if we vote against the motion, we feel we may be supporting a Government proposal that is totally inadequate. Basically, we are caught between two evils, but I believe it is still better to have a totally inadequate provision than no provision at all. And this is why we are goin to support Motion No. 9 but reject Motion No. 10, not because we agree in any way with the amounts indicated but, quite the opposite, because if we were to support Motion No. 10, we would in effect preclude all form of support, all form of help to compensate families at least in part for the dramatic tax increases that have been imposed by the Tory Government over the last two years. So we will support Motion No. 9 and reject Motion No. 10.

Mr. Cassidy: Mr. Speaker, I would like to comment very briefly before the vote, just to say that the Government's proposal is so inadequate there is no way we could support it. The Hon. Member for Laval-des-Rapides said he and his party felt squeezed, and for that reason they were going to support the motion even though they saw it as totally inadequate. On this side of the House, this utter inadequacy leads us to say simply that we should scratch that clause from the legislation, in order that the Government may put in place a more adequate provision. Now, it is not the Opposition's right or privilege to propose measures that entail expenditures, and we therefore have no way of introducing a motion to put in place an adequate provision for the sales tax credit.

It is therefore one of two things: Either we support our proposal, our motion, to defeat that clause and allow the Governement to bring in another proposal, or else we tolerate an intolerable situation, as proposed by the Liberals.

Mr. Speaker, I would suggest to Hon. Members that I hope they will vote with us and reject that inadequate measure, for the main reason that if the Government intends to bring in a business transaction tax with a small compensation for low income families, it is very clear that, under that Government proposal, their idea of what is adequate and acceptable is so unacceptable that the new business transaction tax will be totally regressive.

• (1640)

[*English*]

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: The question is on Motion No. 9 standing in the name of Mr. McInnes (for the Minister of State (Finance)). Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: On division.

Motion No. 9 (Mr. Hockin) agreed to.

Mr. Deputy Speaker: In accordance with the ruling, an affirmative vote on Motion No. 9 obviates the question being put on Motion No. 10

[*Translation*]

Motions Nos. 11, 12, and 13 will be grouped for debate but voted on separately.

[*English*]

Mr. Mike Cassidy (Ottawa Centre) moved:

Motion No. 11.

That Bill C-23, be amended by deleting Clause 43.

Motion No. 12.

That Bill C-23, be amended by deleting Clause 47.

Mr. Raymond Garneau (Laval-des-Rapides) moved:

Motion No. 13.

That Bill C-23, be amended in Clause 49 by striking out lines 6 to 45 at page 87 and lines 1 to 11 at page 88.

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, Clauses 42 and 43 cut the corporate tax break from 46 to 43 per cent. In addition, the Government is widening, by another 1 per cent, the tax reduction for manufacturing businesses. In essence, the Government is taking a head start on its proposals for tax reform. It took significant steps to broaden the corporate tax base in the Budget of February, 1986. It did so by eliminating the 3 per cent inventory allowance deduction, by eliminating investment tax credits, and by tightening the rules on limited partnership tax shelters.

The problem is that although the Government earned a certain amount of revenue by broadening the tax base, it promptly used that revenue to cut corporate tax rates. The consequence is that when we get to tax reform in the new year, as we have been promised we will, there will be nothing in the kitty to finance other changes in taxation.

I believe most Canadians hold the view that the corporate sector has been undertaxed and that we need to consider very seriously whether corporations should not pay a greater proportion of the total federal Government tax revenues. The Hon. Parliamentary Secretary knows that that is the public perception. Polling by the Department of Finance itself has indicated that.

The share of taxes paid by corporations has fallen during the last 10 or 15 years. However, rather than trying to redress that problem, the Government and the Department of Finance have taken the view that corporate tax changes should be "revenue neutral". That means that anything gained by broadening the base should promptly be given back to the corporate sector through rate reduction. We think that is wrong. We think the Government should hold its bets with regard to the ultimate levels of corporation tax until the entire picture of tax reform is before Canadians.

Second, a number of the tax expenditures which are being eliminated were established initially to achieve certain objectives and worthy goals. Groups from all across the spectrum have concluded that the use of the tax system for that purpose is ineffective. I was on television a few months ago with the head of the Canadian Federation for Independent Business. I was most surprised to learn that he was saying much the same as I was. We had grave doubts as to whether the tax loopholes which were designed to further worthy goals were working and we felt they should be removed.

You can be darn sure, Mr. Speaker, that if the corporate sector is denied tax loopholes, it will be looking for grants, subventions, and other forms of assistance. An example is that which is happening at the GM plant in Quebec. There is talk of a substantial interest-free loan which amounts to a grant. That will not be seen through the tax system, but it will have to be paid for in one way or another. We are going to have increased amounts to pay in terms of industrial incentives.

In certain circumstances an NDP government would be prepared to look at such a policy in the context of an over-all industrial strategy. The money must come from somewhere. A revenue-neutral tax reform for corporations means that you have given away the money you may have redeployed into grants and other forms of incentives. The Government has taken the view that in broadening the base corporations should be assessed lower tax rates. Money given to the corporate sector to assist with worthy objectives through grants or other above-the-table payments will have to come from elsewhere. It will obviously have to come from either the transaction tax or income tax which is paid for by ordinary Canadian taxpayers. Once again, the Government's priorities are distorted. The effect of its giving an immediate tax cut to corporations will be to impose a larger tax burden on ordinary Canadians.

The marginal rate on corporations is now 46 per cent. The Hon. Parliamentary Secretary knows perfectly well that the effective rate on corporations is well below that, perhaps 20 or 25 per cent. My belief that if you demonstrably increase the effective rate on corporations it will be possible to cut the marginal rate was confirmed by the visit of the Finance Committee to Washington to study tax reform. However, the Government has this reversed. It is cutting the marginal rate on corporations without demonstrating that there is a substantial and effective increase in the effective rate in corporation tax.

I believe, therefore, that the Government is acting in error. A sceptic or cynic would say that while the Government cloaks itself in the mantle of tax reform, it is in fact finding a way of delivering, under the guise of a modernized tax system, a

further benefit to its friends on Bay Street and St. James Street.

[*Translation*]

Briefly, Mr. Speaker, I simply want to say that the Government is acting prematurely when it reduces the corporate income tax from 46 to 43 per cent, and when it widens by another 1 per cent the tax reduction for manufacturing businesses. First of all, there is precious little indication that such tax incentives really create jobs. In addition, broadening the tax base does not in my opinion, justify a tax reduction until the Government unveils the entire picture of its tax reform.

The Government seems to think it is a good idea to have a revenue-neutral tax system for corporations, which means that if revenues are increased as a result of a broader tax base, corporate tax rates should be promptly reduced instead of considering the possibility of transfering part of the personal tax load to the corporate sector.

Mr. Speaker, we the NDP members agree with most Canadians who believe that corporations do not pay their fair share of the total tax revenues in Canada, and we think that corporations should indeed contribute more.

We also believe that instead of simply letting the Government reduce corporate tax rates we should wait to see whether or not the effective corporate tax rate will increase.

The United States reduce the marginal rate at the same time as they raise the effective rate. If we had evidence that the same thing is being done in Canada, then we might be more inclined to accept the Government proposition. But since no such evidence has been forthcoming either in committee or in the House, we will oppose these measures until such time as the Government discloses its entire tax reform and gives Parliament an opportunity to scrutinize it.

Mr. Vincent: Mr. Speaker, I was not quite sure that you were pleased to recognize me, but I should be quite prepared to yield to the Hon. Member for Laval-des-Rapides if he is ready—

In this case, Mr. Speaker, I am grateful to the Hon. Member for Laval-des-Rapides.

Mr. Speaker, I have just heard the Hon. Member for Ottawa Centre (Mr. Cassidy) say that he is against helping the GM plant in Quebec; on the other hand, I read recently that a great friend of his, Mr. Bob White, was fully in favour of it. I suggest, therefore, that the Hon. Member should consult his friend about this and report to us. But to return to motion no. 11 standing in his name, Mr. Speaker, when we talk about reducing the corporate tax rate, there would be at the same time a broadening of the tax base. In this connection, the Hon. Member for Ottawa Centre has been fair and emphasized what we have done about this in our last Budget. However, when he talked about reducing the corporate tax rate, Mr. Speaker, we must take the entrepreneurship into account. The Hon. Member for Ottawa Centre has taken the view that corporate tax changes should be "revenue neutral". I am all for that, but we should not overlook the fact that corporations in Canada should have enough of after-tax revenues to reinvest them.

The Hon. Member for Ottawa-Centre referred to our Bay Street friends. I can assure you, Mr. Speaker, that I have no friends on Bay Street, but I do have some on Desforges Street in Trois-Rivières—

• (1650)

Mr. Cassidy: You act as though you had friends on Bay Street.

Mr. Vincent: —and it is those people from Desforges Street, from the constituency of Trois-Rivières, from your own constituency and from the Laval-des-Rapides riding who reinvest. They are the ones responsible for the current excellent economic situation in Canada. If we want those people to reinvest, we cannot tax away all of their profits. We have to help them and this is what we are doing. The response has been excellent. It is too bad that the New Democratic Party cannot understand it. This is how it is. Our businesses must have enough money left to reinvest.

In Trois-Rivières, car dealerships are doing very well. They are expanding. Trois-Rivières dairies invested large amounts last year. I hope that they will soon be reinvesting to change their fleet of trucks. They can do that, Mr. Speaker, because they have enough money left after taxes to go on, to expand, to create new jobs, to make the economic wheels turn. Whether we are speaking about our own region, the province or the whole country, it is something that has to happen.

Some say that we should be increasing the corporate tax rates, but I think that this is a bad idea. If the Hon. Member for Ottawa Centre told me that we should see to it that all companies pay their fair share of taxes, I would perhaps be more willing to discuss the matter with him. However, let him not say that we should tax businesses more. I therefore respectfully submit that motion No. 11 should be defeated.

As for motion No. 12, which would simply eliminate the manufacturing processing tax credit, I believe that the same principle applies.

In the case of motion No. 13, unfortunately, I did not have the opportunity to hear the arguments of the Hon. Member for Laval-des-Rapides. I shall wait to hear his views, Mr. Speaker.

Mr. Garneau: Mr. Speaker, I will comment more substantially on Motion No. 13 which has been regrouped for debate.

I would just like to comment briefly on the two preceding motions which would delete two clauses in the Bill.

Mr. Speaker, I agree generally with the principle of broadening the tax base to lower the effective tax rate, and I

think the Government's objective in this respect should be twofold. First, it must ensure that companies pay their fair share of taxes. Easy to say, but very difficult to define.

The second point the Government will have to bear in mind when setting these tax rates is the competitive position of Canadian companies in the production of goods or services, as compared with Canada's competitors on the international markets. It is easy to say: this person or group of persons or group of companies has to pay more. However, I believe our objective must be to maintain a high level of employment, which will be difficult to achieve if Canadian companies are taxed more heavily than their American counterparts who, in many cases, are only thirty or forty kilometers away, and who, because of the free movement of goods between the United States and Canada, can easily enter the Canadian market and vice versa. So our competitive position must be maintained.

In Bill C-23, the Government has abolished exemptions and broadened the base, and this has a direct impact on business. However, reducing the tax rate over a given period is done in such a way that despite what the Hon. Member for Trois-Rivières (Mr. Vincent) said earlier, this year, Canadian businesses will pay slightly more taxes because on the one hand the base has been extended and immediately implemented and, on the other hand, rates have been reduced on a two, three or four-year period so that in the meantime, businesses will pay slightly more income tax.

Mr. Speaker, my proposal contained in Motion No.13 is aimed at striking out some lines in Clause 49 the purpose of which was to rescind several investment credits in some areas of the country. Those investment credits have been useful because they have enabled some remote areas to take advantage of investments which they would not have obtained without that help extended through the tax system for businessmen who had decided to invest in some prescribed areas, that is as set under the regulations.

At present, Section 49 will rescind for all practical purposes investment tax credits which will be solely limited to some areas such as Cape Breton and other parts of the country but in a very limited fashion. This means we will no longer have a regional development policy in Canada, since the only instrument the Government had left in place was the tax credit that is now going to be abolished by Clause 49. I am not saying that the tax credits we had in the past were the answer to all our problems. Certainly not. But at least our tax legislation provided some encouragement for businessmen and women who wanted to invest in remote areas. In its February Budget and in Bill C-23, the federal Government has submitted that these policies no longer meet the desired objectives. They are being abolished but not replaced. Not a single regional development policy has been developed by the Government for this country, not a single one, as far as our businessmen and women are aware. And now, the Government is going to destroy one more instrument without providing for a replacement.

From the very outset, when I first arrived in the House, my concern was the attitude of a Government that wanted to apply one rule and one rule only: the principle of market forces. I agree that our economic system should continue to be based on a market economy, especially since we live on the North American continent and belong to international organizations for the liberalisation of trade, and so forth, but in a country like Canada, I don't think we can envisage the harmonious economic development of this country without a regional development policy for industrial investment and for air, railway and marine transportation.

This country was built around regional development policies, and since it came to power, the Conservative Government has been steadily demolishing the regional development instruments that were in place, however imperfect they may have been and however great their shortcomings. I would agree if they had said they were going to replace them with better policies. I am willing to sit down anywhere, on any committee or here in the House, to discuss the parameters of such policies. However, I cannot agree with abolishing instruments, however imperfect they may be, if they are not replaced. If Motion No. 13 is not approved, this means that investment tax credits applicable to remote areas will be abolished, at a time when the Government's budget for regional and economic development assistance has already been cut by several hundred million dollars. The Government is on the point of abolishing various transport services because of the sacred law of the market and we shall end up with a country eroded by a lack of consistency and the absence of an economic policy to facilitate the East-West movement of goods. What we shall have instead will be a North-South movement and with free trade, there will be a multiplication factor of ten. This country of ours was built on regional development policies which were based first on railway transport and then on other tools of regional development. This might seem very simple, Mr. Speaker, but if yet another tool of regional economic development is abolished and is not replaced by anything, an economic situation will develop in Canada where there will be two or three prosperous major centres, perhaps Toronto, and up to a point, Montreal, and even then, we have to wonder about Montreal with what happened in Eastern Montreal and what is now happening in Sainte-Thérèse, and so on. Finally, there might be two or three centres of activity and all the rest will be disadvantaged peripheral regions which the Conservative Government will have abandoned by abolishing one after another all our economic development tools which, while not being perfect, have been built up over the years.

• (1700)

[*English*]

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: The question is on Motion No. 11 standing in the name of the Hon. Member for Ottawa Centre

(Mr. Cassidy). Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

An Hon. Member: On division.

Mr. Deputy Speaker: I declare the motion lost.

Motion No. 11 (Mr. Cassidy) negatived.

[*Translation*]

Mr. Deputy Speaker: The question is on motion No. 12. The Hon. Member for Ottawa Centre (Mr. Cassidy), seconded by the Hon. Member for Regina East (Mr. de Jong), moved that Bill C-23 be amended by striking out Clause 47.

Is it the pleasure of the House to adopt the said motion?

Some Hon. Members: Agreed.

Mr. Deputy Speaker: All those in favour will please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: I declare the motion negatived on division.

Motion No. 12 (Mr. Cassidy) negatived on division.

Mr. Deputy Speaker: The question is on motion No. 13. The Hon. Member for Laval-des-Rapides (Mr. Garneau), seconded by the Hon. Member for Renfrew—Nipissing—Pembroke (Mr. Hopkins), moved that Bill C-23 be amended in clause 49 by striking out lines 6 to 45 at page 87 and lines 1 to 21 at page 88. Is it the pleasure of the House to adopt this motion?

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: I declare the motion lost on division.

Motion No. 13 (Mr. Garneau) negatived on division.

Mr. Deputy Speaker: Motions Nos. 17 and 18 will be grouped for debate. An affirmative vote on Motion No. 17 will obviate the question being put on Motion No. 18. On the other hand, a negative vote on Motion No. 17 will necessitate the question being put on Motion No. 18.

Mr. Raymond Garneau (Laval-des-Rapides) moved:

Motion No. 17.

That Bill C-23, be amended in Clause 67 by striking out line 6 at page 122 and substituting the following therefor:

"180.1 (1) Every individual whose income is above the poverty line, as defined by regulation, liable to".

Mr. Mike Cassidy (Ottawa Centre) moved:

Motion No. 18.

That Bill C-23, be amended by deleting Clause 67.

Mr. Deputy Speaker: Debate on Motions Nos. 17 and 18. The Hon. Member for Laval-des-Rapides (Mr. Garneau).

Mr. Garneau: Mr. Speaker, if we refer to debates which took place during the 1984 election campaign and to statements made by the Minister of Finance (Mr. Wilson) or the Prime Minister (Mr. Mulroney) in the House or outside the House during debates or in answer to questions asked by newsmen before TV cameras, we remember that the two leading stars now on the national scene—the Prime Minister and the Minister of Finance—had made very firm commitments concerning taxation.

Speaking of the Prime Minister, for instance, I have here a quotation from the *Toronto Sun* of 1984, and I will read what is reported as being the comments of the Prime Minister, which were never denied, I might add. I quote:

[*English*]

"Prime Minister, Brian Mulroney, says he does not favour higher personal income taxes to reduce the swelling federal deficit because Canadians are already over-taxed".

[*Translation*]

Mr. Speaker, I should think that at the time all Canadians agreed with this statement made by the present Prime Minister of Canada.

Later on, the same Prime Minister of Canada said, and this time I am quoting from the *Toronto Star*:

• (1710)

[*English*]

In *The Toronto Star* of June 1, 1985, the Prime Minister (Mr. Mulroney) is quoted as saying that Canadians are already over-taxed. He stated that Canadians are already paying a pretty hefty bundle for their government services and that they feel they are paying enough. He concluded by saying that that view is not without its support in government, private industry and labour circles.

I think most taxpayers and voters would have agreed, and would agree today, with the words of the Prime Minister. I could also quote the Minister of Finance (Mr. Wilson) who said that taxes were already too high.

What this Bill does is to impose another huge increase in taxes not just directly or indirectly but through a surtax. The amazing thing is that if this Bill is adopted, for part of 1986—and I suppose it will be because of the Tory majority—and when we fill out our tax returns in 1987, we will have three surtaxes to pay. It takes a special clause in Bill C-23 to fix that. There was the 5 per cent surtax mentioned in the Budget of 1985, as well as the 10 per cent surtax. We will now have a 3 per cent surtax over and above the other two.

I say that enough is enough, particularly for those who are in financial difficulty. I refer to those who live below the poverty line as established by Statistics Canada, or any other group which has studied this matter. In committee, representatives of the National Council on Welfare explained the difficulties low income earners face. For example, they told us that the poverty line for a family of four in cities such as Montreal, Toronto, Vancouver and Winnipeg is $21,000. Everyone knows that it is not easy for a family of four to live in a large city with an income of $16,000 or $17,000 per year. Now the Government will impose an additional 3 per cent surtax on these people. In this way a family of four will have to pay $24 in 1986, because it deals with only six months of the year, and $47 more in 1987. When people fill out their income tax returns for 1986 they will realize that they have to pay $200 to $500 more in tax because of these surtaxes.

[*Translation*]

Mr. Speaker, this Bill will add a third surtax and what we would like to do, what I would ask the Government— besides, this came very close to being introduced directly in the House, because the Chair's deciding vote in Committee would have been required to defeat the motion I had proposed at that point. So I call upon Conservative Members to think this over well, as some of their colleagues did in committee. If the Government feels a 3 per cent surtax is absolutely needed, at least it should not apply to people living below the poverty line. They already find it hard enough to pay their regular taxes, without the Government slapping on them a 5 per cent tax plus another 3 per cent tax for the last six months of 1986.

I call upon Hon. Members to show compassion before the holiday season, and the Minister of State (Finance) probably is in this House. I would ask him to show some compassion for those who must live below the poverty line and to see that at least the surtax imposed by his colleague the Minister of Finance does not apply to them.

This is why the motion before the House, although we could have specified the amounts, proposes that, in order to leave some more elbow room to the Government, Clause 67 be amended so that the 3 per cent surtax cannot be charged to those who live below the poverty line, which could be established by the Government by regulation. What I have in mind is that the Government should follow the recommendations and data provided by Statistics Canada, a Government body, so that the poverty line for income tax purposes agree with Statistics Canada. But if, for different reasons, a somewhat lower level were prefered, let at least the principle prevail that people below the poverty line should not be charged that 3 per cent additional surtax that is levied by Bill C-23 under Clause 67.

[*English*]

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, I wish to say a few words against the motion of the Hon. Member. This time of Christmas charity when we think of those less fortunate than ourselves can be no better time to raise the point raised by the Hon. Member. I wish to speak very seriously to the point he makes.

First, I would like to remind the House that over the course of the last two or three weeks people have been receiving the prepayment of the child tax credit, a meaningful amount of money. Depending on the size of the family the prepayment can be anywhere from $200 to $500. This money will help these families at this time of year.

There is also the refundable federal sales tax credit which is geared to low income Canadians. Both the prepayment of the child tax credit and the refund of the federal sales tax credit mean that we are compensating those who live below the poverty line. These are important matters. As well, there is the disability allowance which has been increased. We have also added to the qualifications for it. People who are in need in this country have been looked after through these measures.

With respect to the motion of the Hon. Member, I know that when he makes his point he seeks to find a place at which we can stop the surtax. It would be logical for him to suggest, as he has, that that place is the poverty line. The problem with his proposal is that it would create an administrative nightmare. More important, it would not be fair to those with incomes just above the poverty line to have to pay the tax and the surtax while those below the poverty line pay nothing. The poverty line is itself an arbitrary barrier.

Mr. Cassidy: So you tax the poor instead.

Mr. Hockin: If we put this motion in context with all the other budget measures for lower income Canadians that the Government has taken, we have to say that the motion cannot stand.

It is important for other reasons as well, reasons which affect all Canadians, including low income Canadians. Once again, this is a measure to decrease the deficit. It will produce revenues of $1.2 billion. That is in the interest of all Canadians. If control of the deficit helps us to come to terms with and build confidence in our economy, then that will lead to investment. Then small business and large business will be able to create jobs for Canadians. That is really what we have been producing. It is the most important way to attack the problem of poverty.

• (1720)

In the spirit of the Christmas season, I remind the House of these things that we are doing for low income Canadians and I must ask that the motion be defeated.

Mr. Simon de Jong (Regina East): Mr. Speaker, the Minister of State for Finance (Mr. Hockin) has invoked the Christmas spirit. Let me lay clearly before the House the record of the Government's treatment of low income families. I will quote from the report of the National Council on Welfare which says:

Giving and Taking: the May 1985 Budget and the Poor argued that, despite the increase in the child tax credit, many poor and all middle-income families with children will receive lower net child benefits as a result of the partial indexation of family allowances and the reduction in the children's tax exemption.

The report goes on to say:

The analysis takes into account the following changes: the partial indexation of family allowances, the gradual increase in the child tax credit and the lowering and partial indexation of its turnover point, the gradual decrease in the children's tax exemption, the partial indexation of personal tax exemptions and tax brackets, the elimination of the federal income tax reduction, the raise in tax deduction limits for private pension plan and RRSP contributions, the imposition of federal surtaxes and the introduction of the refundable sales tax credit.

We do not include the $500,000 lifetime capital gains exemption or the impact of increases in federal sales and excise taxes (which affect the cost of a number of goods and services but not the disposable income of families and individuals).

Taking all that into consideration, the council has found the following:

A two-earner couple supporting two children on earnings equal to three-quarters the estimated poverty line ($16,280) will lose over $1,200—

That is over five years.

—while a family with combined spouses' earnings at the low-income line ($21,700) is behind by more than $2,100. A couple earning $25,000 loses $2,500 in disposable income.

Note that the high-income couple with $100,000 loses only $2,182—significantly less than middle-income families. In fact the family earning just $21,700 loses about the same amount of disposable income (close to $2,200) as the $100,000 family which earns five times as much.

The Minister tells us that the Conservative Government has been good to the poor. We have found that for the first time, people with incomes at half the poverty line will be paying income tax because of the tax measures of the Government. For the Minister of State for Finance to place on the record the claim that the Government's tax policies have been good and beneficial to the poor and then not to hear rebuttals to that is shameful.

The record shows that the Government has benefited well-to-do income-earners while it has put extra tax burdens on the poor. Keeping in mind the spirit of Christmas, I find it shameful that people who live on incomes of half the poverty line are being taxed for the first time by the Conservative Government. People who try to scrape out an existence with incomes of three-quarters of the poverty line will see their taxes dramatically increased as will people whose incomes are on the poverty line.

For the Government to claim that it has been fair to the poor and has given them extra tax measures is obscene. Not only has the Government cut back on the programs that helped the poor but it is extracting more money from the poor. As far as the poor people of Canada are concerned, this Government will go down in the history books as being one of the meanest Governments.

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

[*Translation*]

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: The question is on motion No. 17. Is it the pleasure of the House to adopt the motion? All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed to the motion will please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Deputy Speaker: Pursuant to Standing Order 114(11), the recorded division on the proposed motion stands deferred.

[*English*]

The House will now proceed to the taking of the deferred divisions at report stage of Bill C-23, an Act to amend the Income Tax Act and a related Act. The first vote will be on Motion No. 3. Mr. Cassidy moved:

Motion No. 3

That Bill C-23, be amended by deleting Clause 12.

Call in the Members.

The House divided on the motion (Mr. Cassidy), which was negatived on the following division:

(*Division No. 39*)

YEAS

Members

Althouse	Heap	Parry
Angus	Hovdebo	Riis
Benjamin	Keeper	Skelly
Blackburn (Brant)	Langdon	Toupin
Blaikie	McCurdy	Waddell
Cassidy	Mitchell	Young —23
de Jong	Murphy	
Fulton	Nystrom	
	Orlikow	

NAYS

Members

Andre
Beatty
Belsher
Berger
Bernier
Bertrand
Binns
Bissonnette
Blais
Blenkarn
Blouin
Boudria
Brightwell
Browes
Caccia
Cadieux
Caldwell
Chartrand
Clark
(Brandon—Souris)
Clifford
Clinch
Cochrane
Collins
Comeau
Cooper
Copps
Côté
(Lac-Saint-Jean)
Crofton
Crosbie
(St. John's West)
Crosby
(Halifax West)
Crouse
Darling
Daubney
de Corneille
Desjardins
Dick
Dingwall
Domm
Dorin
Duplessis
Edwards
Ellis
Fennell
Ferland
Finestone
Fontaine
Forrestall
Foster
Fraleigh
Fretz
Friesen
Garneau
Gass
Gauthier
Gérin
Gervais
Gormley
Gottselig
Graham
Gray
(Windsor West)
Greenaway
Grondin
Guilbault
(Drummond)
Gurbin
Gustafson
Halliday
Hamilton
Hardey
Harvey
Hawkes
Hockin
Hopkins
Horner
Howie
Hudon
Jacques
Jardine
Jepson
Johnson
(Bonavista—Trinity—
Conception)
Jourdenais
Kempling
Kilgour
Killens
Kindy
King
Ladouceur
Landry
Lanthier
Lawrence
Layton
Lesick
Lewis
MacDonald
(Kingston and
the Islands)
MacLellan
Malone
Martin
Mazankowski
McCain
McInnes
McKinnon
McKnight
Merrithew
Minaker
Mitges
Nicholson
(Trinity)
Nicholson
(Niagara Falls)
Nickerson
Nunziata
Penner
Pennock
Peterson
Pietz
Plamondon
Prud'homme
Redway
Reid
Reimer
Ricard
Robichaud
St. Germain
St-Julien
Schellenberg
(Nanaimo—Alberni)
Schellenberger
(Wetaskiwin)
Scott
(Hamilton—Wentworth)
Scowen
Shields
Siddon
Sparrow
Stevens
Tardif
(Charlesbourg)
Taylor
Thacker
Towers
Tremblay
(Québec-Est)
Tupper
Van De Walle
Vankoughnet
Vincent
Warner
Weiner
Wilson
(Swift Current—
Maple Creek)
Wilson
(Etobicoke Centre)
Winegard
Wise—144

● (1750)

Mr. Deputy Speaker: I declare the motion lost.

The next question is on Motion No. 7. Mr. Garneau moved:

Motion No. 7

That Bill C-23, be amended in Clause 39

(a) by striking out line 40 at page 67 and substituting the following therefor:

"section (3) for the 3 taxation years"

(b) by striking out line 25 at page 68 and substituting the following therefor:

"section (3) for the 3 taxation years".

The House divided on the motion (Mr. Garneau), which was negatived on the following division:

(*Division No. 40*)

YEAS

Members

Allmand
Althouse
Angus
Benjamin
Berger
Blackburn
(Brant)
Blaikie
Boudria
Caccia
Cassidy
Copps
de Corneille
de Jong
Dingwall
Finestone
Foster
Fulton
Garneau
Gauthier
Gray
(Windsor West)
Grondin
Heap
Hopkins
Hovdebo
Keeper
Killens
Langdon
MacLellan
McCurdy
Mitchell
Murphy
Nicholson
(Trinity)
Nunziata
Nystrom
Orlikow
Ouellet
Parry
Penner
Prud'homme
Riis
Robichaud
Skelly
Toupin
Waddell
Young —45

NAYS

Members

Andre
Beatty
Belsher
Bernier
Bertrand
Binns
Bissonnette
Blais
Blenkarn
Blouin
Brightwell
Browes
Cadieux
Caldwell
Chartrand
Clark
(Brandon—Souris)
Clifford
Clinch
Cochrane
Collins
Comeau
Cooper
Corbett
Côté
(Lac-Saint-Jean)
Crofton
Crosbie
(St. John's West)
Crosby
(Halifax West)
Crouse
Darling
Daubney
Desjardins
Dick
Domm
Dorin
Duplessis
Edwards
Ellis
Fennell
Ferland
Fontaine
Forrestall
Fraleigh
Fretz
Friesen
Gass
Gérin
Gervais
Gormley
Gottselig
Graham
Greenaway
Guilbault
(Drummond)
Gurbin
Gustafson
Halliday
Hamilton
Hardey
Harvey
Hawkes
Hockin
Horner
Howie
Hudon
Jacques
Jardine
Jepson
Johnson
(Bonavista—Trinity—
Conception)
Jourdenais
Kempling
Kilgour
Kindy
King
Ladouceur
Landry
Lanthier
Lawrence
Layton
Lesick
Lewis
MacDonald
(Kingston and
the Islands)
Malone
Martin
Mazankowski
McCain
McInnes
McKinnon
McKnight
Merrithew
Minaker
Mitges
Nicholson
(Niagara Falls)
Nickerson
Pennock
Peterson
Pietz
Ravis
Redway
Reid
Reimer
Ricard
St. Germain
St-Julien
Schellenberg
(Nanaimo—Alberni)
Schellenberger
(Wetaskiwin)
Scott
(Hamilton—Wentworth)
Scowen
Shields
Siddon
Sparrow
Stevens
Tardif
(Charlesbourg)
Taylor
Thacker
Towers

Tremblay
(Québec-Est)
Tupper
Van De Walle
Vankoughnet
Vincent
Warner
Weiner
Wilson
(Swift Current—
Maple Creek)
Wilson
(Etobicoke Centre)
Winegard
Wise—125

● (1800)

Mr. Deputy Speaker: I declare the motion lost.

The next vote will be on Motion No. 8. Mr. Cassidy moved:

Motion No. 8

The Bill C-23, be amended by deleting Clause 39.

Mr. Garneau: May I suggest that we apply the vote taken on Motion No. 3 to Motion No. 8.

Mr. Deputy Speaker: Is there unanimous consent for what the Hon. Member suggests?

Some Hon. Members: Agreed.

Mr. Stewart: Mr. Speaker, could my name be added to that list?

The House divided on the motion (Mr. Cassidy), which was negatived on the following division:

(*Division No. 41*)

YEAS

Members

Althouse
Angus
Benjamin
Blackburn
(Brant)
Blaikie
Cassidy
de Jong
Fulton
Heap
Hovdebo
Keeper
Langdon
McCurdy
Mitchell
Murphy
Nystrom
Orlikow
Parry
Riis
Skelly
Toupin
Waddell
Young —23

NAYS

Members

Andre
Beatty
Belsher
Berger
Bernier
Bertrand
Binns
Bissonnette
Blais
Blenkarn
Blouin
Boudria
Brightwell
Browes
Caccia
Cadieux
Caldwell
Chartrand
Clark
(Brandon—Souris)
Clifford
Clinch
Cochrane
Collins
Comeau
Cooper
Copps
Côté
(Lac-Saint-Jean)
Crofton
Crosbie
(St. John's West)
Crosby
(Halifax West)
Crouse
Darling
Daubney
de Corneille
Desjardins
Dick
Dingwall
Domm
Dorin
Duplessis
Edwards
Ellis
Fennell
Ferland
Finestone
Fontaine
Forrestall
Foster
Fraleigh
Fretz
Friesen
Garneau
Gass
Gauthier
Gérin
Gervais
Gormley
Gottselig
Graham
Gray
(Windsor West)
Greenaway
Grondin
Guilbault
(Drummond)
Gurbin
Gustafson
Halliday
Hamilton
Hardey
Harvey
Hawkes
Hockin
Hopkins
Horner
Howie
Hudon
Jacques
Jardine
Jepson
Johnson
(Bonavista—Trinity—
Conception)
Jourdenais
Kempling
Kilgour
Killens
Kindy
King
Ladouceur
Landry
Lanthier
Lawrence
Layton
Lesick
Lewis
MacDonald
(Kingston and
the Islands)
MacLellan
Malone
Martin
Mazankowski
McCain
McInnes
McKinnon
McKnight
Merrithew
Minaker
Mitges
Nicholson
(Trinity)
Nicholson
(Niagara Falls)
Nickerson
Nunziata
Penner
Pennock
Peterson
Pietz
Plamondon
Prud'homme
Redway
Reid
Reimer
Ricard
Robichaud
St. Germain
St-Julien
Schellenberg
(Nanaimo—Alberni)
Schellenberger
(Wetaskiwin)
Scott
(Hamilton—Wentworth)
Scowen
Shields
Siddon
Sparrow
Stevens
Stewart
Tardif
(Charlesbourg)
Taylor
Thacker
Towers
Tremblay
(Québec-Est)
Tupper
Van De Walle
Vankoughnet
Vincent
Warner
Weiner
Wilson
(Swift Current—
Maple Creek)
Wilson
(Etobicoke Centre)
Winegard
Wise—145

Mr. Deputy Speaker: The next vote will be on Motion No. 14. Mr. Garneau moved:

Motion No. 14

That Bill C-23, be amended in Clause 51 by striking out line 33 at page 96 and substituting the following therefor:

"110(2), 110.4(1) and 110.6(2)".

Mr. Garneau: Mr. Speaker, may I suggest that the vote on Motion No. 14 be the same as that on Motion No. 7.

Mr. Deputy Speaker: Is there unanimous consent that the vote on Motion No. 14 be the same as that on Motion No. 7?

Some Hon. Members: Agreed.

The House divided on the motion (Mr. Garneau), which was negatived on the following division:

(*Division No. 42*)

YEAS

Members

Allmand
Althouse
Angus
Benjamin
Berger
Blackburn
(Brant)
Blaikie
Boudria
Caccia
Cassidy
Copps
de Corneille
de Jong
Dingwall
Finestone
Foster
Fulton
Garneau
Gauthier
Gray
(Windsor West)
Grondin
Heap
Hopkins
Hovdebo
Keeper
Killens
Langdon
MacLellan
McCurdy
Mitchell
Murphy
Nicholson
(Trinity)
Nunziata
Nystrom
Orlikow
Ouellet

Parry
Penner
Prud'homme
Riis
Robichaud
Skelly
Toupin
Waddell
Young —45

NAYS

Members

Andre
Beatty
Belsher
Bernier
Bertrand
Binns
Bissonnette
Blais
Blenkarn
Blouin
Brightwell
Browes
Cadieux
Caldwell
Chartrand
Clark
(Brandon—Souris)
Clifford
Clinch
Cochrane
Collins
Comeau
Cooper
Corbett
Côté
(Lac-Saint-Jean)
Crofton
Crosbie
(St. John's West)
Crosby
(Halifax West)
Crouse
Darling
Daubney
Desjardins
Dick
Domm
Dorin
Duplessis
Edwards
Ellis
Fennell
Ferland
Fontaine
Forrestall
Fraleigh
Fretz
Friesen
Gass
Gérin
Gervais
Gormley
Gottselig
Graham
Greenaway
Guilbault
(Drummond)
Gurbin
Gustafson
Halliday
Hamilton
Hardey
Harvey
Hawkes
Hockin
Horner
Howie
Hudon
Jacques
Jardine
Jepson
Johnson
(Bonavista—Trinity—
Conception)
Jourdenais
Kempling
Kilgour
Kindy
King
Ladouceur
Landry
Lanthier
Lawrence
Layton
Lesick
Lewis
MacDonald
(Kingston and
the Islands)
Malone
Martin
Mazankowski
McCain
McInnes
McKinnon
McKnight
Merrithew
Minaker
Mitges
Nicholson
(Niagara Falls)
Nickerson
Pennock
Peterson
Pietz
Ravis
Redway
Reid
Reimer
Ricard
St. Germain
St-Julien
Schellenberg
(Nanaimo—Alberni)
Schellenberger
(Wetaskiwin)
Scott
(Hamilton—Wentworth)
Scowen
Shields
Siddon
Sparrow
Stevens
Tardif
(Charlesbourg)
Taylor
Thacker
Towers
Tremblay
(Québec-Est)
Tupper
Van De Walle
Vankoughnet
Vincent
Warner
Weiner
Wilson
(Swift Current—
Maple Creek)
Wilson
(Etobicoke Centre)
Winegard
Wise—125

Mr. Deputy Speaker: The next vote will be on Motion No. 15. Mr. Cassidy moved:

Motion No. 15

That Bill C-23, be amended by deleting Clause 51.

Mr. Lewis: Mr. Speaker, I suggest that you could apply the vote taken on Motion No. 8 to Motion No. 15.

Mr. Deputy Speaker: Is there unanimous consent for what the Hon. Parliamentary Secretary has suggested?

Some Hon. Members: Agreed.

The House divided on the motion (Mr. Cassidy), which was negatived on the following division:

(*Division No. 43*)

YEAS

Members

Althouse
Angus
Benjamin
Blackburn
(Brant)
Blaikie
Cassidy
de Jong
Fulton
Heap
Hovdebo
Keeper
Langdon
McCurdy
Mitchell
Murphy
Nystrom
Orlikow
Parry
Riis
Skelly
Toupin
Waddell
Young —23

NAYS

Members

Andre
Beatty
Belsher
Berger
Bernier
Bertrand
Binns
Bissonnette
Blais
Blenkarn
Blouin
Boudria
Brightwell
Browes
Caccia
Cadieux
Caldwell
Chartrand
Clark
(Brandon—Souris)
Clifford
Clinch
Cochrane
Collins
Comeau
Cooper
Copps
Côté
(Lac-Saint-Jean)
Crofton
Crosbie
(St. John's West)
Crosby
(Halifax West)
Crouse
Darling
Daubney
de Corneille
Desjardins
Dick
Dingwall
Domm
Dorin
Duplessis
Edwards
Ellis
Fennell
Ferland
Finestone
Fontaine
Forrestall
Foster
Fraleigh
Fretz
Friesen
Garneau
Gass
Gauthier
Gérin
Gervais
Gormley
Gottselig
Graham
Gray
(Windsor West)
Greenaway
Grondin
Guilbault
(Drummond)
Gurbin
Gustafson
Halliday
Hamilton
Hardey
Harvey
Hawkes
Hockin
Hopkins
Horner
Howie
Hudon
Jacques
Jardine
Jepson
Johnson
(Bonavista—Trinity—
Conception)
Jourdenais
Kempling
Kilgour
Killens
Kindy
King
Ladouceur
Landry
Lanthier
Lawrence
Layton
Lesick
Lewis
MacDonald
(Kingston and
the Islands)
MacLellan
Malone
Martin
Mazankowski
McCain
McInnes
McKinnon
McKnight
Merrithew
Minaker
Mitges
Nicholson
(Trinity)
Nicholson
(Niagara Falls)
Nickerson
Nunziata
Penner
Pennock
Peterson
Pietz
Plamondon
Prud'homme
Redway
Reid
Reimer
Ricard
Robichaud
St. Germain
St-Julien
Schellenberg
(Nanaimo—Alberni)
Schellenberger
(Wetaskiwin)
Scott
(Hamilton—Wentworth)
Scowen
Shields
Siddon
Sparrow
Stevens
Stewart
Tardif
(Charlesbourg)
Taylor
Thacker
Towers
Tremblay
(Québec-Est)
Tupper
Van De Walle
Vankoughnet
Vincent
Warner
Weiner
Wilson
(Swift Current—
Maple Creek)
Wilson
(Etobicoke Centre)
Winegard
Wise—145

Mr. Deputy Speaker: The next question will be on motion No. 17. Mr. Garneau moved:

Motion No. 17

That Bill C-23, be amended in Clause 67 by striking out line 6 at page 122 and substituting the following therefor:

""180.1 (1) Every individual whose income is above the poverty line, as defined by regulation, liable to".

Mr. Cassidy: Mr. Speaker, I propose that the vote taken on Motion No. 7 be applied to Motion No. 17.

Mr. Deputy Speaker: Is there unanimous consent to the Hon. Member's proposal?

Some Hon. Members: Agreed.

The House divided on the motion (Mr. Garneau), which was negatived on the following division:

(*Division No. 44*)

YEAS

Members

Allmand
Althouse
Angus
Benjamin
Berger
Blackburn (Brant)
Blaikie
Boudria
Caccia
Cassidy
Copps
de Corneille
de Jong
Dingwall
Finestone
Foster
Fulton
Garneau
Gauthier
Gray (Windsor West)
Grondin
Heap
Hopkins
Hovdebo
Keeper
Killens
Langdon
MacLellan
McCurdy
Mitchell
Murphy
Nicholson (Trinity)
Nunziata
Nystrom
Orlikow
Ouellet
Parry
Penner
Prud'homme
Riis
Robichaud
Skelly
Toupin
Waddell
Young —45

NAYS

Members

Andre
Beatty
Belsher
Bernier
Bertrand
Binns
Bissonnette
Blais
Blenkarn
Blouin
Brightwell
Browes
Cadieux
Caldwell
Chartrand
Clark (Brandon—Souris)
Clifford
Clinch
Cochrane
Collins
Comeau
Cooper
Corbett
Côté (Lac-Saint-Jean)
Crofton
Crosbie (St. John's West)
Crosby (Halifax West)
Crouse
Darling
Daubney
Desjardins
Dick
Domm
Dorin
Duplessis
Edwards
Ellis
Fennell
Ferland
Fontaine
Forrestall
Fraleigh
Fretz
Friesen
Gass
Gérin
Gervais
Gormley
Gottselig
Graham
Greenaway
Guilbault (Drummond)
Gurbin
Gustafson
Halliday
Hamilton
Hardey
Harvey
Hawkes
Hockin
Horner
Howie
Hudon
Jacques
Jardine
Jepson
Johnson (Bonavista—Trinity—Conception)
Jourdenais
Kempling
Kilgour
Kindy
King
Ladouceur
Landry
Lanthier
Lawrence
Layton
Lesick
Lewis
MacDonald (Kingston and the Islands)
Malone
Martin
Mazankowski
McCain
McInnes
McKinnon
McKnight
Merrithew
Minaker
Mitges
Nicholson (Niagara Falls)
Nickerson
Pennock
Peterson
Pietz
Ravis
Redway
Reid
Reimer
Ricard
St. Germain
St-Julien
Schellenberg (Nanaimo—Alberni)
Schellenberger (Wetaskiwin)
Scott (Hamilton—Wentworth)
Scowen
Shields
Siddon
Sparrow
Stevens
Tardif (Charlesbourg)
Taylor
Thacker
Towers
Tremblay (Québec-Est)
Tupper
Van De Walle
Vankoughnet
Vincent
Warner
Weiner
Wilson (Swift Current—Maple Creek)
Wilson (Etobicoke Centre)
Winegard
Wise—125

Mr. Deputy Speaker: The next question is on Motion No. 18. Mr. Cassidy moved:

Motion No. 18

That Bill C-23, be amended by deleting Clause 67.

Mr. Garneau: Mr. Speaker, I suggest that the vote on Motion No. 18 be the same as that taken on Motion No. 17.

Mr. Deputy Speaker: Is there unanimous consent that the vote on Motion No. 18 be the same as the vote on Motion No. 17?

Some Hon. Members: Agreed.

The House divided on the motion (Mr. Cassidy), which was negatived on the following division:

(*Division No. 45*)

YEAS

Members

Allmand
Althouse
Angus
Benjamin
Berger
Blackburn (Brant)
Blaikie
Boudria
Caccia
Cassidy
Copps
de Corneille
de Jong
Dingwall
Finestone
Foster
Fulton
Garneau
Gauthier
Gray (Windsor West)
Grondin
Heap
Hopkins
Hovdebo
Keeper
Killens
Langdon
MacLellan
McCurdy
Mitchell
Murphy
Nicholson (Trinity)
Nunziata
Nystrom
Orlikow
Ouellet
Parry
Penner
Prud'homme
Riis
Robichaud
Skelly
Toupin
Waddell
Young —45

NAYS

Members

Andre
Beatty
Belsher
Bernier
Bertrand
Binns

Bissonnette
Blais
Blenkarn
Blouin
Brightwell
Browes
Cadieux
Caldwell
Chartrand
Clark
(Brandon—Souris)
Clifford
Clinch
Cochrane
Collins
Comeau
Cooper
Corbett
Côté
(Lac-Saint-Jean)
Crofton
Crosbie
(St. John's West)
Crosby
(Halifax West)
Crouse
Darling
Daubney
Desjardins
Dick
Domm
Dorin
Duplessis
Edwards
Ellis
Fennell
Ferland
Fontaine
Forrestall
Fraleigh
Fretz
Friesen
Gass
Gérin
Gervais
Gormley
Gottselig
Graham
Greenaway
Guilbault
(Drummond)
Gurbin
Gustafson
Halliday
Hamilton
Hardey
Harvey
Hawkes
Hockin
Horner
Howie
Hudon
Jacques
Jardine
Jepson
Johnson
(Bonavista—Trinity—
Conception)
Jourdenais
Kempling
Kilgour
Kindy
King
Ladouceur
Landry
Lanthier
Lawrence
Layton
Lesick
Lewis
MacDonald
(Kingston and
the Islands)
Malone
Martin
Mazankowski
McCain
McInnes
McKinnon
McKnight
Merrithew
Minaker
Mitges
Nicholson
(Niagara Falls)
Nickerson
Pennock
Peterson
Pietz
Ravis
Redway
Reid
Reimer
Ricard
St. Germain
St-Julien
Schellenberg
(Nanaimo—Alberni)
Schellenberger
(Wetaskiwin)
Scott
(Hamilton—Wentworth)
Scowen
Shields
Siddon
Sparrow
Stevens
Tardif
(Charlesbourg)
Taylor
Thacker
Towers
Tremblay
(Québec-Est)
Tupper
Van De Walle
Vankoughnet
Vincent
Warner
Weiner
Wilson
(Swift Current—
Maple Creek)
Wilson
(Etobicoke Centre)
Winegard
Wise—125

Hon. Tom Hockin (for the Minister of Finance) moved that Bill C-23, an Act to amend the Income Tax Act and a related Act, as reported (with amendments) from the Standing Committee on Finance and Economic Affairs, be concurred in.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to.

Mr. Lewis: Mr. Speaker, there have been discussions among the Parties and I believe that you would find unanimous consent to not seeing the clock for a period not to exceed 10 minutes until third reading debate has been completed, allowing three minutes for debate per Party. It is also my understanding that a recorded division will not be demanded upon third reading.

Mr. Deputy Speaker: The House has heard the terms of the motion. Is there unanimous consent for the motion?

Some Hon. Members: Agreed.

Hon. Tom Hockin (for the Minister of Finance) moved that the Bill be read the third time and passed.

[*Translation*]

Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I am pleased to take part in the debate on third reading of Bill C-23. As you know, Mr. Speaker, I have already had the opportunity to insist on the significance of Bill C-23 and the need to adopt it before the end of 1986 for all Canadian men and women.

In short, Mr. Speaker, the purpose of Bill C-23 is to streamline the Income Tax Act while rendering the tax system more fair and equitable for all Canadians. This legislation must be seen in the context of the economic recovery which started when the Prime Minister (Mr. Mulroney) and his Conservative team came to power on September 4, 1984. It will help Canada's economic activity, first by decreasing corporate taxe rates, and second by extending the corporate tax base. It also is aimed at establishing a minimum income tax for all Canadians with a certain level of income each year and who pay little or no income tax.

As I pointed out again this afternoon, Mr. Speaker, the Leader of the New Democratic Party had expressed his agreement when we tabled our notice to establish a minimum income tax for individuals—

Mr. Cassidy: On the principle.

Mr. Vincent: —on the principle. On the other hand, the legislation must be enacted before the end of 1986 because it also is aimed at increasing the allowable RRSP deduction from $5,500 to $7,500 a year as early as 1986. This, Mr. Speaker, is something important for all working people who want to invest more money in view of their forthcoming retirement.

There is also a social fairness aspect to Bill C-23, as you certainly have noticed it Mr. Speaker, with the sales tax credit.

In brief, Mr. Speaker, this is an excellent piece of legislation following in the wake of an excellent Budget, and I would urge the House to enact it as rapidly as possible.

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, I find it hard to understand that a Bill under which nearly $1.2 billion will be drawn from the pockets of Canadian taxpayers can be labeled a good piece of legislation. This is why we are going to oppose the Bill on third reading, without calling for a recorded vote in view of the Government majority. But we certainly are going to ask that it be carried on division.

• (1810)

[*English*]

This Bill will increase taxes for thousands and thousands of Canadians by more than $1 billion.

This Bill is contrary to the statements that have been made by the Minister of Finance (Mr. Wilson) and the Prime Minister (Mr. Mulroney) during and after the 1984 election.

As a result of this Bill and Bill C-14, which was adopted on division by the House earlier this week, the Canadian taxpayers will pay an extra $1.2 billion. The total amount of new taxes for the fiscal year 1986, as a result of the 1985 Budget and the 1986 Budget, will be $6 billion.

Since the Minister is in the House, let me quote what he said on August 28, 1984. He said:

> We have no intention of raising income taxes to Canadians. What we have to do is get down government.

Mr. Gauthier: Up the taxes.

Mr. Garneau: Up the taxes and get the Canadian taxpayers down is the reality. The Minister introduced $6 billion in new taxes after he made those remarks in 1984, before the election. Of course, he was making promises in order to obtain votes.

On March 1, 1985, after the election, the Minister of Finance said on CTV Question Period:

> I don't want to increase taxes—I think we have a good deal of scope on the expenditure side to deal with the deficit problem. A tax increase, certainly a general tax increase, puts a dampening effect on the economy and I don't want to see us do that.

Since then we have seen the Budgets of May, 1985 and February, 1986, with $6 billion in new taxes. If anyone should put his seat on the line it is the Minister of Finance who made those statements before and after the election and then increased taxes by $6 billion.

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I will speak to this Bill briefly because it is close to Christmas and Members want to leave the House. First, I want to talk about the process.

This Bill was initiated in the Budget of February 26, 1986. There was a Ways and Means motion in June, but the Bill did not come before the House for debate until December 8, just over one week ago. The Government cut short debate on second reading and jammed the Bill through in the committee without allowing the opportunity to hear from outside groups or organizations who may have wished to testify on the Bill.

The Bill has come back to the House and now, on third reading, we are allowed three or four minutes to speak because it is very close to Christmas. That is not a good way to deal with tax legislation. While it may be necessary to pass such legislation before the end of the year, I suggest that the Minister of Finance (Mr. Wilson) should introduce such legislation into the House at least one or two months before the deadline, if such a deadline is necessary.

In just over two years of office the Government has raised taxes on ordinary Canadians by $1,350 per family per annum. The Government has never challenged those figures. The Minister of Finance is here but he is not challenging them.

Mr. Wilson (Etobicoke Centre): I challenge them.

Mr. Cassidy: Although the Government is moving toward tax reform that broadens the base and lowers the rates, Bill C-23 narrows the base with unsupportable concessions on pension contributions and increases on RRSP deductions.

Not only is there an ineffective minimum tax, the Minister, despite his promises in 1985, has slipped in a loophole with respect to capital gains so that if there is any minimum tax on capital gains it will be borne at half the rate of other forms of income.

The sales tax credit is inadequate, particularly when one considers that the Government intends to use a sales tax credit to promote its business transfer tax. Corporation taxes are being cut in advance of tax reform and, rather than placing a surtax on the rich, it has been replaced with a surtax on every taxpayer, including taxpayers who are below the poverty line.

Canadians did not vote for that kind of tax system in 1984 and that is why the Member for Terrebonne (Mr. Toupin) has joined our caucus. The people of Quebec and all Canadians voted for real change in June, 1984. They did not get it from the Conservatives but they will get it from the New Democrats, whether it is on taxation, jobs or the creation of social justice for all Canadians.

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion, the yeas have it.

Some Hon. Members: On division.

Motion agreed to and Bill read the third time and passed.

Mr. Deputy Speaker: It being six o'clock, the House stands adjourned until tomorrow morning at eleven o'clock, pursuant to Standing Order 3(1).

The House adjourned at 6.18 p.m.

HOUSE OF COMMONS

Thursday, December 18, 1986

The House met at 11 a.m.

ROUTINE PROCEEDINGS

[*English*]

ENVIRONMENTAL PROTECTION

TABLING OF DRAFT BILL

Hon. Tom McMillan (Minister of the Environment): Mr. Speaker, I have the honour to table for consultation purposes, in both official languages, a draft Bill entitled "An Act respecting the protection of human life and health and the environment", more commonly known as the "Environmental Protection Act".

A copy of the draft Bill will be sent today to all Members of the House and of the other place.

* * *

ABORIGINAL RIGHTS

NATIVE LAND CLAIMS POLICY—STATEMENT BY MINISTER

Hon. Bill McKnight (Minister of Indian Affairs and Northern Development): Mr. Speaker, today I have the pleasure to announce the culmination of one of the critical initiatives undertaken by my Ministry—a comprehensive native land claims policy. I believe it represents yet another milestone in the evolving relationship between the Government and Canada's native people.

From the beginning of our mandate we recognized the vital role which Canada's native people play. Our commitment to the establishment of a relationship built upon mutual trust and confidence remains strong. Our achievements over the past 2.5 years have been many.

We live in a period of great hope for the future of the country, and I feel that our original inhabitants must play a key role in shaping it. After all, it is in the interest of all Canadians to search for and to find an amicable arrangement whereby both native and non-native communities can agree on how we will live together in Canada.

Upon assuming office the Government was faced with a comprehensive land claims policy which was out of touch. If anything, it raised obstacles to settlements rather than contributing to them. Native people were calling for change in much the same way as Canadians had voted for change. We listened, we consulted, and today we are delivering. Now, more than ever before, we have an opportunity to complete the modern claims process in Canada through a more flexible, realistic, and responsive comprehensive land claims policy.

It has not been an easy task, and it has taken us longer to put it in place than anyone ever imagined. Still, it has been a valuable learning experience for all. It has certainly been a learning experience for me in the short six months I have spent in this office.

I am sure my predecessor, the Hon. Member for Rosedale (Mr. Crombie), would agree with that statement. After all, he started the ball rolling with the appointment of a federal task force to review the whole area of comprehensive claims. At that time the Minister was convinced that the report of the task force, headed by the very capable Murray Coolican, would provide the informed, thoughtful, and independent appraisal and recommendations we have needed for some time. The Hon. Member has certainly lived up to that billing.

Over the past several months while the report was being given a public airing, we have continued to receive innumerable representations from native groups. Frankly, I have been impressed with the importance which native leaders, the provinces, the territories, and other interested Canadians have placed on the matter. In particular I should like to pay tribute to the worth-while contribution made by the Comprehensive Claims Coalition, chaired by Joanne Barnaby. This group participated in the formulation of the policy in a reasoned and reasonable way.

In the few minutes I have, I should like to outline some of the major elements of the comprehensive native land claims policy. Today I issued a policy paper and other supporting documents which explain it in more detail. First, I affirm the Government's commitment to settling comprehensive claims through negotiations on a basis which is equitable to native people and other Canadians. Also I want to announce that the federal Government stands ready to consider two alternatives to the extinguishment of aboriginal rights through claims settlements while still obtaining certainty of rights and title to the use of lands. As we all know, the language of extinguishment has long been a concern to many native people. Any other aboriginal rights which may exist will remain unaffected by comprehensive claims agreements.

A new feature of the claims policy is the provision for the enhancement of economic development and self-government—two of the Government's cornerstones in its relationship with native people. I am pleased to announce that the policy will allow for the negotiation of a broader range of self-government

matters. The negotiations will be consistent with the Government's policy on community based Indian and Inuit self-government, will respect existing constitutional principles and government practice, and will take into account any directions north of 60 toward public Government and devolution.

As we all know, the test for any self-government arrangement is its appropriateness in meeting the needs of native communities and its capacity to enhance the quality of life of individual members of the communities. I believe the policy provides for that.

The policy also contains important provisions aimed at enhancing native decision making in the area of natural resources. In this regard it is expected that settlements will recognize a particular aboriginal managerial interest in relation to environmental matters including land use, water, and wildlife.

It is particularly important to note that the federal Government stands ready to negotiate matters related to the harvesting and management of renewable resources with aboriginal groups which have made traditional use of coastal and other marine areas.

• (1110)

In addition, under the new policy, the federal Government is prepared to assign to aboriginal groups a percentage of the Crown's royalties derived from the extraction of resources in the entire settlement area. I should add that this option will include not only the royalties from subsurface resources, but also from non-renewable resources extracted from offshore areas that form part of the claims settlement area. In addition, we will be instituting a number of important principles and processes aimed at ensuring the more expeditious negotiation and settlement of claims. We stand on the threshold of what I hope to be many comprehensive claims settlements in the coming years, more living treaties and lasting agreements. We have the tools; all that is required is the good will and co-operation of all parties.

Many months ago, the Hon. Member for Rosedale laid the cornerstones for the Government's aboriginal policies and cemented a new and growing relationship with native people. It is upon this foundation—Indian self-government, economic development, quality of community life, and the protection of the special relationship between the federal Government and Indian people—that my colleagues and I have continued to build. My sincere hope is that we can continue travelling down this road together. I hope all Members of this House will support this policy initiative as it affects native people and all Canadians.

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, I want to begin by commending both the Minister and his predecessor for recognizing the urgent need for a new comprehensive claims policy. It was called for by the Special Committee on Indian Self-government in Canada, as the Minister mentioned. It has long been demanded by the claimant groups. It is self-evident that we need a new claims policy because so few claims have been settled. That is the case and it is to our shame.

There is a growing insistence by the territorial Governments, by those who advocate aboriginal rights, and by those who wish to proceed with developmental plans on aboriginal lands, that settlements be made and that they be made as soon as possible. I say that the guiding light for a new comprehensive claims policy certainly lies with that excellent report by Mr. Murray Coolican, known as the Coolican Report. What the Minister has announced today as a new comprehensive claims policy is not precisely, fully and exactly as contained in the Coolican Report. It is, I submit, a careful, cautious and modest step from what we had before. In other words, I acknowledge to the Minister and the House that the new comprehensive claims policy is an improvement on the past. It is progressive and a step forward.

However, the difficulty with the new claims policy, as with the old, is that it stems from a premise narrow in scope and fragile in structure, that is, that aboriginal title involves traditional use and occupancy which continues in certain respects up to the present. This so-called title as the Government sees it is an annoyance. It is a thorn in its side which must somehow be removed so that the Government of Canada can get on with its dealings and arrangements with third parties in order to advance and enhance what it describes as the public interest. I wish to assert to the House and the Minister that the premise which underlies aboriginal title is neither narrow in scope nor fragile in construction. It is broadly based and very firm and strong.

What is really in question in Canada today, what is in doubt, is the Crown's right. Where aboriginal title is being asserted and where there is no treaty or agreement in existence, there, Sir, the Crown right is in doubt. I therefore argue that the impetus to settle rests much more with the Government than with any claimant group. For us to define aboriginal title in its narrowest terms, I say to this Government as I said to the previous Government, is both arrogant and presumptuous. Some argue that aboriginal title is limited or confined only to traditional pursuits, hunting, fishing and trapping. Even in those areas Governments always seek ways to limit and control. Now, with this new policy, I suspect the attitude remains very much the same as in the past. The difference is that the Government is saying to the aboriginal claimant groups that it is prepared to be a little more generous, a little more open-handed than Governments in the past. For example, the new claims policy says that the federal Government is prepared to assign a percentage of Crown royalties from extraction of resources in the entire settlement area. I say to the Government that aboriginal title is all inclusive, not exclusive. It is not limited to traditional pursuits based solely on use and occupancy in the past. A sharing of revenues from resource development is not largesse or generosity by the Government or people of Canada. It must be part and parcel of an agreement reached through negotiation.

I therefore turn my attention to third parties and the public interest. They both fall squarely under the umbrella of Crown right and they have yet to be defined and determined. They are not at this moment, as the new policy states, legitimate. They are still indeterminate and must be clearly defined. To sum up, it is not the Government's right to determine just how benevolent it is prepared to be in the settlement of aboriginal claims. The Crown's right is in question and in doubt. It is up to the claimant groups, as much as it is up to the Government, to determine just how generous they will be with us.

I submit that all the high cards are not in our hands. The Government says it prefers negotiations to litigation. No wonder. I believe there is an underlying fear, suspicion and concern that the case for aboriginal title is exceedingly strong and if we proceed to litigation we may learn that fact in ways unacceptable to the Government of Canada. I say to the Minister that I, too, prefer negotiation, but I say to the Government: Stop pretending that you are the big guy on the block because you are not.

I turn very briefly to the question of self-government which is referred to on page nine of the policy. At first glance it seems there is a willingness on the part of the Government to negotiate aboriginal self-government within the agreement. However, I see a lure on this fish-hook. It is this. The Minister says to the aboriginal claimant groups, "Do not let yourselves become beguiled into thinking that self-government provisions are going to become constitutionally entrenched." That will not happen, he says. He is thus declaring that there will be no bottom up approach to aboriginal self-government being entrenched in the Constitution of Canada. The Constitution now allows for that to happen. The Minister says it will not happen. He is saying to the provinces that they will continue to have a very big voice and that we will only proceed by way of the top down approach. I think that has to be looked at and challenged another time.

There are other matters I wish to raise with the Minister, Sir, but you are signalling that my time is up. I just want to say that the Minister must do more to protect implementation, and on another occasion, in another forum, I will elaborate on that. In conclusion, there is goodwill and co-operation on this side of the House. We, too, want these negotiations to be settled in an equitable, fair and just way for the aboriginal claimant groups of the country.

• (1120)

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, it is my pleasure to rise and declare the broad agreement of my Party with the principle of the comprehensive land claims policy tabled by the Minister in Parliament this morning. At the same time, I must also state a profound dissatisfaction with what I see as the vagueness and inadequacy of the Minister's statement.

It is one year since the Coolican Report was presented to the Minister's predecessor. One year is surely too long for the production of such a document as we have seen today. It is surely too long for the sort of vague, over-all endorsement of the Coolican Report which the Minister's statement has provided. After one year the Government has at least acknowledged favourably the four main principles of the Coolican Report, those being that self-government is a major concern of the Indian and Inuit people in the claims areas, that the rights of aboriginal people should not be extinguished, that there should be aboriginal participation in resource management, and that there must be a benefit from the royalties derived from the exploitation of non-renewable resources.

Unfortunately, many aboriginal people will be somewhat disappointed and disturbed by the apparent overcoming of the concerns of the Coolican Report by the legal reservations of the Department of Justice through the framing of terminology. Nevertheless, I believe that the two alternatives given provide adequate recognition of the desire of aboriginal people not to see the formal and final extinguishment of their aboriginal rights. The Minister has clearly recognized the right of aboriginal people to stewardship over the resources of which they are and will continue to be until the time of a settlement the true owners and inheritors.

A commitment has been made in this presentation. However, it will be judged by the keeping rather than the pledging. I believe that we have seen today the removal of obstacles to the Dene, CYI and TFN claims. I am glad that by recognizing that a royalty right exists for the whole area rather than simply the retained lands, we will at last have a refutation of the maxim of John Paul Getty that the meek shall inherit the earth, but not the mineral rights thereof.

The language of the assignment of these rights is unfortunate. The language in which self-government is discussed is also unfortunate. I believe that self-government is entrenched in the Cree Naskapi Act. If that is in place for those communities, why not for the communities which will be affected by this policy?

I know that the Minister does not believe that all problems will be solved by this policy. I am glad that he has frankly acknowledged the problems of convincing the Government of British Columbia to deal fairly and realistically with the native people of that province, recognizing history and jurisprudence. The time strictures given in the policy remain to be proven. The lack of a detailed policy manual and an individual mandate for federal negotiators indicates that we have today seen only the first third of this process. The negotiation process will not be judged by what is said here today, but rather by what is done, by history. I, therefore, charge the Government to examine the record with regard to the James Bay Treaty, the Cree Naskapi Act, and to ensure that some of the problems encountered there are not encountered with settlements to be made under this new policy.

Unfortunately, there was no statement on the expansion of the short list of six claims to be negotiated at one time. There is no new commitment by the Government on the funding and resourcing of negotiations. This calls into question the negotiating process because, above all, the people of Canada

and the world must see that these are genuine negotiations between nations, albeit one large and one small, which both parties are able to treat as such.

Our Party is broadly satisfied to have this policy tabled, although the criticism I have made must stand. I do not agree with the Member for Cochrane—Superior (Mr. Penner) that the Government has taken a step forward, but I do acknowledge that it has at least freed its shoes. We look to the Government to take steps forward in the future. I assure the Minister and his colleagues that we will be behind them, pushing.

* * *

COMMITTEES OF THE HOUSE

PUBLIC ACCOUNTS—SECOND REPORT OF STANDING COMMITTEE

Miss Aideen Nicholson (Trinity): Mr. Speaker, I have the honour to present the second report of the Public Accounts Committee. In the April, 1985, report to the House, the committee was concerned about the failure of Treasury Board to enforce its rules and the failure of the Department of Public Works to follow them. We are still concerned with this problem. It seems to us that reasonable rules from the Treasury Board should be followed. If the rules are too rigid or out of date, then that problem should be addressed. However, we cannot see that the interests of the taxpayers are well served by having rules on paper which are ignored. This applies to, among other things, cost overruns and contract-splitting. There is a continuing problem with respect to those which needs to be addressed.

We also see a need to improve communications because client Departments do not seem to be fully aware of the cost implications of making changes after a building program has begun. We think it is important for the Department of Public Works to ensure that requirements are clearly defined before contracts or projects are approved. The committee strongly disapproves of situations such as contract-splitting where the Department of Public Works knew in advance that Treasury Board approval would be required but did not seek it.

[*Translation*]

STRIKING COMMITTEE—EIGHTH REPORT OF STANDING COMMITTEE

Mr. Scott Fennell (Ontario): Mr. Speaker, I have the honour to present the Eighth Report of the Striking Committee.

STRIKING COMMITTEE—NINTH REPORT OF STANDING COMMITTEE

Mr. Scott Fennell (Ontario): Mr. Speaker, I have the honour to present the Ninth Report of the Striking Committee.

If the House gives its consent, I intend to move concurrence in this report later this day.

[*Editor's Note: For above reports see today's* Votes and Proceedings.]

* * *

• (1130)

[*English*]

PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, it is my honour and duty to present a petition on behalf of several hundred people from communities surrounding Prince Albert, including Birch Hills, North Cote, St. Louis, Canwood, and Paddockwood. The petitioners call upon the Government to look at the proposals to change the Patent Act relating to prescription drugs because those changes will increase the price of drugs to consumers and will severely restrict the ability of the average Canadian to buy prescription drugs. They call upon Parliament to reject these proposals to change the Patent Act that will increase the price of prescription drugs for Canadians.

PROTECTION OF PROPERTY RIGHTS

Mr. Rob Nicholson (Niagara Falls): Mr. Speaker, I have the honour to present a petition signed by hundreds of people in the Niagara Peninsula who believe that property rights are part of our heritage and should be protected. Therefore, they call upon Parliament to bring forward amendments that would enshrine property rights in the Charter of Rights and Freedoms. With that I agree 100 per cent.

[*Translation*]

OBSERVANCE OF LORD'S DAY ACT

Mr. Barry Turner (Ottawa—Carleton): Mr. Speaker, I have the honour to present several petitions signed by 180 constituents in my riding who belong to Saint-Claude Parish and who humbly pray that the Lord's Day Act be maintained, that a weekly day of rest be observed by all citizens on the same day and that this day of rest shall continue to be on a Sunday.

[*English*]

PROTECTION OF PROPERTY RIGHTS

Mr. Joe Reid (St. Catharines): Mr. Speaker, I have the privilege and honour to present a petition that was spearheaded by the St. Catharines and District Real Estate Board and signed by some 200 residents of St. Catharines and Niagara. They are petitioning the honourable Government to entrench in the Constitution of this country the right of its people to use and enjoy real property. I may say that it is purely coincidental that this petition follows the announcement made by the Speaker yesterday with respect to a transmission delivered to the House from the Province of Ontario.

Mr. Girve Fretz (Erie): Mr. Speaker, I have the duty and privilege to present a petition on behalf of hundreds of constituents from the Niagara Peninsula, including some from the constituency of Erie, regarding property rights. These petitioners call on the Government of Canada to address this very important issue and to entrench property rights in the Charter of Rights and Freedoms. I fully support their petition.

Mrs. Shirley Martin (Lincoln): Mr. Speaker, I also have the honour and privilege to present a petition on behalf of residents of the Niagara Peninsula as well as residents of Sudbury, Campbellton, New Brunswick, and Edmonton, Alberta. They call upon our Government to take the necessary action to entrench property rights in the Charter of Rights and Freedoms. I also support them 100 per cent.

* * *

[*Translation*]

IMMIGRATION ACT, 1976

MEASURE TO AMEND

Mr. Gerry Weiner (Minister of State (Immigration)) moved for leave to table Bill C-34, an Act to amend the Immigration Act, 1976.

Mr. Deputy Speaker: Shall the Minister have leave to table the said Bill?

Some Hon. Members: Agreed.

Mr. Deputy Speaker: It is the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

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

Mr. Deputy Speaker: When shall the Bill be read the second time? At the next sitting of the House?

Some Hon. Members: Agreed.

* * *

STRIKING COMMITTEE

CONCURRENCE IN NINTH REPORT

Mr. Scott Fennell (Ontario): Mr. Speaker, if the House gives its consent, I move, seconded by Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council):

That the Ninth Report of the Striking Committee, tabled in the House today, be concurred in.

Mr. Deputy Speaker: Does the Hon. Member have the unanimous consent of the House to move this motion?

Some Hon. Members: Agreed.

Mr. Deputy Speaker: The House has read the motion. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Deputy Speaker: Is it agreed?

Some Hon. Members: Agreed.

[*English*]

Mr. Deputy Speaker: I wish to inform the House that because of the ministerial statement Government Orders will be extended by 21 minutes, beginning at one o'clock.

* * *

BUSINESS OF THE HOUSE

Mr. Mazankowski: Mr. Speaker, there have been the usual consultations with the opposition Parties. I think you will find that there is unanimous consent to deem the Supplementary Estimates referred yesterday to the Standing Committee on Agriculture to be reported back to the House and that there is consent to call now the motion for concurrence in the Supplementary Estimates, followed by proceedings on the supply Bill through all stages this day.

Mr. Deputy Speaker: Is there unanimous consent?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

SUPPLEMENTARY ESTIMATES (B), 1986-87

Hon. John Wise (for the President of the Treasury Board) moved:

That Supplementary Estimates (B) for the fiscal year ending March 31, 1987, laid upon the Table Wednesday, December 17, 1986, be concurred in.

He said: Mr. Speaker, I am appearing before the House today to seek approval of the Supplementary Estimates for the first payment under the Special Canadian Grains Program. The need for this program is clear. Canadian grain and oil seed farmers are suffering the effects of extremely low world grain prices. Low prices stem from an international subsidy war. Massive subsidies and surpluses of grain have built up in most food producing countries.

The United States and the European Economic Community are attempting to sell off their surpluses by using huge export subsidies. These unfair practices have pushed grain prices to their lowest level in real terms in about 50 years. Canada is taking advantage of every possible opportunity to restore fairness and sanity to international agricultural trade. We have made some progress, but it will be a long and difficult task.

In the meantime our grain and oil seed farmers need extra help. The stakes of the subsidy war are very high. They are too high for most other countries, including Canada, to compete. However, within our fiscal means we are coming to the aid of Canadian farmers.

Although we have introduced many special measures, including the fuel tax rebate, interest rate rebate, and the freezing of freight rates, just to name a few, we also announced on December 9 the details of the Special Canadian Grains Program which is a $1 billion program aimed at helping Canadian grain and oil seeds farmers. This assistance will cushion the impact on our farmers of the global subsidy trade war.

I ask Hon. Members to remember that it is the crop year, not the fiscal year or calendar year that is important to farmers. I have given my commitment that the full benefits of the program will be in the hands and pockets of Canadian farmers by next spring.

Today I am seeking the approval of the Supplementary Estimates covering the first payment to farmers under this program. These estimates are split into two votes; the first amount of $296.015 million is a vote under grants and contributions. Another $3.985 million will cover the administrative costs. I am sure Hon. Members will appreciate that this is a program of considerable, in fact, historic magnitude and we want the program administered properly, accurately and well.

• (1140)

The administrative costs include staff salaries, supplies, computer services, equipment rentals, printing and mailing costs and public information measures to ensure that farmers are aware of their entitlement and eligibility and are aware of the March 31 deadline for applications. I am seeking approval before Christmas rather than after because I want the benefits to reach farmers just as soon as possible. The speedy approval of these Estimates by the House will allow the federal Government to disburse the money to farmers beginning next month. If we were to wait until after Christmas, disbursement of the funds could not begin until well into February.

I am sure that all Hon. Members of the House would agree that farmers need cash flow help now. I, therefore, ask for their co-operation in approving these Estimates as quickly as possible in the interests and benefit of Canadian farmers across this country.

Some Hon. Members: Hear, hear!

Mr. Maurice Foster (Algoma): Mr. Speaker, we are pleased that the Minister has brought forward the Supplementary Estimates for at least part of the payments to be made under the Special Canadian Grains Program. The initial payment is some $300 million. We wish the Minister had brought forward the full $1 billion at this time because the money is urgently needed by Canada's grain producers in all parts of the country.

We will have a number of questions to ask when the Bill comes before the House and we are in Committee of the Whole. I was surprised that the Minister mentioned things such as the freezing of freight rates and the fuel tax rebate because he knows, of course, that the freezing of the freight rates was not really a freezing but an order by his Government to recalculate the volumes of grain to be shipped. Therefore, there is really no freezing, but just a recalculation.

Interestingly enough, the decision by the Government to order the grain transportation agencies to reduce the volumes will come back to haunt the Government because it is going to have to raise freight rates in the upcoming crop year partly because the Government ordered the Department of Transport to recalculate those volumes.

When the Minister spoke about the fuel tax rebate being cut back, he did not mention that a year ago the Government imposed a two cents per litre fuel tax on farmers, and that after being hammered by the Opposition and by farmers all last winter, the Government last May took that fuel tax off. I was surprised, therefore, that the Minister mentioned those items.

Although we are very pleased to see the Estimates come before the House, we are surprised there is no schedule showing where the funds are coming from to assist Canadian farmers. We assume the funds do not come from essential services to all Canadians. We would propose, if the Minister would only listen to us, that perhaps he table in the House today or tomorrow something to show exactly where the funds are coming from, so that in giving our unanimous support to pass these Estimates and the legislation today, we will know that the funds are not coming from essential services for all Canadians. We are certainly very insistent they do not.

The Minister talked about the trade war going on between the EEC and the United States. In fact, farmers are facing the worst financial crisis since the 1930s. Grain prices are the lowest in real terms since that time. In the last two years since this Government has come to power, the asset value of Canadian farm operations, according to a calculation by the

Farm Credit Corporation, has dropped by some 19 per cent. That represents some $20 billion. If the situation continues to be as bad over the next two years as it has been over the first two years of this administration, it will mean a drop in farm asset value of some $40 billion, which will reduce it from about $115 billion, as it was in 1984, to about $75 billion. That would certainly be the most serious decline in farm asset value in the history of our country, certainly since the Great Depression of the 1930s. We will be interested when we are in Committee of the Whole to know exactly how the Government plans to cope with this monumental decrease in value. For a farmer who has 100 per cent equity in his farm, the loss of equity is not as serious as it is for those young farmers who have high debts because, of course, the loss of that asset value comes out of their equity. Literally thousands of farmers have lost their farms during the last two years because of that dramatic drop in asset and equity value.

I hope the Minister will be able to explain why he is not delaying the lifting of the Farm Credit Corporation moratorium on farm foreclosures until the final payment is made under the Special Canadian Grains Program. If the Government can delay the final payment under this Special Canadian Grains Program for two, three, four or five months, surely it can postpone the lifting of the moratorium on farm foreclosures.

It is clear to all Canadians that the Government has done extremely little for the farm debt crisis. In fact, only one program, the commodity based mortgage program, which is providing some $20 million of interest assistance this year, is provided for the farm debt crisis, and that is a paltry amount when compared to the thousands of farmers who are losing their farms.

Groups like the United Grain Growers have estimated that it would take $4 billion in deficiency payments to put the Canadian farmer on an equal footing with the United States farmer. Groups like the pool elevator groups in the Prairies have called for the Government to pay at least $2 billion or $3 billion. Therefore, the amount being offered by the Government for this program is extremely small compared to the amount in those Estimates.

I would hope that when we are in Committee of the Whole, the Minister will be able to clarify a number of other items. I do not see any provision in the Estimates to ensure that the money received by prairie farmers, which I understand is about 85 per cent, will not be counted in the calculations of the Western Grain Stabilization Fund. I hope the Minister will be able to explain that. Perhaps it is in the Bill which will be introduced, but it is not clear in the Estimates.

The average payment under this program is some $5,000. The average initial payment, therefore, at 30 per cent, is $1,500. I hope that the Minister will be able to explain how such a small payment in January or February will prevent literally thousands of farmers who are facing serious financial difficulty from entering into foreclosure situations.

• (1150)

The association which represents Ontario soybean producers has pointed out that the assistance it is receiving under this program gives it something in the order of 92 per cent of the average assistance from this program and under the Agricultural Stabilization Act, whereas all other producers in Ontario are receiving approximately 100 per cent of the last five years' average. I hope that issue will be something the government committee which is to be established will be able to rectify since there will be an eastern and a western committee to review such problems.

I wish to indicate our support for the concurrence motion in the Estimates with the caveats I have outlined.

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, I wish to make a few brief comments about the proposal which is now before us which, essentially, will provide some $300 million of the $1 billion aid package to western farmers. In the Supplemenary Estimates which have been put before us, the program is called "Special Canadian Grains Program, 1986 Crop". Since this debate began, part of the Bill that goes with the Supplementary Estimates has been circulated. I would like to point out that it is not clear whether the $1 billion, when it does receive final approval by the House and is in the hands of farmers, will be treated as something separate from grains income. The fact that the Government has chosen to call it a grains program will require the Minister to provide an explanation when we come to consideration of this matter in Committee of the Whole in the event that future Governments may decide that this aid was in fact grain income which, therefore, will result in a reduction. It would be a fairly major reduction in the pay-outs to be made under the Western Grain Stabilization Act or under the Agricultural Stabilization Act in eastern Canada. So we will be asking the Minister some questions in this respect when the time comes.

Even after the $1 billion has been paid out I think we should realize that 1986 has not been a banner year for farmers. The Outlook Conference which took place in Ottawa a short while ago showed that the expected net income for farmers in 1986 will be $3.8 billion, which is an increase of 18 per cent. The fact that it is said that this is an increase of 18 per cent sounds as if farmers were doing fairly well. However, when we take this figure of $3.8 billion and put it in a historical context we realize that in 1974, just 12 years ago, farmers had a net income of just over $3.5 billion. This was at a time when the dollar bought much more than twice of what it buys in 1986. Only then can we begin to comprehend what has actually happened to net farm income.

While I am on my feet I would like to make the following explanation. I realize that members of the business press never listen to speeches on agriculture which, perhaps, explains why they report agricultural issues so poorly. However, for the benefit of those few Members who are in the House today I will make a brief explanation in the hope that they will realize when they read the press reports what the error implies. I read

reports in *The Globe and Mail* with respect to the recent Outlook Conference at which farmers' incomes for the coming year were plotted out. One such article appeared in the business section of *The Globe and Mail* where one would think one would find reasonably accurate reportage. The article covers three types of farmers and shows what the coming year holds in store for them. An Alberta cow-calf operator, an Ontario mixed farmer and a typical Saskatchewan grain farmer are the three examples considered in the article. It is pointed out, for instance, that the Alberta cow-calf rancher will have a fairly good year. This fairly large ranch in Alberta will have a realized net income of $26,000. I take issue with the reporter who states that "realized net income" is code for profit. No way, Mr. Speaker. It is not code for profit.

Realized net income is net income, the amount of income that is left over to pay a managerial income to the farmer or rancher and some return on his or her investment. A net income of $26,000 on the cow-calf operation being considered here would not even cover a decent return on investment. It is not profit. It barely brings this rancher up to the average industrial wage. If we were to give him an average industrial wage, that would leave him with less than $6,000 as a return on his investment, which was probably in excess of $500,000. I wish that some of the business reporters in the country would realize what the term "realized net income" means. It means only the money that is left over after all of the expenses have been paid. It is the pool of money which pays the operator and his family their wages. It pays them for whatever fee they might have coming to them for management and it also pays them for their investment. It is a conglomeration of what private corporations would have under three headings. If this particular cow-calf operator in Alberta used corporate accounting methods, he would probably show a net loss much in excess of the $26,000 that *The Globe and Mail* reporter calls net profit.

I wanted to make this point because when people are reporting about this $1 billion they ought to have the right figures before they start talking about it. I think it is understood by most agricultural economists and farm managers that the $1 billion pay-out will not come out as $1 billion of net profit. A big chunk of it will go to pay off existing debts and costs that have been left unpaid and will therefore not reflect straight through the system as an additional $1 billion of net income. I think it is fairly clear that this $1 billion is an attempt to make adjustments for the hurt that has affected Canada's grain farmers as a result of the U.S. Farm Bill. This hurt has been estimated accurately by a number of groups, ranging from the United Grain Growers Limited to the Ontario Institute of Agrologists to the Saskatchewan Wheat Pool and other groups, including the National Farmers Union and the federations of agriculture, to be somewhere in the area of just over $4 billion. The U.S. Farm Bill and the war that has broken out between the Europeans and the Americans has caused Canada's agricultural community and its grain producers more than $4 billion in hurt. The Government is now attempting to ease that burden by a quarter. While it is appreciated, it does not take away the hurt.

• (1200)

Canadians should realize that net incomes for Saskatchewan farmers will be down considerably this year as will net incomes for farmers from other prairie provinces where grains are produced. Net incomes in Saskatchewan are predicted to be down by 27 per cent. For Manitoba, the figure is 51 per cent and for Alberta 64 per cent. These figures speak of a year that uses as its base a year that was almost a disaster. The fact that income is dropping by half is not telling all of the story. Incomes are dropping from levels that were not up to 1974-75 levels. The industry has been in difficulty for three to five years and net incomes have not been up to par for that time. We in the farming community will have to learn to accept further cut-backs even with this injection of an additional $1 billion.

We want to make certain that Canadian taxpayers who are being asked to pick up the tab for this assistance will realize just how bad the situation is. Because the Government wishes to press other business through the House in the next couple of days, I will not take too much more of the time of the House explaining the great contribution agriculture makes to the Canadian economy. I would hope that this is understood, but I realize that it is not something that is well understood by Canadians. It is not understood that agriculture is still the backbone of Canada's economy in most parts of the country and that keeping farmers on the land is important in maintaining communities and smaller cities that depend almost entirely on agricultural output.

With this $300 million which will come in this fiscal year because we are deeming the Bill to have been passed by Parliament on April 1, 1986, some nine months ago, we will attempt to pick up some of this shortfall in the marketing system. It will be an attempt to help with the inability of Canada and other exporters to bring the American and European trade war to heel.

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I would like to put one point on the record. I would like to express my displeasure at the information that was contained in the package which was put out when this announcement was made a week or two ago. In particular, I would like to zero in on one particular page of charts which indicated that Canadian producers were doing better in 1985 than they were earlier. That is very misleading information for the public to receive.

There is no relationship between the amount of money farmers receive and how well they are doing. The implication that in 1987 producers will receive more money than they have ever received before is very misleading. Part of the information process used by the Government when it spends the considerable amount of money that will be spent on information about these Estimates should be used to correct the idea that even with the $1 billion, producers are doing better than they have ever done before. That idea is basically wrong. Farmers are

doing much worse now than they were in the years indicated by that chart.

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I would like to take only a couple of minutes of the time of the House because I recognize that there are several pieces of legislation to be dealt with over the next couple of days. Nevertheless, I would like to take this opportunity to bring to the attention of the House, in the hope that later the Minister will be able to respond as I know he will, the issue involving soybean producers who have released a document which has been received by some Hon. Members.

The Minister will know that in this document, the soybean producers, some of whom are located in the southern end of my riding, are trying to tell us something. The money given to producers under the deficiency payment and the aid package put together related to percentages of income for the last five years provide that corn producers will receive 101 per cent of the average of the last five years, 102 per cent for winter wheat producers, 99 per cent for oat producers, 100 per cent for barley producers but only 92 per cent for soybean producers. This group has approached a number of us about this. I know my colleague, the Hon. Member for Algoma (Mr. Foster), has raised the matter briefly. I wish to bring it to the attention of the Minister myself.

I would like to take this opportunity as well to indicate to the Minister that it would be important for us to get more specific information as to which categories of corn producers will be the recipients of some of this aid. It was not made entirely clear in the original documentation provided as to all the categories of corn producers that would benefit. In the event that there are some who are not covered, we want to know what specific commodity will be excluded. I do not wish to take any more of the time of the House but I just wish to draw this matter to your attention, Mr. Speaker, and to the attention of the Minister as well so that he may be prepared at Committee of the Whole stage to respond to some of these issues.

Motion agreed to.

* * *

POINT OF ORDER

PETITIONS—ALLEGED EXAGGERATION BY MEMBERS

Hon. Allan B. McKinnon (Victoria): Mr. Speaker, I am beginning to have some kind of a phobia about petitions, I believe. When the Hon. Member for Prince Albert (Mr. Hovdebo) tabled his petition today, I noted that he said it had several hundred signatures. I have looked over the petition and it has 74 signatures, short of several hundred by a considerable number.

A few days ago, I raised the matter of the exaggerations and distortions in the presentation of petitions. You may recall, Mr. Speaker, that Mr. Speaker replied on December 11 to my point of order. He thanked me for it and said that he intended to remind Hon. Members that they are to describe only the substance of petitions when presenting them to the House and that he would continue to be diligent in reminding Hon. Members of that.

The number of signatures on a petition is easy to count. The petitions are prepared at NDP headquarters and sent out to constituencies. In those six provinces in which no NDP Member has been elected, they are sent to riding associations. The petitions are all identical. They contain 25 lines for signatures, the minimum required, and one simply need add 25 and 25 and, in this case, 24, to arrive at 74 signatures.

I would ask, Mr. Speaker, that you take this under consideration again and ask Hon. Members if they could not stop these gross exaggerations and distortions of petitions when they are presenting them. It is obviously an effort on their part to try to create a big issue out of a small one.

Mr. Deputy Speaker: I will take the matter under consideration.

* * *

[*Translation*]

APPROPRIATION ACT NO. 4, 1986-87

MEASURE TO AMEND

Hon. John Wise (for Mr. de Cotret) moved that Bill C-35, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st of March, 1987, be read the first time and printed.

Mr. Deputy Speaker: Is it the pleasure of the House that the Minister shall have leave to introduce the Bill?

Some Hon. Members: Agreed.

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

• (1210)

[*English*]

Hon. John Wise (for the President of the Treasury Board) moved that Bill C-35, an Act for granting to her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1987, be read the second time.

Motion agreed to, Bill read the second time and the House went into committee thereon, Mr. Danis in the chair.

[*Translation*]

Mr. Gauthier: Mr. Speaker, could copies of the Bill be distributed to Hon. Members?

In addition, while distribution takes place, may I ask the Minister, whether this Bill is similar to the Bill and in the usual form in which the President of the Treasury Board (Mr. de Cotret) tables his estimates?

[*English*]

Mr. Wise: I appreciate the inquiry from my hon. colleague. Before entering the House this morning I checked with the appropriate officials and they assured me that everything was in order for us to proceed.

On Clause 2—$300,000,000.00 granted for 1986-87

Mr. Foster: I wish to raise a few points on this Bill. I have not had a chance to read it in detail. Would the Minister clarify which clause provides that the benefits received under the Special Canadian Grains Program will be counted as income for the purpose of the calculation of payment under the Western Grain Stabilization Act?

I have two or three other points that I wish the Minister to clarify. Could he advise the committee whether there will be government expenditures not made in order to retain the fiscal framework of the Government, and that these will not be essential services to Canadians? Could the Minister clarify that?

Could the Minister also clarify when the cheques for the initial payment will be sent out, and when the cheque for the final payment will be sent out?

Could the Minister clarify whether the $3.8 million for administration covers the entire administration costs for the program, including the supplementary payment which apparently will not be made until April or May?

We also raised the question of the benefits that flow to soybean producers, which works out to be an extremely low benefit when the agricultural stabilization payment is taken into account. The estimated amounts are $7.80 per acre in deficiency payment in eastern Canada, whereas wheat producers get $32 per acre, and corn producers get $43 per acre. It seems that there is a glitch in the system and the soybean producers end up with a much lower total payment amounting to 92 per cent of the five-year average as compared to the other commodities which are roughly 100 per cent of the five-year average.

I hope that I am not burdening the Minister, but perhaps this is the most expeditious manner. I raised this matter in the House a few weeks ago with the Minister about the possibility of lifting the FCC moratorium until the final payment of some $700 million early in the new fiscal year. Is the Minister considering extending the moratorium until that time?

Mr. Wise: I will start with the Hon. Member's first question. The moneys received under this program will not be counted as income for the purpose of the calculation of the western grain stabilization payments.

I have answered the question regarding fiscal framework on a number of occasions. As the Hon. Member will know, because of the priority that we place on agriculture and because that industry is having the toughest time for 50 years, we have had to respond with millions and millions of dollars. On each and every occasion we have responded to the need, and each and every occasion has been within the fiscal framework.

The Hon. Member asks when the cheques will be in the hands of Canadian farmers. With his co-operation today, it will allow us to place cheques in the pockets of the Canadian farmers who are permit book holders in western Canada because we have that accurate up-to-date information. I was assured by officials that we have booked a slot with DSS and these cheques should be sent from Ottawa about the middle of next month.

On those farmers in eastern Canada who received ASA payments for corn, soybeans, and so on, we do have that information. At least, we have their names, addresses, and postal codes. Therefore, that will allow us to forward application forms immediately. They will be in a position to receive cheques at the next earliest date.

The only way that those farmers in eastern Canada and western Canada who do not fall into those categories can be reached is through the depositing of application forms in FCC offices, in grain offices, and in grain elevator offices across the country.

The March 31 deadline is a very important deadline. By at that time we will want to have received all of the information for the final payment. It is important that farmers be aware of that March 31 deadline in order that the information in all of the categories, commodities and grains that qualify across the country are in our hands so that we can do the final calculation with respect to an update on the hurt factor.

The delivery time of the final payment will largely depend on the farmers' ability to respond promptly and accurately. As the Hon. Member will know, oftentimes the issuing of a cheque is delayed because of inaccurate information contained in the application form. The perfect situation would be if we could have all the application forms in and they were all accurate. If that were the case, I suspect that cheques could be issued within a four week period. I am suggesting here that that would be the perfect situation, but not likely to occur.

• (1220)

The Hon. Member or Algoma (Mr. Foster) asked about the special entry in respect of administration, public information, and so on. He was correct; it would represent the total amount required to deliver the $1 billion package.

His other question was also raised by one of his colleagues. It concerned the questions raised and the information supplied to us within the last few days from soybean producers. It should be noted that those producers were part of the farm delegation which drafted and designed the formula. They have no criticism to make of the formula. However, we must bear in mind that the formula was a compromise of East and West

and a compromise of all the self-interests of commodity groups. Indeed they should be commended or congratulated on coming together. It was very historic. They certainly came together with more accuracy, understanding, and compassion than perhaps could politicians and bureaucrats. We should recognize it and compliment them on it. In any event, they came together, and the formula included seeded acreage, productivity, value of the grain, and regional yields. When we talk about regional yields, we cannot go beyond the accurate information in our possession in respect of crop insurance. We cannot go to the individual farmer because we do not have that information. In any event, they knew it and agreed with it.

Another component was the hurt factor. We must bear in mind that the criteria must be very clear. Farmers were very strong on the point that to qualify a commodity had to be directly and detrimentally affected by the U.S. Farm Bill and the trade war between the U.S. and the EEC. If one can meet that criterion, then one is in; if not, one is out. Whatever one does, one should not try to bootleg in any other commodity which does not meet the criterion.

Another overriding fact was that it was a massive program. We were breaking new ground, and we had nothing upon which to rely. However, we will work together with a fair and equitable formula of distribution. As far as I was concerned and as far as they were concerned, we would see no particular commodity group so that we could make calculations based upon returning the greatest benefit to it. Also we would see no provincial or regional boundary so that we could make the calculation based upon, for example, an extra $1 million being received by a province or region. However, we would work together to develop a formula which included these various components. We would build them in and factor them in, not to reflect the exact bushel or exact dollar, but to reflect regional yields, prices of commodities, and so on.

They wanted us to pick the base period. In picking the base period, we picked the best yield, the best three years out of five years. I thought that was fair; they thought that was fair.

As far as price is concerned and getting back to the hurt factor, we did not have the latitude to use a five-year average because it had to be directly tied to the U.S. Farm Bill. With all the highs and lows in commodities over the last five years, four years were prior to the introduction of the U.S. Farm Bill. The ups and downs were a result of everything else other than the U.S. Farm Bill. We were pretty well restricted, not so much by choice but by necessity, in picking the price decline in the 1986 crop. We could not use a five-year average at all.

While dealing with the five year average, let me talk about the position of the soybean people in their briefing material supplied to us. Incidentally, I met with them for an hour. I would have spent a little more time with them, but the bell was ringing and I had to leave. I think they were satisfied. However, when we announced the program we said that no agricultural program would be cut and that no agricultural funding would be reduced. There was some scepticism across the country that we would take into account the $800 and some odd million paid under western grain stabilization, and that we would take into account the $50 million to $55 million—and I stand to be corrected on that amount—paid under agricultural stabilization to corn and soybean producers in the East. It was very clear from the beginning that we had to exclude those. They have nothing to do with the formula.

We must take into account the difficulty in dealing with a formula and throwing in different grains. Let us look for a moment at the Agricultural Stabilization Act, which all rural Members will know is 90 per cent of a five-year average adjusted for the cost of production. That is the ASA formula. If we take that formula and throw in corn, it triggers out at an ASA payment of $8.92 per tonne. If we take the same formula and throw in soybeans, it triggers out almost twice as high—$15.53 per tonne. Indeed that is the way it should work. Although feed grains are tied together in some respects, if we use the same formula and throw in two different grains, it will trigger two different amounts. Western grain stabilization had nothing to do with the formula whatsoever, and producers accepted that.

There are two ways in which to deal with the hurt factor. First, we could take the exact decline in the U.S. loan rate, which is known. It impacts in a certain way, with a certain pattern, on various grains under the program. We must also consider the drop in Canadian commodity prices. If we look at that line, it moves differently in certain commodities. We thought we should take a lesson from farmers. When they were faced with bigger challenges to try to incorporate, offset, balance, and equalize, they built in these factors along the way. We thought we should take a lesson from them, and we simply averaged the U.S. loan rate and the decline in Canadian commodity prices; that is what we did. In doing that, like the ASA formula, it triggered almost double. For example, we can take the Special Canadian Grains Program and throw in all these commodities. If we throw in corn, it triggers out at 34 cents per bushel. If we throw in soybeans, they trigger out at 19 cents.

• (1230)

I undertook to recalculate for purposes of, shall I say, reverifying that the factors used to determine the accuracy of the drop in Canadian commodity prices—not the loan rate because that is, shall I say, carved in stone although I hope it is ice and melts rapidly—or the hurt factor in other grains was the same as that applied to soybeans. You will have noticed that when we announced this program we set out final calculations. If we can utilize the time from now until the deadline of March 31 to improve the accuracy of the hurt factor, then we will attempt to do that. It may or may not change things but I think we have to satisfy ourselves on it because the farmers themselves are very strong on urgency and very high on accuracy as it relates to actual hurt. We will utilize the time we have to ensure that greater equity and fairness are built into the formula.

Mr. Foster: Mr. Chairman, I thank the Minister for his answer. Is he saying that groups like the soybean producers are free to take their case to the committee even though it appears the Minister is pretty adamant that their case does not fit the criteria? I would also like to know by what mechanism the Government is excluding this $850 million from the calculation of the western grain stabilization formula. Is there a clause in this Bill which covers that or is the Government doing it by Order in Council? I have been told that if it counted as income it could possibly cut $600 million from the western grain stabilization payment for this crop year.

As well, the Minister did not indicate whether he was prepared to extend the FCC foreclosure moratorium until the final payment is made. Can he do so now? As well, people with a permit book automatically get cheques. However, for those who have to apply, as do many in eastern Canada and some in western Canada, is there a deadline which can be well publicized to avoid late applications?

Mr. Wise: Mr. Chairman, the Hon. Member talks about an appeal. Yes, if there is a commodity group that is not satisfied—and I doubt very much that there will be—and wants to challenge the over-all formula, the only route of appeal would be before the people who designed it, that is,the farm leaders. It is really their formula, not ours. However, I should caution that if such a request is made I am obligated to put the whole program on hold. Because the soybean people are sort of questioning how the calculation was done, I am getting a strong message from most other groups to the effect, wait a minute, hands off. If you allow an appeal for those people, you have to allow an opportunity for those who designed the formula to state their case as well. I would have to put it on hold, but I do not want to do that. I hope that is not the case.

As to the deadline, it is again March 31. I am not an expert on parliamentary procedure but I gather this legislation simply extends authority to spend the money. I see knowledgeable heads waving positively. I recall the Hon. Member mentioning this to me within the last few days. As I always do when I receive inquiries from Hon. Members opposite, I inquired in turn and was told by officials that it would not be taken into consideration as income in calculation of the western grain stabilization payment.

My friend also referred to the FCC moratorium. I told him, when we put the Farm Improvement Loans Act through the other day, that we are searching for ways and means to deal with that. With farm debt review boards still gearing up and a large backlog of applications it serves no useful purpose to dump another 300 applications on those already heavily-laden boards. We will do everything we possibly can to deal with these people on an individual basis and see if we cannot go the extra mile to work out some settlement to keep them on the land and in the business of farming.

Mr. Althouse: Mr. Chairman, I wonder if the Minister could go into some detail on how the pay-out will be made. He referred to the pay-out in western Canada being handled through the Wheat Board accounting system. Will both pay-outs be handled in that way without the individuals being required to file an application form or will they simply get the first pay-out and be required to file an application form prior to March 31, before they get the second and much larger pay-out?

Mr. Wise: If all the information is available in that way, then at the moment I see no reason why we would have to send out an application form. I can tell the Hon. Member that we are anxious to do as much as possible with the information we have because it means two things. One, we can deliver the money faster. Two, it will reduce our administration costs. Thanks to the support offered by producer organizations and commodity groups, we will be able to meet both those requests.

Mr. Althouse: Mr. Chairman, can the Minister tell us whether the elevator agents, who tend to be the people whom farmers work through, will be fully informed of the program and have application forms available if needed so they can advise their clients whether a further application form will have to be filled in in their situation?

Mr. Wise: Mr. Chairman, the short answer to that question would be yes.

Mr. Althouse: Could the Minister tell us whether part of the administrative charges which are before us in this series of Supplementary Estimates amounting to some $3,965,000 include some financial assistance for those elevator agents whom the Minister proposes to use for administration of the program, or does he have an agreement with the various elevator companies to provide these services gratis?

• (1240)

Mr. Wise: Mr. Chairman, I did not think that money from this program would be required for such purposes. Farm leaders and commodity groups have offered their services in the helpful spirit which is often found in rural Canada. I think the elevator operators will be no exception.

Mr. Althouse: Could the Minister explain to the House why the full $1 billion was not applied for under this allocation of funds? What problem does the Government have with allocating the full $1 billion rather than only $300 million?

Mr. Wise: This is as a result of a number of factors, Mr. Chairman. We have said from day one that this is a $1 billion program to be delivered within the fiscal framework. It is important that we maintain our expenditures within the fiscal framework. If we do not, we will send bad signals to the financial community throughout the world. The last thing we would want to do is to trigger off a new round of interest rate increases, because they impact on farmers perhaps more significantly than on any other sector of our economy. A rise in interest rates of 1 per cent imposes an added cost of $140 million on the farm community.

Another reason is that we have already paid out millions and millions of dollars. We have made large interim payments and record final payments. My colleague, the Minister responsible for the Canadian Wheat Board (Mr. Mayer), will be making another large interim payment.

As I have indicated before, we have calendar years and fiscal years, but from our point of view the most important is the crop year. This crop year will not end until the end of July. We will be putting $1 billion in cash, as opposed to loan guarantees or interest-free loans, in the pockets of Canadian farmers. If things go well, the entire $1 billion will be in their pockets before the end of this crop year to provide additional help in seeding the 1987 crop.

Mr. Althouse: Mr. Chairman, I understand the argument for doubling the administrative charges which reduces the amount of money going into farmers' hands. It becomes a charge against the administration of the program. Making two pay-outs gives the Government the opportunity for several weeks of announcments surrounding each one. We understand that kind of rationale.

However, I asked why the Government decided it must come before the House twice for authorization. We have a special Supplementary Estimate before us now and there will be more Estimates in the new fiscal year in order to pay out the other $700 million to farmers. Most people do not understand that this is necessary to keep the international financial community at ease. I do not know whether that was the reason for the pay-outs of over $1 billion to bank investors which occurred in the last fiscal year. An additional $200 million was paid to a bank in the last few weeks. Perhaps the reason for those pay-outs was to keep the international banking community comfortable. However, I believe that the entire $1 billion could have been allocated at one time.

Mr. Wise: Mr. Chairman, I think our rationale makes a great deal of sense. We are not interested in playing politics. If that were the case, we could have made 10 payments and 10 announcements. The amount of money being paid out and the time frame within which it is being paid out makes a lot of sense to me. The hundreds of farmers and farm groups with which I have spoken are very receptive and understanding of our rationale.

Mr. Althouse: Mr. Chairman, the Minister made it quite clear that the administration costs could be carried over into the next fiscal year. I believe Clause 4 of the Bill deals with that. If the Minister is going to be so squeaky-clean about which fiscal year things come out of and can blink his eyes at the administrative costs being carried over into the next fiscal year, as our rules and practice permit, why could the full $1 billion not be approved now? The Minister could still make two pay-outs.

Mr. Wise: Mr. Chairman, I have already answered that. The program must be delivered within the fiscal framework. We are seeking approval for only $300 million in order to ensure that the farmers know the full details of how to apply. The March 31 deadline is very important to us and should be very important to them. The public information section of this program is vital to ensure that all farmers know the full details of their eligibility in order that they can fill out application forms accurately and remit them. Only if they do that will we be able to issue the final payment of $700 million before they head to the fields with their tractors and seed drills.

• (1250)

Mr. Althouse: Perhaps I can turn back for a moment to the official sheet of Supplementary Estimates, Mr. Chairman. It shows that of the $3.9 million that will be spent for administrative purposes, something called "information" will cost $450,000. I presume that is the kind of advertising and information program to which the Minister alluded, to alert people to the fact that they would probably have to fill out further application forms.

Since salaries and wages have been estimated at $1.35 million, I am curious what professional and special services of more than $1.5 million might be. Could this perhaps be a cover for some money to be spent to describe in some way the benefits of the program and perhaps advertise some unofficial self-congratulatory messages on behalf of the Government of Canada? It seems to be a lot of money to be allocated for this particular fairly simple, straightforward administrative program. Will the Minister describe exactly what professional and special services are required that will cost $1.5 million for what really amounts to a two or three-month program?

Mr. Wise: Mr. Chairman, as you know, the Estimates set maximums and quite often those maximum limits are not fully utilized. Certainly we will be looking to reduce the amount of money that is spent in delivering a program to ensure that the maximum amount of money in that program goes into the hands and pockets of Canadian farmers. That is what we do with all programs and initiatives we take.

I think we are dealing with something similar to a Budget where we project certain expenditures. This list was drawn up by my officials and I had no direct part to play in the terminologies used.

It is a new program that is international in scope. While we call it a Canadian grains and oil seeds program, because of the formula moving from marketing and involving production, there are a number of people who will qualify but probably believe they would not qualify since moving from marketing to production includes home feed grains. That is the decision of the farmers. Therefore, beef people, hog farmers and poultry people to a larger degree—if they grow their own home grain and feed it—and the country's dairy farmers will qualify.

The program has far greater scope than what the average person, whether they are on the back concession or at the street corner of a large urban centre, would probably expect. We call it the Special Canadian Grains Program, but I think many people in the livestock industry in this country probably

do not realize even now that they will be eligible for some payment.

Mr. Hovdebo: Mr. Chairman, I have a question regarding the accuracy of the information. First, the chart implies that farmers are doing better than they are and I hope that when the information on this program is sent out it will deal with that. The chart reflects the kind of reaction we are getting from the non-farming community.

It is suggested that an average of $5,000 per producer will be the payment. Yet if one divides $5,000 into $1 billion, it amounts to only 200,000 producers, which I believe is out of line. I understand that there are approximately 150,000 quota books in the West. Does this mean that there are only 50,000 grain producers in the rest of Canada? I already know that this is wrong because the Ontario Wheat Board suggests there are 48,000 in Ontario.

Mr. Wise: In Ontario?

Mr. Hovdebo: Not that many?

Mr. Wise: No.

Mr. Hovdebo: In any event, I think it should be more than 200,000.

Mr. Wise: Mr. Chairman, I believe I heard the Hon. Member for Prince Albert say that there were only 20,000 or 30,000 wheat farmers—

Mr. Hovdebo: I had a figure of 48,000.

Mr. Wise: It would not be that many because the largest grain producing group in Ontario is the Ontario corn producers, who I believe number approximately 22,000. I doubt whether there would be many more than 4,000 or 5,000 wheat farmers.

These things are not carved in stone, but we must have something upon which to calculate. The best information is sought to do the calculations, the averages and so on, and these are estimates.

Furthermore, it is rather irrelevant because the important consideration will be after the deadline when we get the applications and the figures. Only then will we know exactly how many applied and how much grain was marketed. Then we will be in a position to issue the final financial assistance.

Mr. Hovdebo: Mr. Chairman, I recognize the difficulty but I was just questioning the accuracy of the $5,000 figure because I suspect that it is not what it will be.

Will the Minister try to do something about the image that is being presented in some of the information presently being given?

Mr. Wise: Mr. Chairman, the average is just about as irrelevant. How does one determine who is an average farmer? That can only be done with a calculator which gives figures but does not describe an average farmer. That is why we are saying that the typical farmer is the Rosetown, Saskatchewan example of a farmer receiving slightly over $9,000 and a Kent County typical farmer who, including his cropping pattern, receives almost the same as his counterpart in Rosetown, Saskatchewan.

I do not believe there is anything misleading about the chart. It shows revenue and income. People will know that cash receipts and gross income provide certain figures but that the bottom line is the net income. There is no reference to the net on the chart, as I recall it. I do not believe there is any confusion.

Mr. Boudria: Mr. Chairman, perhaps in order to accommodate a faster schedule the Minister could respond to a number of my questions together. He stated earlier that he would distribute the application forms and other material but he will recognize that particularly for some farmers in eastern Canada, it will not be as easily accomplished as elsewhere. That I believe to be quite true. In the spirit of trying to make this plan work for as many people as possible, and given the time the Minister himself has indicated for a deadline for applications, I wonder if it would be possible for the Minister to identify those Hon. Members who would be interested in receiving the applications at their offices so we could take them to our constituency offices. And would the Minister consider drafting or having prepared a camera-ready sheet for our constituency mail-outs? I realize that not many Hon. Members will be interested in a camera-ready sheet, but it will be used by those Members of Parliament who represent the agriculture areas. In my view, given the importance of this issue and given the fact of what could happen if a farmer missed the deadline, and given the general willingness on the part of everyone to make this work, I think the Minister should consider having his staff prepare such a camera-ready sheet, as some Ministers do on occasion, provided it is not too partisan and something which everyone could use.

• (1300)

I know the Minister will give that suggestion the appropriate consideration. I would not ask to draft it for him because he may consider that partisan in another way. I hope the Minister would consider as well the circulation of the application forms to constituency offices or parliamentary offices so Members of Parliament can take them back to their ridings. These are co-operative things we can do together which will go a long way to assisting our farmers. Could the Minister respond to that suggestion and then I will raise the other issues about which I am concerned?

Mr. Wise: Mr. Chairman, that very matter was brought to my attention just a few moments ago by my colleagues, the Hon. Member for Bruce—Grey and the Hon. Member for Lambton—Middlesex. I appreciate the request made by my colleague and I see no reason why that cannot be done.

Mr. Boudria: I am happy to hear that, Mr. Chairman. I only hope we can get that organized very shortly. The difficulty we have sometimes with camera-ready kits is that we receive them much too late and by then we have already sent out the constituency mail-out. As the Minister knows, there are only four mail-outs per year so the sooner we could get the camera-ready sheet, the better. We could time the next constituency mail-out around the end of January, which is what I am looking forward to right now, and if I could include that sheet in bilingual format, I would be grateful.

I have a few other questions for the Minister and I wonder if I could have his undivided attention for a few moments, if he does not mind so I could get some response to my questions. I wonder if the Minister could tell us how the program is going to work for the corn producers. I would like to know specifically which groups will be included and which will be excluded. The Minister and I have had some private conversations about that subject earlier and I understand his officials have looked into the matter.

Will the high moisture corn producers be included and, if so, how is it going to work? It is a kind of difficult area, or at least it is perceived that way. There are a number of cob corn producers in my constituency and practically everywhere throughout Ontario. I am sure there are some in the Minister's own riding. I would like to know whether they are included. Could he give us more detail as to who is included and who is excluded and how we are going to run the program for high moisture corn producers? Are the cob corn producers going to be covered? Would the Minister respond to those questions, please?

Mr. Wise: Yes, Mr. Chairman, all corn producers will be eligible. High moisture corn will be eligible because high moisture corn is harvested as a grain. The only thing which will be excluded is, in farmers' terms, "ensilage". To upgrade that term, perhaps we could call it silage. Using a more modern term, I suppose we could say all plant silage would be excluded. However, high moisture corn and high moisture barley are harvested as a grain and would be included.

Mr. Boudria: I did not hear specifically about cob corn, but I gather that when the Minister said "all corn producers", that would automatically be included. I see a nod which tells me that that would be the case.

I wonder if I could turn to one more issue? Since this is an appropriation Bill, I suppose we can deviate somewhat from the central issue. With respect to the corn producers, the Minister will know that a number of corn producers in Ontario are worried about the countervail on U.S. corn. There are two aspects they feel are potentially deficient. First, the Minister will know that the countervail was placed rather late. I thought it was interesting when the Minister said he was far more interested in cropping years than calendar years or any other kinds of years. I could not help but ask myself why his colleague, the Minister of National Revenue (Mr. MacKay), could not have that same concern when we in fact had that delay in putting in place the countervail on U.S. corn. While I appreciate the fact that the Minister himself is well aware that agriculture is seasonal and that he has to bear that in mind when he makes any decision, it seems to me that some of his colleagues, particularly the Minister of National Revenue, forgot abut that part of the equation not all that long ago.

The delay in placing the countervail on U.S. corn was from September 30 to, I believe, November 14. One of the difficulties we had at that time was that during the last 10 days prior to the countervail, as much corn came into the country as the previous year. I wonder if the Minister could tell us, first, if he has asked his colleague to consider the possibility, recognizing it would be difficult, of retroactively imposing a tariff on that corn. I know it is sometimes hard to trace and it would not be possible in all cases. Nevertheless, was that considered and, if so, what was the result? Second, the tariff on corn, I understand, initially only applied to grain corn but did not apply to ground products. Has there been a modification since to ensure that ground corn and other forms of corn products are also covered by the countervail so that in fact we are not giving the opportunity to an American exporter to use some other method to send it in and bypass the tariff altogether? Perhaps the Minister could respond to those questions?

Mr. Wise: Mr. Chairman, I think the Hon. Member is unduly critical and considerably unfair to my colleague, the Minister of National Revenue (Mr. MacKay), in his comments. As he knows, the Import Tribunal is a quasi-judicial body and quite properly separate and apart from any political interference or intervention. It was a very complicated study and there was a positive determination rendered by the Import Tribunal as a preliminary determination. We will not know the final determination until February.

The Hon. Member mentioned the fact that imports rolled across the border in a very short period of time. I have had that question raised before and have inquired about it. To this point in time the information I have is that it is difficult to substantiate that claim. If the Hon. Member has some additional information which would be helpful, I would appreciate if he would supply it to me. There are observations and sometimes the observations are accurate, sometimes they are not. I would not say that it is not true. The information I have is that it cannot be substantiated, and therein lies our problem.

• (1310)

The question which the Hon. Member raises about the corn countervail is a matter which has been dealt with. It was dealt with retroactively to November 7, 1986, in terms of the kernel as a whole, cracked corn, crushed corn, ground corn, rolled corn, sliced corn and corn screenings. It appears that the concern in the mind of the Hon. Member has been dealt with, as usual, with great completeness and satisfaction by the Government.

Mr. Boudria: Mr. Chairman, I have but one last question. The Minister answered every question except the one I asked him just a moment ago which is the following one. Why was the countervail tariff not imposed retroactively until September 30 which was the date when the original decision was supposed to have been made? As far as I am concerned that is the date of the original decision. It was considered fair game for anyone who had shipped up until that time. However, there were those who shipped in the interval between September 30 and November 14. I ask the Minister why the tariff was not imposed retroactively to September 30. That seems like the proper thing to do. It would have assisted a great many farmers since it is at a time of year when the product is sold.

Mr. Wise: Mr. Chairman, I want to be brief because I think we have only a few moments at our disposal. The Hon. Member knows that the Import Tribunal does not report to the Minister of Agriculture but to my colleague the Minister of National Revenue. I ask the Hon. Member to make representations to him. I am sure he will receive an answer.

Mr. Althouse: Mr. Chairman, I believe we can allow the other clauses to pass if we can obtain an answer from the Minister to the question I put previously. The cost of professional and special services for getting this payment out is stated in the Blue Book which we do not have before us at this time. The Minister did not tell us what particular professional and special services there are which will cost $1.54 million, which figure is almost one-half of the total administration costs. The Minister has a Department with people on staff at all times who handle pay-outs under stabilization programs. There is an administration in place which should be able to handle a great deal of the informational process which goes on. In the West there are two separate administrations, the western grain stabilization administration and the Canadian Wheat Board. We want to know why farmers will not be receiving this $1.5 million. We want to know why so much money is required for professional and special services. The Minister did not really outline what it was for in his previous attempt at an answer.

Mr. Wise: Mr. Chairman, it is true that we have a communications branch in place, which has obviously done a good job. The message I have received from our communications people is that because of the size of this program they will need additional help and it may be of a professional nature. That is the only way I can answer the Hon. Member's question.

Mr. Althouse: Mr. Chairman, will the Minister assure us that this money will not be some type of political grant to groups which do public relations for the Conservative Party? Will the Minister assure us that this money will not be used to print a bunch of slick brochures extolling the Conservative Party but that it will be for the dissemination of straight information? Why does it cost so much to put out straight information when there are these various administrations in place in both the East and the West which are designed to carry out this function and which can do it at no extra cost?

Mr. Wise: Mr. Chairman, I made an inquiry with respect to this matter some three or four days ago. I was told that the biggest information program which is put out other than with respect to the cranking out of press releases is worth about $15,000 and more money is needed. I am sure that anything that goes out will be stamped "Government of Canada" or "Agriculture Canada". I am sure that there will be no reference to the Progressive Conservative Party or a Progressive Conservative Government.

Clauses 2 to 6 inclusive agreed to.

Clause 1 agreed to.

Schedule agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the Bill be read the third time? By leave, now?

Some Hon. Members: Agreed.

Hon. John Wise (for the President of the Treasury Board) moved that Bill C-35, an Act for granting to her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1987, be read the third time and passed.

Motion agreed to and Bill read the third time and passed.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I rise on a point of order. I had to delay rising until Your Honour was back in the Chair. There have been discussions among the Parties and it has been agreed that in order to conduct the very important business before the House the sitting be extended until 2 p.m.

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I rise on the same point of order. As the Hon. Member has indicated, there have been such consultations. In the spirit of our usual co-operation, particularly during the festive season, our Party is pleased to concur in what the Hon. Member has just proposed.

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, I wish to confirm that that is our understanding of the agreement.

Mr. Deputy Speaker: Is it agreed?

Some Hon. Members: Agreed.

CANADAIR LIMITED DIVESTITURE ACT

MEASURE TO ENACT

Hon. Barbara McDougall (Minister of State (Privatization)) moved that Bill C-25, an Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith, as reported (without amendment) from a legislative committee, be concurred in.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to.

Hon. Barbara McDougall (Minister of State (Privatization)) moved that the Bill be read the third time and passed.

She said: Mr. Speaker, I am pleased to be able to conclude our deliberations on Bill C-25. I wish to thank Hon. Members opposite for their co-operation in this respect. By passing this legislation, the sale of Canadair to Bombardier can now be concluded, which brings to eight the number of divestitures carried out by our Government.

There are a number of key elements in the sale of Canadair which I would like to re-emphasize. First, the Government believes it is sound public policy to manage Crown corporations efficiently. In the case of Canadair, state ownership had seriously handicapped the firm from keeping up with a fast-moving and technologically changing competitive aerospace industry. Therefore, the purpose of this privatization was not to solve the many problems of the past but rather to create for the company and its employees the best possible future. This legislation provides the authority to carry out the final step in returning Canadair to the private sector where it has the potential to grow as a dynamic and competitive business operation.

[*Translation*]

Second, when it negotiated this sale, the Government was not interested in the selling price alone. Our vision of a more brilliant future for Canadair had to consider other factors that would create maximum social and economic benefits. The sale of Canadair to Bombardier will be instrumental in doing so, in a number of ways. Certain aspects of the transaction, such as Bombardier's commitment to maintain Canadair's manufacturing facilities and its headquarters in Quebec will ensure that Canadair plays a major role in the aerospace sector in Quebec and across the country.

Furthermore, a special share issue will help increase research and development activity at Canadair, thus encouraging expansion of export markets and increasing the use of Canadian products.

Finally, the Government was impressed by Bombardier's financial discipline, management and competence on the international market, all of which have made Bombardier a leader in transportation technology, both in Canada and abroad. This alliance between Bombardier and Canadair guarantees a far better future for Canadair and its employees.

• (1320)

[*English*]

If there are any doubts about employment potential with Bombardier, let me remind Hon. Members that *The Financial Post* has ranked Bombardier as one of Canada's best employers in terms of productivity and job satisfaction. In sum, the purchase of Canadair by Bombardier creates a fertile environment for growth through the merging of Canadair's technology and skilled workforce with Bombardier's management expertise and international marketing experience.

We firmly believe that it is private enterprise that should be engaged in the business of designing, producing and marketing aircraft. That is why we decided to privatize Canadair. The sale of Canadair is just one example of the action the Government has taken to better manage our public assets and fully realize their economic potential.

The international market-place is becoming increasingly competitive and fast moving. This is particularly true in the aerospace sector. Canadair, in concert with Bombardier, will now be in a position to make the most of those new challenges and opportunities that are natural to an industry which thrives on change.

The sale of de Havilland to Boeing is an example of another successful privatization. De Havilland has just landed its biggest order of Dash 8 aircraft yet. In June, orders were placed by a group of Canadian carriers for 42 Dash 8 aircraft. Since then, de Havilland obtained orders and options for another 132.

[*Translation*]

Mr. Speaker, we believe that Bombardier will bring to Canadair the kind of creative management that has made it a leader in transportation development, both in this country and abroad. This should give Canadair the new direction it needs to compete effectively.

Bombardier has the necessary financial resources and experience to meet the challenge of selling a complex product on foreign markets. The merger of Canadair with Bombardier will give the Canadian aerospace industry a unique opportunity to increase research and development in this sector, to increase Canadian content and supplier competence, to increase Canadian exports and to assist Canadair's customers on all markets related to the aerospace industry.

We firmly believe that returning Canadair to the private sector is in the best interests of the Company and this country.

[*English*]

It has been a pleasure for me to work on this Bill, to present it, to debate it and to conclude deliberations which will ensure speedy passage of the Canadair Limited Divestiture Authorization Act. On behalf of the Government and the employees of Canadair, I thank Hon. Members for recognizing the urgency

and importance of this legislation and for assisting the Government in giving Canadair the opportunity to achieve the excellence that will build its future.

[*Translation*]

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I do not intend to take much of the time of the House this afternoon because we all want the debate on this Bill to end very quickly.

First of all, Mr. Speaker, as you know we are not necessarily against the sale of Canadair to Bombardier. We are pleased to note that the Government did not repeat the same mistakes it made in the past, particularly with respect to the sale of de Havilland and the divestiture of Canadian Arsenals. We are aware of the mistakes made in the case of de Havilland.

As to Canadian Arsenals, a number of mistakes had been made when tenders were first called, so they had to start all over again a few times. And then the other major mistake, in my opinion, is that the employees of Canadian Arsenals had practically been forgotten.

Indeed, after lengthy negotiations which led to a rather acrimonious debate in the House of Commons, the unions, the new employer and the Government finally reached an agreement at the last minute.

I do hope there will be no such problems in this case.

It seems that Canadair employees are definitely more satisfied than was the case in the sale of the other two Crown corporations—where I was involved to a certain extent—certainly more so than the employees of Canadian Arsenals who showed their discontent.

Mr. Speaker, one interesting fact should be noted.

[*English*]

It is nice to remember Conservative Party promises on many occasions. Perhaps I could take a moment to reflect upon a promise that was made on August 15, 1984, by the present Minister of Finance (Mr. Wilson). During the election campaign, while he was a member of the Opposition, he said that a Conservative Government would turn Canadair Limited and de Havilland Aircraft of Canada Limited into a separate Crown corporation. I am sure it would surprise you a great deal, Mr. Speaker, if I said that the Government has broken another promise. However, that is something for which Conservatives have been rather well known.

In the case of this promise, perhaps the moral is that it should not have been made to begin with. However, it is for the Tories to think about those kinds of things in the future and to stop promising things that they either do not intend to deliver, should not be delivering, or have no intention of delivering.

Mr. Jelinek: What hogwash.

Mr. Boudria: The amateur Minister of fitness and sport is saying hogwash, or is it the Minister of Fitness and Amateur Sport?

Mr. Jelinek: You don't know what you're talking about at any time.

Mr. Boudria: Whichever. I will not debate extensively with the amateur Minister across the way because he knows as well what promises were made.

[*Translation*]

Mr. Speaker, I end my remarks by saying that, unlike other Crown corporations, Canadair is definitely not a deficit-ridden concern. Indeed I think it has been operating on a fairly sound financial basis, and we know that its projected net profits for this year are about $23.8 million, so it has to be in good financial shape.

I certainly hope that Bombardier officials—well known for their sound management, as the Minister pointed out earlier—will be able to keep Canadair operating in the black, in their own interest and in the interest of the employees who should not be forgotten in all these dealings. Too often in such cases—I gave examples a few minutes ago—Canadians who have been working for these Crown corporations for many years have been left in the dark. They were not even involved in negotiations in the past and I hope . . . I am told that the employees are much more satisfied in this case. Perhaps they are not fully satisfied, but still I hope everything will turn out all right for them, that their pension fund and working conditions will be adequately protected. There is one thing about which I am still not convinced, and I would like to know whether Bombardier company officials intend to relocate their facilities elsewhere in Quebec. We know the Minister said earlier that the Corporation was going to keep its facilities in Quebec. But even with that, there could still be some disadvantages for employees if there were to be any moves to other parts of the province.

Mr. Speaker, I would like to take just a few moments, but not any longer than necessary, to talk about this issue and some of our concerns. Some of my colleagues have other concerns and they would like to express them, but they are not in a position to do so right now, since we have agreed to adopt this Bill fairly quickly. Nevertheless, I would like to take a few moments to bring these concerns to the attention of the House.

• (1330)

[*English*]

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I rise to say a few words as the debate on privatization of Canadair is wound down. I regret the haste with which we have been required to move on this Bill for obvious reasons in terms of legalities to facilitate the transfer. But there is a much greater dicussion that ought to take place, and perhaps with the Minister of State for Privatization (Mrs. McDougall) here, I would urge that she consider that, if we do move again in this direction at the eleventh hour, we do not rush debate and rush things through committee.

We are dealing with the profoundly important matter of privatization, which in my mind stems from an ideological commitment by members of the government Party to have to

privatize something because it makes them feel good to privatize. There may be good reasons why certain Crown corporations should be privatized. I do not speak against the principle. But I must remind the Minister that, in spite of her best efforts, while I might not agree with what she is doing she is soldiering on with privatization.

It is interesting to note, on looking at the amount of private and public ownership in Canada today, and comparing with the situation on September 4, 1984, that there is more public ownership today than ever before. Federal public ownership is greater today than when the Conservatives took office. This is interesting in itself because of the myth which you, Mr. Speaker, know as well as I do that we are privatizing the various Crown corporations and that we are moving to less and less public ownership. In fact, by the Government's own action in taking over Petro-Canada's Gulf stations we have expanded public ownership. So that we are all perfectly clear as to exactly what has happened, as opposed to the mythology of what is happening, public ownership is actually on the increase thanks to the actions of this Government.

In a country as vast as ours with a small population we have always appreciated that there is a role for the public sector to play, whether it is in a national airline, railroad, or going back to 1821 with the construction of the Lachine Canal.

As a student of history yourself, Mr. Speaker, you will know that the Lachine Canal being built by the private sector could not be completed. The company went bankrupt and did not succeed in this venture. As it was defined at that time, for the best interests of Canada, the Government of the day stepped in and said that the canal had to be built because it is important to the country. If the private sector cannot or will not do it, the Government must. So it stepped into one of the first public enterprises in Canada, which was the completion of the Lachine Canal after the failure of the private sector.

I use that historic example as one that shows that there is indeed a role. In looking at the action of Conservative Governments over the years, both federally and provincially, public ownership has become a natural tool to develop certain utilities for the public good, whether it is Alberta Telephone, B.C. Hydro, Ontario Hydro, or whether it is to launch an airline like Pacific Western Airlines which has now taken over Canadian Pacific Airlines. People in the Government perceive that these are good steps and that they are in the interest of western Canada.

Ms. Mitchell: The other example is a better one, that of Air Canada.

An Hon. Member: Get is straight among yourselves.

Mr. Riis: Pacific Western is a public airline primarily owned by the people of western Canada. It has now taken over CP Air which was a privately owned airline. In Canada there are two publicly owned airlines, one is Pacific Western and the other one is called Air Canada. Wardair is out there soldiering on.

Mrs. McDougall: I did the financing for that—in the private sector.

Mr. Riis: I will close off this discussion of the privatization of Canadair by saying—and I guess it is serving notice—that we are going against what every other country in the aerospace industry has done. Public participation in the aerospace industries of France, West Germany, United Kingdom, and all countries involved in an aerospace business perceive government participation in one way or another as being absolutely natural and essential.

The one exception to the rule is the United States. But that country's vast involvement in the armed forces must be considered. After all, the development of its aerospace industry is done through its military budgets, which is another way of saying that the Government of the United States is obviously a critical key and major player in the development of its aerospace industry.

The Minister of State for Privatization states that this is something that must be done. Every other country in the world that is involved in the aerospace business does not particularly have that view. They do not have this ideological need to privatize something, which in this case is Canadair. However, the deed is done. The majority Government has decided that this is one thing that it must do before it leaves office in two years. So be it.

I wish to complete my comments by saying that by the Government's own figures we are only guaranteed to receive payments totalling $149 million for Canadair with a further $8 million to $12 million in contingency payments, compared to the book value of Canadair which is pegged at $224 million for 1985. This figure was provided by CDIC itself. As taxpayers of the country, we are not really getting a very good deal. In fact, this is a nice Christmas present to be passed along to the private sector.

The sale at this price also comes at a time of increasing profitability forecast for the company. Profits for 1983 were $6 million. That was a very difficult year. In 1985, the profits were $27.5 million and the 1986 forecast is for $23.8 million. After much investment, time, technology, energy and talent, we see the fruits of those investments; and just when things are turning around and looking good for Canadair it is being sold off to Bombardier. It is getting a real bargain in this deal.

Prior to the sale, Canadair had been promised major federal government support totalling $50 million, $30.9 million in defence industry production program assistance for the production of the CL-227 systems, and another $20 million for a joint venture with West Germany on the CL-289. It was virtually promised another $30 million in DIPP money by the letter of intent in the sale of the company, and $14 million for the CL-215 water bomber, $10 million in modifications to the Challenger, and $5 million for new equipment.

Time does not permit me to go on describing this unbelievably good deal. The Government is sugar-coating this whole

deal to facilitate the transfer to Bombardier. A lot of champagne will be drunk in the boardrooms of Bombardier tonight. A good company is getting a fantastic deal from the Government. Of course, the people who will not be celebrating will be Canadian taxpayers. Once again tonight they will remember the Avro Arrow. Tonight people will be sitting in their livingrooms, kitchens, and dens; they will be thinking about the Avro Arrow. They will remember that just as Canada was beginning to make a breakthrough in the aerospace industry, the Government pulled the rug out from under that industry. Was it a Conservative or a Liberal Government at that time?

• (1340)

Mr. Young: It was a Conservative Government.

Mr. Riis: It was a Conservative Government at that time, and a Conservative Government is doing it again. The Avro Arrow will be haunting Canadians again tonight, as there are celebrations in the boardrooms of Bombardier because of this incredible Christmas present. I have no further comments to make.

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some Hon. Members: Agreed.

Mr. Riis: On division.

Motion agreed to and Bill read the third time and passed.

* * *

UNEMPLOYMENT INSURANCE ACT, 1971

MEASURE TO AMEND

Hon. Gerald S. Merrithew (for the Minister of Employment and Immigration) moved that Bill C-16, an Act to amend the Unemployment Insurance Act, 1971, be read the second time and referred to a legislative committee.

Mr. Lewis: Mr. Speaker, there have been discussions among the Parties and, in order to complete consideration of all stages of Bill C-16 today, it is my understanding that the matter would be sent to Committee of the Whole.

Mr. Riis: Mr. Speaker, there have been such discussions. In an effort to try to facilitate the business of Canada and to co-operate in any way possible, we are looking forward to discussing the Bill at third reading immediately.

Mr. Allmand: Mr. Speaker, I was not advised of the discussions, but I will agree to the proposal nevertheless.

Mr. Deputy Speaker: Is that agreed?

Some Hon. Members: Agreed.

Mr. G. M. Gurbin (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, first I would like to recognize the excellent co-operation and understanding forthcoming from Hon. Members opposite. We look forward to putting this important piece of legislation through all stages as quickly as possible on behalf of workers and employers of Canada.

Mr. Riis: Mr. Speaker, I rise on a point of order just to seek clarification, and I apologize to the Parliamentary Secretary for interrupting his presentation.

It is my understanding that there was a motion for third reading of the Canadair Limited Divestiture Bill. There was an agreement to deal with third reading. Was it passed on division? It was my understanding that we would go immediately to third reading and pass it on division.

Mr. Lewis: Mr. Speaker, just a few minutes ago the House entertained third reading debate of the Canadair Limited Divestiture Bill, and that motion was passed, as the Chair indicated.

Mr. Riis: So it is done.

Mr. Deputy Speaker: It is done.

Mr. Gurbin: That is another great relief.

[*Translation*]

Mr. Speaker, Hon. Members of this House, I would like to submit for your consideration today a Bill that contains two important amendments to the Unemployment Insurance Act.

[*English*]

These amendments, if passed into law, will freeze the UI premium rate for 1987 and will extend the variable entrance rate for another year.

The Bill recognizes the sensitivity of the Government to regional differences in Canada, to the financial pressures on Canadians workers across the country, and to the consequences of increased costs to small business, recognizing that small business is responsible for maintaining and creating economic recovery in Canada.

The UI program plays a vital role in our society. Its benefits replace lost income. They help maintain the stability of local economies, and they also help protect the jobs of people employed in those communities. The ability of individuals to meet the basic expenses of food and shelter while they look for another job is maintained by UI benefits.

For some time, especially over the last several months, there has been much discussion about UI. Many different aspects of the program have been both criticized and praised. Business, labour, women's organizations, and many other groups are asking whether the program is fair and efficient. Is it impeding

the development of new jobs? Is it doing enough to provide unemployed Canadians with new opportunities?

As a Government, we clearly recognize that unemployment insurance is a critical element in the Canadian employment system. Supported primarily by the premiums of individual businesses and their employees, the program belongs to Canadians in a more direct sense than any other government program. The Government is simply a trustee whose role is to manage public funds on behalf of Canadians.

Recently the Minister of Employment and Immigration (Mr. Bouchard) received the Forget Commission Report of inquiry into the Unemployment Insurance Commission and its workings. It will be the Government's job to take a look at the report and to consider other reports such as the Macdonald Commission Report and the House report from Newfoundland. It is also its job to strike an equitable balance between the recommendations of various groups and interests across Canada.

Returning to the Bill itself, Bill C-16 proposes to amend the Act to freeze the premium rate at its present level until December 31, 1987, that is, $2.35 for workers and $3.29 for employers for each $100 of insurable benefits. The formula now in place, if left unchanged, would require the Government to raise the premium rate again for next year. Employees would have to pay as much as $2.50 for every $100 of insurable earnings. Employers would have to pay more, approximately 1.4 per cent more for each employee. For the coming year alone, these equate to approximately $625 million worth of contributions which will not be taken away from employees and employers. It is an important factor which should not be taken lightly.

The Government believes that if it had allowed the premium to jump, as the formula required, it would throw a monkey-wrench into the economic recovery we in Canada are now enjoying. In addition, our calculations indicate that the decision to maintain premiums at the present level will not unduly impede the longer term reduction in the cumulative unemployment insurance account deficit. The decision to hold the line on UI premiums shows how we are willing to listen to and respond to the concerns of the business community, and at the same time respect financial pressures on individual Canadian workers through reduced premiums and increased benefits.

The Government cares about Canadians who are disadvantaged, discriminated against, and caught in the web of economic misery. We have a social conscience.

The freezing of the UI premium rate helps to give stability to employer-employee costs. It will also remove the financial burden on both employers and workers, the major shareholders of the UI account.

In addition to the question of premium rates, there is a more urgent need to extend the variable entrance requirements, or the VER, until January 4, 1988. On January 4, 1987 the VER is due to expire. The VER first came into effect in December, 1977. It allows UI claimants to qualify for benefits based upon the difficulty of finding and keeping work. It is based upon the unemployment rate in each of the 48 economic regions of Canada.

The VER recognizes that it is more difficult to find and to keep a job in areas suffering from high unemployment. Hon. Members from British Columbia, Newfoundland, and even Alberta know how important this will be to their constituents and other Canadian workers. In an economic region with a high level of unemployment, a claimant needs as few as 10 weeks of insurable work to qualify for UI benefits, as long as the VER is in place. If the VER is allowed to expire, all claimants will need a minimum of 14 weeks to qualify for UI benefits. That would create a hardship for as many as 208,000 Canadians. In areas of high unemployment they would find themselves without work, pay or UI. Bill C-16 contains an extension to the VER to allow the UI program to continue to respond to regional differences for the next 12 months, from January 4, 1987, until January 4, 1988. The extension will symbolize the Prime Minister's, the Government's, and ultimately Parliament's recognition of the difficulties many Canadians face in finding work.

• (1350)

Our decision to freeze the premium rate will help Canadians find new jobs by removing a potential barrier to growth. We do not want to create hardship so we are asking this House to approve these amendments quickly. For 1987 employers and workers will know what the UI program will cost them. And they will be able to plan accordingly. UI claimants will know if they qualify.

[*Translation*]

Those are the amendments that I am tabling before the House, Mr. Speaker. I ask Hon. Members to approve an extension of the variable entrance rate and a freeze on the premium rate for 1987. I would appreciate the co-operation of all Hon. Members in adopting these amendments without delay. Thank you very much.

[*English*]

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, as the Parliamentary Secretary said, C-16 is a simple Bill to extend the variable entrance requirements of the Unemployment Insurance Act and freeze the level of contributions for one more year. As Hon. Members know, the VER provides that an employee can qualify for unemployment insurance if he or she works for 10 to 14 weeks and makes contributions. They can qualify with 10 weeks of work if they live in a region where unemployment is over 9 per cent. The requirement increases from 10 to 14 weeks as the rate of unemployment declines below 9 per cent. This provision is in recognition of the fact that in some parts of Canada it is very difficult to find work and that is why we provide more unemployment insurance benefits in those regions.

While we support the Bill, I regret that the Government waited until the second to the last day before the Christmas recess to put it before us for debate. It raises many important issues with respect to unemployment insurance which members of my caucus wanted to discuss. If it is as important as the Parliamentary Secretary says it is, we should have had it before us for debate at least a week or so ago. That is particularly true since we have had the Forget Commission Report tabled.

In debating this Bill I must point out the confusion that reigns with respect to the Government's policy on unemployment insurance. After the election, the Prime Minister (Mr. Mulroney) and the Minister of Finance (Mr. Wilson) said that changes in the unemployment insurance program are necessary and there must be a review. They set up the Forget Commission on Unemployment Insurance. However, while that commission was sitting the Government brought in very serious changes to the program. It cut unemployment insurance for workers who took a pre-retirement pension. That affected almost 76,000 Canadians who paid into the program for years and years but then could not collect the amounts owing to them.

Finally we got the commission report on December 3. I must say that it was a very confusing report because there were six members of the commission and a minority report was produced. What does the Government do? After a year and a half of study by the commission it will not have a response to the report until May 15, five months later. However, it did respond to one of the recommendations, number 26, which we support, that the Government should rescind the cuts relating to pre-retirement pensions as of January 5 of this year and reimburse those workers who should have received full unemployment insurance. So the one recommendation the Government responded to was rejected. Yet the Government had been telling this House for months on end that it would deal with that issue when the commission reported. The Prime Minister said that. The Minister of Employment and Immigration (Mr. Bouchard) said that. The Minister of Finance said that, and so did the Associate Minister of National Defence (Mr. Dick). Over and over again we were told to wait for the Forget Commission Report and then the Government would deal with those cuts. No wonder there is confusion with respect to the Government's unemployment insurance policy.

As to the VER which this Bill deals with, recommendation number 23 of the Forget Commission Report rejected it. I was pleased today to hear the Parliamentary Secretary give very good reasons for maintaining the VER. How the Government will respond to that recommendation I do not know.

In the last two weeks a certain consensus has been developing with respect to unemployment insurance and the Forget Commission Report. The direction seems to be that we should postpone for a considerable period of time the recommendation for annualization and cutting of the regional extended benefits. Even the commissioners themselves, when they appeared before the Standing Committee on Labour, Employment and Immigration, agreed we should not go ahead with those until we have in place a very specific plan for income support and regional development. There is in fact consensus on a lot of the recommendations in the report.

In conclusion I would like to repeat that we support this Bill but strongly suggest that the Government clean up its act on unemployment insurance and rescind the cuts for pre-retirement pensioners. It should put off consideration of the recommendation relating to annualization and regional extended benefits until a very specific alternative plan for income support and regional development is put in place. The Government should bring in a Bill on those areas where there is consensus. We do not need five more months to do that.

Mr. Deputy Speaker: May I call it two o'clock and the Hon. Member will speak at three?

Mr. John R. Rodriguez (Nickel Belt): That is exactly what I was going to suggest.

• (1400)

STATEMENTS PURSUANT TO S.O. 21

[*English*]

EDUCATION

GOVERNMENT FUNDING OF UNIVERSITIES

Mr. Roland de Corneille (Eglinton—Lawrence): Mr. Speaker, as Chairman of the Liberal Party task force on post-secondary education, I have heard from educators across Canada that our universities are in danger of becoming second class. Those words are ringing through today. McMaster University has announced that it is being forced to cancel its Canadian studies program because of the lack of government funding. The real irony of this situation is that the cancellation will be effective Canada Day, 1987. Does the Government wish to celebrate Canada Day by cancelling Canadian studies programs throughout the land?

Situations such as what is happening at McMaster University are eroding the quality of education in Canada. If this is allowed to continue, knowledge of our country will be further eroded, and Canadians will be handicapped in competing internationally. The Government should and must take affirmative action now to eliminate the erosion of our educational system. Otherwise, the Government will be singlehandedly responsible for making Canada a second class nation. Is this the type of legacy the Prime Minister (Mr. Mulroney) wants to leave the Canadian people?

REGIONAL DEVELOPMENT

FEDERAL-PROVINCIAL AGREEMENT DESIGNATING BRITISH COLUMBIA PACIFIC CENTRE FOR TRADE, COMMERCE AND TRAVEL

Mrs. Mary Collins (Capilano): Mr. Speaker, I would like to draw to the attention of the House an agreement signed on Tuesday between the federal Government and the Government of the Province of British Columbia promoting the development of British Columbia as Canada's Pacific centre for trade, commerce, and travel. The agreement will allow the two Governments to co-ordinate initiatives to enhance British Columbia's future economic development.

These include encouraging the growth of international banking and other financial services in Vancouver, co-ordinating transportation improvements, enhancing trade-related services and greater trade opportunities in those professional and technical services where British Columbians have developed significant expertise, and improving co-ordination of marketing and promotion of British Columbia as a tourist destination.

A joint management committee will advise the two Governments on these and other initiatives compatible with British Columbia's special designation as Canada's Pacific gateway. This agreement reaffirms the Government's commitment, as outlined in the Throne Speech, to assist in the renewal and diversification of the economy of British Columbia.

* * *

CANADA POST CORPORATION

FUTURE OF CENTRAL POST OFFICE IN PRINCE ALBERT

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, less than two months ago Canada Post Corporation brought down a business plan which recommends the closing of many rural post offices and the privatization of many postal services. Just last Thursday DPW informed the architects that Canada Post would no longer require space in the new federal building being planned for Prince Albert. There is no doubt that the two incidents are related, that Canada Post has decided that the downtown Prince Albert Post Office will either be privatized or will provide reduced service.

The people of Prince Albert and region require a central post office which can provide good service. That service is being threatened. What would my predecessor, the Right Hon. John Diefenbaker, say if he knew that the Government was tampering with Her Majesty's mail in the city of Prince Albert?

S.O. 21

IMMIGRATION

PLIGHT OF IRANIAN STUDENT FACING DEPORTATION FROM UNITED STATES

Mr. Sergio Marchi (York West): Mr. Speaker, as the House approaches the Christmas break it is most regrettable that the Minister of State (Immigration) (Mr. Weiner) has ignored the pleas of and for Akbar Moatamedi. The 25-year old Iranian student faces deportation from the United States on January 7. It is guaranteed to be a one-way journey to his persecution and probable death at the hands of Iranian authorities.

Such a frightening conclusion does not augur well for the spirit of the festive season. It does not augur well for the Government's self-proclaimed humanitarian immigration policy. It does not augur well for the Canadians in Yarmouth, Nova Scotia, who have desperately tried to sponsor this young man as a refugee. It certainly does not augur well for Akbar, who said in a telephone conversation from Washington: "I am living with a knife at my throat, waiting for someone to push it in".

Parliament and the Government can save this man from his sad and terrifying state. It is my hope that the Minister and the Government will be moved by the Christmas spirit which surrounds us all to extend a compassionate hand to an individual whose time is quickly and, regrettably, running out.

* * *

[*Translation*]

REGIONAL ECONOMIC EXPANSION

DEVELOPMENT OF TÉMISCAMINGUE REGION

Mr. Gabriel Desjardins (Témiscamingue): Mr. Speaker, the year 1986 which will wind up in a few days from now has been a banner year, both economically and socially in Témiscamingue's development and growth.

We had in 1986 a Social and Economic Summit in our area, the impressive celebrations of Ville-Marie's Centenary and the Fifth International Movie Festival. All of which points to our pride and commitment to realize and control our destinies.

Moreover, Mr. Speaker, let me take this opportunity to thank all the agencies and volunteers who continiously work for the promotion of Témiscamingue's development.

In conclusion, Mr. Speaker, may I wish all my fellow citizens, you and all Hon. Members a very merry Christmas season.

S.O. 21

• (1405)

[*English*]

UNEMPLOYMENT INSURANCE

TREATMENT OF WORKERS FACING LAY-OFFS AT CANADA PACKERS PLANT IN WINNIPEG

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, as many Members will know, in the new year some 447 people at Canada Packers in Winnipeg will lose their jobs as a result of a decision taken by the Government to give $1 million to a competing plant in Neepawa.

I have two requests of the Government. First, will it consider making a special case of the lay-offs at Canada Packers and not count, for unemployment insurance purposes, the severance pay packages that workers will be receiving? It is a clear example of the injustices of that policy. The longer one works at a particular place and the more difficult it will be to make a transition, the less entitlement one has to unemployment insurance benefits.

Furthermore, using this as an example, will the Government reconsider its whole policy of counting severance pay packages for unemployment insurance benefits? It is very unfair, particularly to older workers who have worked at a particular place for a long time. They are the very people I and many others believe should be entitled to a greater cushion between the time they have lost their job and are able to find a new job.

I ask the Government to reconsider that policy. I know it has not, but it should.

* * *

ENERGY

SUPPORT URGED FOR HEAVY OIL PROJECTS

Mrs. Barbara Sparrow (Calgary South): Mr. Speaker, Canada stands in danger of losing its lead in heavy oil technology if heavy oil projects and upgrader construction are postponed or cancelled.

One of the more serious issues is the loss to the energy industry of its talent to other businesses or countries. We may end up importing rather than exporting our technology. A recent Alberta Research Council study revealed that enhanced oil recovery and development of new *in situ* bitumen plants will be delayed, which brings about other important issues of energy self-sufficiency and security of supply. Oil imports could reach the dangerously high level of 1.45 million barrels a day within 15 years if new supplies are not found.

To quote a Calgary businessman: "Alberta runs on oil—when that stops, Alberta stops".

CANADIAN NATIONAL RAILWAYS

REPORTED PLAN TO ABANDON MONTREAL-NORTH BAY MAIN LINE

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, according to internal documents Canadian National Railways is planning to shut down many lines. An internal memo from R. P. Langlois, Regional Manager of Marketing in the St. Lawrence region, says in part:

> In the context of the rationalization of our rail infrastructure, some lines have been identified as being potential candidates for abandonment in the coming years. A preliminary plan has been prepared and attached you will find the sections affected.
>
> Any effort to attract new traffic on these sections is to be abandoned immediately.

One of the lines proposed to be abandoned is the main CN rail line between Montreal and North Bay. This would effectively eliminate VIA Rail between Ottawa and Montreal, plus any freight traffic. It would end many businesses in my riding.

Worst of all, CN proposes to do this in the year 1990. If that is not bad enough, the President of CN Rail wrote a letter to me in which he indicated that CN had no intention of shutting down the rail line. That is obviously contrary to the truth.

* * *

CANADA POST CORPORATION

MAIL DELIVERY—NEED FOR PROPER PERSPECTIVE

Mr. J. R. Ellis (Prince Edward—Hastings): Mr. Speaker, some time ago the *Toronto Star* had an editorial entitled "Make Canada Post Visit Every Doorstep". More recently an Ottawa area municipality went to court to attempt to force Canada Post to deliver to every house.

What kind of a fool's world do these people live in? I can understand the *Toronto Star*, which rarely has a sensible stand on any issue, but I am disappointed by municipal politicians who would make such inane comments.

In my constituency of Prince Edward—Hastings there are 24 post offices. Only one community, Belleville, has door-to-door delivery. In every other instance citizens must walk to pick up their mail, and if they want to pick it up other than between nine and five they must pay extra for the privilege.

In the small village where I live, senior citizens must walk up to two kilometres winter and summer to pick up their mail. Other communities involve similar distances. I am no apologist for Canada Post. I have had as many delays and foul-ups reported to me as any Member and I am as frustrated as any with the services, but let us keep mail delivery in perspective.

ETHNIC AFFAIRS

CALL FOR ESTABLISHMENT OF CHAIR IN SIKH STUDIES

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, the establishment of chairs in ethnic studies at Canadian universities has been a far-sighted Canadian policy. Ethno-cultural communities have raised funds and the federal Government has matched the endowment for some 10 different chairs. Members of these communities take pride in one more contribution that they are able to make to Canadian life from their history and society.

Establishment of a chair in Sikh studies at the University of British Columbia would add to the cultural resources of that great university. It would also provide Sikhs in Canada generally, and particularly in British Columbia, with a Canadian focus for exploration of their religion and traditions. Such an establishment would, I am convinced, advance social harmony in Canada, which achievement should take precedence over external pressures. I call upon the Minister for Multiculturalism to authorize federal funding for a chair in Sikh studies.

* * *

• (1410)

EXTERNAL AID

REPORT ON SUCCESS OF CANADIAN EFFORTS

Mr. Don Ravis (Saskatoon East): Mr. Speaker, recently I had the privilege to travel with the Standing Committee on External Affairs and International Trade to three developing countries as part of a review of Canada's foreign aid policy. It is the first major review in 15 years. I witnessed firsthand the goodwill generated by Canada's foreign aid and I am proud to know that our assistance has created a spirit of initiative and hope.

Canada is well recognized amongst industrialized nations for its official development assistance to less fortunate countries. The ODA Program has brought substantial economic returns to all regions of Canada. My province alone has helped to open new markets around the world in agriculture and potash.

We realize there are certain risks involved in development. However, with the guidance of NGO volunteers, these countries have a better opportunity to succeed in becoming self-sufficient and potential trading partners. I commend these individuals for their dedication in delivering aid to those who are critically in need. During this holiday season we should be proud to share our good fortune with those who are less fortunate.

S.O. 21

CHARTER OF RIGHTS

ONTARIO RESOLUTION RECOMMENDING INCLUSION OF PROPERTY RIGHTS

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, it was certainly good news yesterday when this House received from the Legislative Assembly of the Province of Ontario a copy of its resolution which would enshrine property rights in the Canadian Constitution. Until the Charter of Rights and Freedoms is amended to include the provision:

> Everyone has the right to own and occupy property and the right not to be deprived thereof except in accordance with the principles of fundamental justice",

the Charter will remain defective and unfulfilled. The Parliament of Canada must quickly follow the lead taken by Ontario and British Columbia so that property rights are no longer to be excluded from our Constitution.

* * *

[*Translation*]

THE ADMINISTRATION

GOVERNMENT'S PERFORMANCE IN 1986

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, historians will label 1986 as the year of "Mulrogates". People will remember 1986 as the year of the famous $2 million loan of the former Minister of Regional Industrial Expansion and the case of the Member for Gamelin.

But the spotlight was on the Prime Minister (Mr. Mulroney), with the many scandals which occured throughout the year. In February the Prime Minister attended a summit and made an official visit to France with a retinue of 60 people at $66,000 a night. With 70 other people trailing him, the Prime Minister then went on a tour of Asia which cost in excess of $50,000 a night.

In October, in New York with 24 followers, expenses were $15,000 a night, not to mention $11,000 for limousines. On a trip through western Canada the Prime Minister was accompanied by a planeload of technical gadgets used to record his image for posterity.

The Prime Minister made sure the Americans would be duly impressed by having our Washington embassy publish a 16-page brochure which has no fewer than 17 pictures of the Prime Minister.

A few days ago we learned that the Prime Minister insisted that his nicest cutlery be used during President Reagan's visit to Quebec City in March 1985, for a total tab of $2.6 million.

Finally, Mr. Speaker, the auditor of the Prime Minister, the best Canadian consumer, told us that, for $41 million, the PM had transferred a prison to his own riding.

Oral Questions

THE ECONOMY

GOVERNMENT'S PERFORMANCE IN 1986

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, I would like to draw the attention of the House today to the fact that *The Financial Post*, in "*Outlook 87*", winter edition 1986-87, gives 111 pages of very positive information about Canada. Under the present Government, Canada is now ranked sixth among major industrialized countries for its economic performance, while it ranked eleventh when the Liberals were in power.

Some very specific statistics included in this magazine indicate an increase of more than $500 billion in GNP for 1986. Salaries paid in 1986 will exceed $270 billion. We have gradually been able to control this country's deficit, since 1984. We have brought interest rates down by 4 per cent, while the unemployment rate has gone down from 11.3 to 9.7 per cent, which means 600 000 jobs more.

These are objective figures, offered to Canadians by Maclean-Hunter Publications, and I must say their editor, Mr. Nankivell, has done a very good job.

I think that during the holiday season, every Member of this House who believes in private enterprise has a duty to bring this message of success to all Canadians.

* * *

• (1415)

[*English*]

EXTERNAL AFFAIRS

EMBASSY CLOSURES—PLEA FOR RECONSIDERATION

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, I am glad to see that the Secretary of State for External Affairs (Mr. Clark) is in the House. In my statement, and on behalf of a great many other MPs in the House, I would like to urge the Minister to keep open the embassies which he recently announced would be closed.

The Minister will recall that when the Liberals were in power and they closed the embassy in Quito the Conservatives as well as ourselves protested vigorously. If one speaks to any of the people in External Affairs one will hear them say that that was a great mistake, which is what the Conservatives said at the time. The embassy was re-opened several years later, and the Government now intends to close it again.

It is important for us to have representation in Quito. It is also obvious that we should have a mission in Helsinki which provides a bridge between the East and West in that part of Europe, and particularly in view of the fact that Canada is planning to join with other Nordic nations in greater co-operation for the demilitarization of the Arctic. I urge the Minister to rethink these decisions.

CANADA POST CORPORATION

HIGH RATE OF ABSENTEEISM

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, the rate of absenteeism within Canada Post is a national disgrace. The Marchment Report stated that comparisons with the U.S. Postal Service indicate that Canada Post employees consume roughly twice as much sickness and injury leave as do their U.S. counterparts. This information only reinforces the popular stereotype of postal employees.

The stated goal of Canada Post is to reduce annual absenteeism from its present level of over 16 days per employee to 12 days. Why should absenteeism of 12 days per year be acceptable for postal employees when the average for all sectors of the Canadian economy is only six days? It is obvious that most if not all of Canada Post's deficit comes from this incredible absenteeism and its attendant costs. It is time Canada Post stopped two-bitting Canadians to death and instead faced up to this very real problem.

* * *

LORD'S DAY OBSERVANCE

CALL FOR AMENDMENT OF ONTARIO LAW

Hon. Bob Kaplan (York Centre): Mr. Speaker, this morning, the Supreme Court of Canada decided that it is valid for a Province to have legislation providing for a day of rest. In the Province of Ontario this has to be regarded as a victory for small family-owned businesses—

Some Hon. Members: Hear, hear!

Mr. Kaplan: —because, in many cases, they are not in the position to provide help to remain open for seven days a week. I wish to call upon the Government of Ontario to change its law and introduce meaningful penalties. The present penalties are a deterrent to small businesses, but to big businesses they represent only a cost of doing business.

The law is unfair in its present form. I call upon the Government to change it.

ORAL QUESTION PERIOD

[*Translation*]

FINANCE

EQUALIZATION PAYMENTS TO PROVINCES—GOVERNMENT POSITION

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, my question is directed to the Minister of Finance. In answer to a question I asked the Minister yesterday about equalization payments to the provinces, the Minister informed the House

that he did not promise to provide an extra $175 million annually for equalization.

Mr. Speaker, I checked all the reports published after the press conference given by the Minister in Edmonton in early November, and all the press reports mention the promise made by the Minister of Finance.

In the circumstances, and also considering that the Minister has now had twenty-four hours to reflect on the matter, will he admit that he and his Department promised to pay an extra $175 million annually to the provinces for equalization, and will he now keep this promise and send this money to the provinces?

Hon. Michael Wilson (Minister of Finance): No, Mr. Speaker.

POSSIBLE RESIGNATION OF MINISTER

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, yesterday, the Minister challenged us, saying that if we could prove that he had made this promise, he would resign.

Mr. Speaker, the press reports contain a number of articles under the following headlines, and I quote the Minister of Finance:

[*English*]

The Minister of Finance said to Matthew Fisher of *The Globe and Mail*: "We offered $175 million a year in enhancement, or almost $1 billion over the next five years". Does the Minister of Finance recognize that in fact he made that promise to give the money to the provinces?

• (1420)

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I have gone further than the Hon. Member. I checked the transcript, not what *The Globe and Mail* said I said. I checked what I said in the transcript and the answer is still no, I did not promise.

MINISTER'S TELEVISION INTERVIEW

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, the Minister said that he did not make the promise, yet I have a transcript myself of an interview with the Minister of Finance which was televised from coast to coast last night. In the interview the Minister said:

> And I believe that an augmentation of $175 million a year—close to a billion dollars over a five-year period—is a very major increase in that—in that program.

I myself heard the Minister saying that on television. Will he continue to believe that he never made that promise? We have the proof right here. I think the Minister should recognize the fact that he should give the money to the provinces or, as he said in the House, do the honourable thing and resign.

Some Hon. Members: Bye-bye, Mike.

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I appreciate very much the good wishes of the Hon. Members opposite who are wishing me a nice holiday over the next few weeks.

Mr. Riis: An extended holiday.

Mr. Wilson (Etobicoke Centre): In answer to what the Hon. Member said, I do not care if what he read to me was on coast-to-coast television. What the Hon. Member just read is not a promise. Surely he can understand what is a promise and what is not a promise. What was discussed was an offer that had been the subject of—

Mr. Axworthy: It's a final offer.

Mr. Wilson (Etobicoke Centre): Mr. Speaker, I am trying to clarify this matter. What was discussed was a proposal by provincial officials and federal government officials. That matter was discussed but there was no consensus. I have checked the records of the meeting. I clearly advised the provincial Ministers that I would have difficulty getting this offer accepted by my cabinet colleagues and I warned them of that. Surely that does not in any way constitute a promise. The intent was clear.

MINISTER'S POSITION

Hon. Herb Gray (Windsor West): Mr. Speaker, my question is for the Minister of Finance. Yesterday in Question Period the Minister said:

> I challenge the Hon. Member to find one person who will say that there was a federal government offer on the table.

The Hon. Member for Laval-des-Rapides quoted what the Minister said on television and I will read it again:

> And I believe an augmentation of $175 million a year—close to one billion dollars over a five-year period—is a very major increase in that—in that program. We weren't able to get a consensus, so we'll go back to the drawing board and have another look at some of the proposals. But the parameters are still there.

Have we not found that one person? Is it not the Minister himself? Why is he trying to deny the obvious? Why does he not provide that money to the poor provinces of Canada?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, it does surprise me that that Hon. Member should ever talk about resigning. He and I sat side by side in an interview that took place before the 1980 election and he was asked specifically—and he will not deny this in the House—whether he would resign if interest rates continued to go up. Interest rates continued to go up, and where did he sit? He sat right there. For four years he sat there. He did not have the guts to resign after he said he would resign.

Some Hon. Members: Hear, hear!

• (1425)

Mr. Gray (Windsor West): Mr. Speaker, I made no such statement as a Minister of the Crown.

Some Hon. Members: Oh, oh,

Mr. Clark (Yellowhead): I read it in *The Globe and Mail.*

Mr. Gray (Windsor West): I said that I made no such statement as a Minister of the Crown. Also, I called on the Minister to provide the money for the poorer provinces of this country, and he has tried to duck that.

OFFICIALS' MEETING IN EDMONTON

Hon. Herb Gray (Windsor West): My question to the Minister is this. Did he not say yesterday in Question Period "in Edmonton there was a proposition put on the table by a committee of bureaucrats, officials from both the provincial and federal levels of government, to increase the size of the equalization program by $175 million"?

How can the public accept what the Minister is suggesting, that federal officials from the Minister's own Department took part in that committee and made that proposition without the knowlege, support, and approval of the Minister of Finance himself? How can they have said that without the approval of the Minister? Why does the Minister not stick with what his officials have said?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Hon. Member has just said that because he wasn't a Minister of the Crown his integrity was somewhat less. I view my integrity as a private individual, as a member of the Opposition, and as a Minister of the Crown in the same way. I would expect that he would view it in the same way as well.

Mr. Orlikow: And you better resign right now.

Mr. Wilson (Etobicoke Centre): In response to the specific question, surely there were people who were in the room—the Hon. Member was not in the room—but there were people who were in the room at those meetings. Mr. Clements of Prince Edward Island and Mr. Collins of Newfoundland have both said there was no promise. But what they have said is that there has been an acknowledgement by this Government that we are providing $175 million on top of one of the largest programs of government which is $5.25 billion. That recognizes clearly that not only are we going to allow this program to rise by 4 to 6 per cent a year, what we are also doing is augmenting that program with one of the largest increases in spending of $175 million. That is a clear recognition on the part of this Government in the interests of the less well-off provinces, and that is a fact.

FUNDING PARAMETERS

Mr. Rod Murphy (Churchill): Mr. Speaker, my question is directed to the same Minister. It involves the quote that was read by one of the Liberal Members:

—I believe that an augmentation of $175 million in a year, close to $5 billion over a five-year period, is a very major increase in that program. We weren't able to get a consensus, so we'll go back to the drawing boards and look at some proposals, but the parameters are still there.

Will the Minister not stand and admit that the parameters were not there? He removed the parameters and he cut back the funding by half.

Some Hon. Members: Hear, hear!

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, yesterday I used the word "twist" of the facts. The facts are still being twisted. The parameters are still there. We are increasing the amount of this program by $175 million. That is a very substantial increase. So the parameters are still there.

Mr. Broadbent: Over two years instead of one.

Mr. Axworthy: A small detail.

Mr. Wilson (Etobicoke Centre): The Hon. Member says "over two years instead of one". The parameters are still there. That was the question that I was asked. We have accepted the proposal that was put before us by the officials. I said clearly that we are prepared to look at some technical changes to improve the effectiveness of the program. It is very clear what we have done. We have made a generous increase in the amount of this program. That is a clear recognition of the support that this Government has been providing, not only in equalization but in a broad range of programs in support of the provinces that are not as well off.

DEFINITION OF PARAMETER

Mr. Rod Murphy (Churchill): My question to the same Minister is this. He has his own definition of promise, he has own definition of an offer, and now he has his own definition of parameter. How can the Minister define a parameter as a 50 per cent cut? Will he explain that to us, and explain that to Canadians?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, there is an old saying: Is the glass half full, or is the glass half empty?

Some Hon. Members: Oh, oh!

An Hon. Member: This glass is half full, hell, no doubt about that.

Mr. Speaker: Order, please.

Mr. Murphy: It was a full glass at the beginning.

• (1430)

Mr. Speaker: The Hon. Member for Hamilton East.

Ms. Copps: In response to the Minister's comment, is that like being half pregnant?

Some Hon. Members: Oh, oh!

EXTERNAL AFFAIRS

TORONTO CONFERENCE—ATTENDANCE OF ALLEGED FUND RAISERS FOR NICARAGUAN CONTRAS

Ms. Sheila Copps (Hamilton East): Mr. Speaker, my question is directed to the Secretary of State. I have a transcript of a taped speech given by the Minister at a meeting, which the Minister told the House yesterday he did not attend. At that meeting the Minister said:

> I indicated to Yuri some weeks ago that I would be pleased to support my colleagues at the gathering at the weekend . . . when Andrew Witer and others who are Members of Parliament from my Party are with you tomorrow night and the greetings of the Prime Minister are, I gather, being read by Andrew Witer, I'm pleased to hear that.

Could the Minister tell the House why he and at least four of his colleagues lent credibility to the conference? Did they know, for example, that among the invitees would be fund raisers for the Nicaraguan Contras?

Hon. David Crombie (Secretary of State): Mr. Speaker, yesterday the Hon. Member indicated that I was at the conference, and I quite properly indicated that I was not at the conference. Indeed, she suggested that I was a patron, and I suggested to her—and I checked the record—that I was not a patron. I did attend the reception on the Friday night—

Mr. Axworthy: At the conference.

Mr. Crombie: —not in some dark room, but in the Legislature at Queen's Park.

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

Mr. Speaker: Order, please.

CONFERENCE ATTENDANTS

Ms. Sheila Copps (Hamilton East): Mr. Speaker, yesterday the Minister said: "I was not at the conference". In fact, among the meetings and social events listed in the official program was the reception at Queen's Park to which I specifically referred. Would the Minister tell the House, once and for all, why he and at least four of his colleagues lent credibility to the conference, by not only being there themselves, but also by bringing greetings from the Prime Minister? Does he mean that he and his colleagues have no problem with a conference which invites, as one of its special guests, a fund raiser for the Nicaraguan Contras?

Hon. David Crombie (Secretary of State): Mr. Speaker, I repeat that I was not at the conference and I was not a patron to the conference. In fact the September 11 letter from me to the organization points that out; it is a matter of public record. In respect of the organziation of the conference itself, in which I had no part, I might suggest to the Hon. Member that among the people who showed up through letters of commendation and letters of greeting were Mr. Peterson, Mr. Eggleton, and a host of other people who simply wanted to say to people interested in the matter of individual freedom that they supported the idea of individual freedom, and that is what I was doing.

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

* * *

TRADE

UNITED STATES DUTY ON CANADIAN SOFTWOOD LUMBER

Mr. Jim Fulton (Skeena): Mr. Speaker, my question is directed to the Minister for International Trade. As she well knows, last night the United States proposed that Canada implement a 15 per cent export tax indefinitely or until the provinces raised stumpage by $860 million per year. This would practically triple stumpage fees in Canada and exceed the entire profit of the Canadian lumber industry by $360 million. Would the Minister tell the House whether Canada now plans to make another offer, since Canada has rejected the American offer and we have been unable to get either Mr. Shultz or Mr. Baldrige to get the co-operation of the U.S. lumber coalition?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the Hon. Member is misinformed on this matter. He is correct that we have rejected another American proposal which is so unreasonable that it calls into question the U.S. approach to these negotiations. However, Mr. Shultz and Mr. Baldrige are, and have been, involved. I can only tell the Hon. Member that discussions are continuing and that I will inform the House of developments at the earliest opportunity.

PROGRESS OF DISCUSSIONS—CANADIAN POSITION BEFORE GATT

Mr. Jim Fulton (Skeena): Mr. Speaker, could the Hon. Minister advise the House whether Canada is making a new offer? If the U.S. coalition does not accept it, does Canada now intend to fight the illegal 15 per cent countervail duty before the U.S. courts and before GATT?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, there has never been a new Canadian offer on the table. The offer or approach on the table is the one which was agreed to at the First Ministers' Conference in Vancouver in November. That is the Canadian proposal. There has been no deviation from that proposal. In answer to the last part of the Hon. Member's question, we will have to wait to see what happens with the ongoing discussions. However, I can assure him that we are appealing this preliminary determination in the GATT. The panel has met twice and we expect a ruling in the next few weeks.

UNITED STATES PROPOSAL

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I have a question for the same Minister on this very important issue. She just stated in her answer that the proposal put forward by the Americans calls the whole process into question. If the Minister has concluded that the whole process is questionable, why are we continuing this particular charade? Why does the Government of Canada not simply state, once and for all, that the 15 per cent tariff is unacceptable and that we are prepared to fight for our rights in proper tribunals, and not accept any kind of American proposition which will put our industry in jeopardy, both in world competition and in the U.S. market?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, clearly the Hon. Member did not hear my response. I said that the American response was unreasonable and called into question the seriousness of the approach, not the process. The process has narrowed the disagreement between the two parties to only a few issues. I can only add that the Hon. Member does not seem to understand that a duty has been imposed. We are attempting, under the remedies open to us, to negotiate a settlement on a duty which has already been imposed. At the same time we are proceeding with our argument before a GATT panel.

CANADIAN POSITION

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, my supplementary question is directed to the same Minister. When it comes to the question of understanding, do the Minister and the Government understand the fact that the ruling was a temporary ruling and that, by pursuing the kind of position taken by her and the Government, the case before international and American tribunals has been undermined? The Government of Canada has accepted the position of Canada as one which agrees with the precedent and principle set forth by the Americans. When will the Government of Canada clearly say to the United States that its imposition of the duty is unacceptable? We are waiting for the Government to say that.

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the Hon. Member is wrong and, worse, he is uninformed.

Mr. Axworthy: Hardly, hardly.

Miss Carney: If he understood the process, he would know that all international tribunals, such as GATT and other processes, permit and encourage negotiation of disputes between both parties. That is what we have been involved in. We have said that the P.D. is unacceptable. We are attempting—

Mr. Axworthy: Oh, oh!

Miss Carney: I wish the Hon. Member would allow me to answer his question.

Mr. Axworthy: Then give us a decent answer.

Miss Carney: We have explained repeatedly in the House that if we can negotiate a settlement we will not be faced with the precedent set in this unacceptable ruling. It will not appear on the books. There will be no final determination. If there is a final determination, we would consider it to be harmful to the country. We are seeking, without the support of the Opposition, to resolve this bitter dispute and get it behind us, so that we can proceed with the trade talks whose aim is to ensure that this kind of border dispute can be settled in a reasonable way.

* * *

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

SIZE OF FEDERAL PAYMENT

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Minister of Finance. Following public comments made by the Government of Manitoba and by the Government of New Brunswick about the $175 million they believe was put on the table by the federal Government in Edmonton, yesterday I telephoned the Minister of Finance in Quebec and he confirmed it. Today my office contacted the Prince Edward Island Minister of Finance. He claimed two things. First, he said there was nothing in writing from the federal Government. However, he said there was not a Minister of Finance at the meeting who did not believe that $175 million was put on the table by the federal Government over one year starting this year.

• (1440)

Mr. Clark (Yellowhead): Put your seat on the line, Ed.

Mr. Broadbent: Is the Minister saying that because it was not put in writing—

Mr. Clark (Yellowhead): Have a little courage.

Mr. Broadbent: —that a commitment was not made by the federal Government?

Hon. Michael Wilson (Minister of Finance): No, I am not saying that at all, Mr. Speaker. I am saying that I reviewed the records of the meeting and there is no question from the way the discussions went that there was not an offer on the table. I am repeating myself but there was a proposal put on the table—

Mr. Garneau: You said it yourself.

Mr. Wilson (Etobicoke Centre): The Hon. Member says I said it myself. I ask him to go check with the other Ministers of Finance.

Mr. Garneau: I heard you on TV last night.

Some Hon. Members: Order!

Mr. Wilson (Etobicoke Centre): A proposal was put on the table by a committee of federal and provincial government officials. That proposal was a subject for discussion. There was no agreement. I said at the end of the meeting that I would take it back and discuss it with my colleagues, which I did. At no time did I promise to do this or that. I think the Ministers of Finance would fully agree with that.

MINISTER'S POSITION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, there seems to be an awful lot of upset Ministers of Finance who see this a little differently from the Minister here in Ottawa. We have representatives of all the provinces we have been able to contact, representing all political parties, saying an offer was made. Will the Minister now acknowledge that such an offer was made, acknowledge the need of the provinces for that money, and live up to that offer?

Hon. Michael Wilson (Minister of Finance): First, Mr. Speaker, I said from the start of this debate that there was not an offer on the table. The Hon. Member says that the Ministers of Finance are upset. Sure, they are upset because they wanted a lot of money. However, they also know there is not a lot of money available. These discussions have been going on for 18 months. I told them right from the start that the Government of Canada did not have the fiscal capability to give them the amount of money they wanted.

We have increased this program by $175 million in the second year. That is on top of $5.25 billion. This is one of the single largest government programs and it is growing at 4 per cent to 6 per cent per annum. If the Hon. Member wants to check the fiscal plan I tabled last February he will see it is one of the fastest growing government programs.

[*Translation*]

REQUEST THAT GOVERNMENT MAKE JUST DECISION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, the provincial ministers of Finance are angry because the federal Government has changed its offer. My question to the Minister is simply this: Will he make a fair decision which will be consistent with the original offer of the Government? He said today that the federal Government intended to maintain its offer and to provide $175 million to the provinces this year.

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Government has made a very fair decision. We have increased the amounts under a major Government program, namely equalization. This is a $5.2 million program. We have enriched this program by $175 million in two years. This is one of the most important programs of the Government and it has been enriched by 4 to 6 per cent a year, and will be each year in the future. This is a good decision because this Government understands the position of the poorer provinces.

[*English*]

EXTERNAL AFFAIRS

WORLD ANTI-COMMUNIST LEAGUE—FUND RAISING ACTIVITIES

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. A spokesman for the World Anti-Communist League says that $25 million has been raised by his organization to help the Contras. Could the Minister tell us whether he knows if, or how much of this money if you like, has been raised in Canada, and whether his Government approves of fund raising in Canada for purposes which are in direct conflict with its own foreign policy?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, as to whether I can confirm the allegations made by the Hon. Member, no, I cannot. I will see if there is some means by which I can confirm them or otherwise, and advise him.

The other question was whether in a democracy the Government of Canada is prepared to allow private citizens to raise money for purposes with which the Government of Canada might not agree. Of course we allow that freedom. That is part of being a free country.

Some Hon. Members: Hear, hear!

[*Translation*]

PERSONAL CONTRIBUTIONS MADE BY MEMBERS

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, the Chairman of the Committee on Finance and Economic Affairs, the Hon. Member for Mississauga South, has said that he has himself contributed to this organization. I would like to know whether such an action on his part is acceptable to the Government since he is a Member of the Conservative caucus and this is in direct contradiction with Government policy. Have other Conservative Members made similar contributions?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, just as it is not the policy of the Liberal Party to tell the Hon. Member for Glengarry—Prescott—Russell that he cannot travel to Taiwan, and he has done so, it is our own policy—

An Hon. Member: Oh! Oh!

Mr. Clark (Yellowhead): The leader of the Quebec wing of the Liberal Party has just spoken up. It is not our policy or our right to tell Liberal, Conservative or Socialist Members whether or not they can make personal contributions.

Oral Questions

AIRPORTS

REQUEST FOR IMPROVEMENTS TO LEBEL-SUR-QUÉVILLON AIRPORT, QUE.

Mr. Guy St. Julien (Abitibi): Mr. Speaker, my question is directed to the Minister of Transport. The Lebel-sur-Quévillon airport is the only place where an ambulance may land to carry out injured people in that area of the Abitibi, the only one where a tanker aircraft CL-215 may remain throughout the summer and that airport needs improvements. My question is as follows: Transport Canada is considering the matter. Is your Department ready to provide funds to improve that airport in 1987?

Hon. André Bissonnette (Minister of State (Transport)): Mr. Speaker, I think the question raised by my colleague from Abitibi is a very important one for northern areas. The Quebec Government is now reassessing ambulance aircrafts that could land in those areas and we have made recommendations about the length of the runways and the kind of planes which should be used in those areas. After we get an answer from the Quebec Government, we will be in a position to make a realistic decision based on our recommendations and we would be ready to undertake drainage, land clearing and paving operations to enhance facilities at that airport.

* * *

[*English*]

EXTERNAL AFFAIRS

CANADIAN AID TO NICARAGUA—POSITION OF INDIVIDUAL MEMBERS OF PARLIAMENT

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. He is of course responsible for the conduct of Canada's foreign policy and our relations with other states. As he well knows, Canada not only maintains full diplomatic relations with Nicaragua but also provides it with development assistance, bank credits, and assists in its trade activities. Is he prepared at least to point out these facts to the four members of his Party who have been supporting activities which would result in the violent overthrow of the Government of Nicaragua?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I am certainly prepared to point out those facts. I appreciate the Hon. Member reciting for the House of Commons and the Canadian public the balanced approach this Government has taken towards questions in central America. What she is talking about here, and what the Liberal Party is talking about here, is a very basic question of individual freedom. Are Canadian citizens free or not free to contribute to causes in which they believe? If ordinary citizens are free, do they lose that freedom because they become Members of Parliament? It appears that the Liberal and New Democratic Parties believe that freedóm should not exist. We do not share that view.

• (1450)

Some Hon. Members: Hear, hear!

Ms. Jewett: Mr. Speaker, the Minister gravely distorted what I said. I worded my question very carefully.

NICARAGUAN CONTRAS—GOVERNMENT POLICY

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, does the Minister not believe that confusion is being sown in the minds of the Canadian public—

Some Hon. Members: Oh, oh!

Ms. Jewett: —and in the minds of citizens of other Latin American countries? Is it or is it not the foreign policy of the Government of Canada to oppose any support, be it military or financial, to the Contras who are trying to overthrow the Government of Nicaragua? If it is our policy to oppose the Contras, will the Minister at least make that clear to the members of his own Party?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the policy of the Government is not only clear to the countries of Central America, but is applauded by them. I knew that the Hon. Member and I had different views of the extent of state control which would be appropriate, but I did not know that her view of state control meant that it should reach to the lengths of prohibiting individual private persons from contributing to private undertakings in which they might believe, even though that was not the policy of the Government of the day.

Some Hon. Members: Hear, hear!

* * *

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

LANGUAGE POLICY

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, my question is directed to the President of the Treasury Board. I asked him on several occasions for information concerning the regressive attitude of the RCMP concerning official languages. The Government has adopted a passive attitude in this matter, prefering to do nothing. Delighted with this lack of action and leadership, the RCMP is still bent on its decision to reduce the proportion of Francophones among its regular officers from 20 to 14 per cent. These policies are insulting to Francophones and show that this Government pays only lip service to equitable representation. The Minister claimed in the House that the RCMP continues to maintain the 20 per cent quota. The RCMP told us that it does not. My question is

this: Who is telling the truth, the RCMP or the Goverment? Who sets up the linguistic policy in this country, the Government or the RCMP?

Hon. Robert de Cotret (President of the Treasury Board): First of all, Mr. Speaker, I do not accept at all my hon. friend's preambule. I cannot accept either the fact he should quote me as saying that the RCMP is maintaining the quota. I said that it must do so. It's a quota which has been established by and comes under the Treasury Board, a quota which has never been changed and which is the RCMP's responsibility to maintain. If the RCMP wants to change it, it can always submit an application to Treasury Board, something it has failed to do. Under the circumstances, the RCMP must maintain the quota which has been set and we strongly support our linguistic policy as established.

REQUEST THAT GOVERNMENT ASSERT ITS POSITION

Mr. Jean-Robert Gauthier (Ottawa—Vanier): According to a time honoured proverb, Mr. Speaker, where there is a will there is a way. The Government's position is clearly in conflict with that of the RCMP. My question is quite simply: What could the Minister tell the House to assure us that the Government is assuming and will continue to assume its responsability concerning official languages? Will he tell the RCMP that the government is the boss, not the RCMP?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, I am pleased to reply to my Hon friend that following representations made last October in the House, I wrote my colleague the Solicitor General on October 22 to ask him to submit to Treasury Board at his earliest convenience the plan which the RCMP meant to follow to implement the Treasury Board guidelines. I was told that it would take a few weeks, and I can accept that. Once this plan is submitted, the Treasury Board will take the necessary action to ensure that its guidelines are respected.

* * *

OFFICIAL LANGUAGES

STATUS OF BILINGUALISM IN RCMP

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, the RCMP persists in its contempt of the basic principles of the Official Languages Act. At headquarters, for instance, what we have is indeed an English-speaking ghetto.

When will the Minister insist that the Commissioner and other RCMP members must absolutely abide by every principle of bilingualism within the RCMP and stop trying to sabotage it?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, I just answered that same question on October 22, 1986. If the RCMP or the Solicitor General, on behalf of the RCMP, want to apply for any exemption to Treasury Board's policies on language matters, all they have to do is make the application within the shortest time frame.

In the meantime, the policy remains unchanged and those people must comply.

REQUEST THAT CERTAIN SUGGESTIONS BE ACCEPTED

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I have a supplementary for the Solicitor General.

Is the Minister ready to accept two very concrete suggestions on bilingualism in the RCMP—first, that the next commissioner be bilingual, and second, that members of the RCMP receive a premium for bilingualism, as is already the case for all employees in the Public Service?

[*English*]

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, as the Hon. Member and other Members of the House are aware, the present Commissioner is retiring on March 31, 1987. We will be commencing interviews of possible candidates in the near future. I thank the Hon. Member for his suggestions. I think they are very sensible suggestions and we will certainly take them into account during our interviews.

* * *

[*Translation*]

EMPLOYMENT

CRITICISM OF INSUFFICIENT JOB-CREATION FUNDING FOR YOUTH

Mr. Gilles Grondin (Saint-Maurice): Mr. Speaker, I have a question related to the press conference given yesterday in Montreal by the Minister of State (Youth). Since he is not here I would ask the Minister of Employment and Immigration to respond, and I will speak French to the Minister even though his colleague held most of his Montreal press conference in English.

How can he explain the fact that his Government will invest only $10 million over three years to create 849 jobs, when we know there are more than 377,000 unemployed in this age group, particularly if we note that this program, a poor substitute for Katimavik, is neither new nor innovative since it existed in 1984 under the Liberal Government with a $35 million annual budget to create 3,500 jobs a year?

Why does the Minister allocate such measly sums to youth programs?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Quite obviously, Mr. Speaker, the Hon. Member for Saint-Maurice simply did not understand that the program announced yesterday by my colleague is only one of many job creation programs for young people. There is more to come and, if the Hon. Member would be patient, the

Minister of State (Youth) will announce other programs at the appropriate time.

REQUEST THAT GOVERNMENT EXPRESS INTENTIONS MORE PRECISELY

Mr. Gilles Grondin (Saint-Maurice): A supplementary, Mr. Speaker.

The Minister's answer is not good enough because we have been waiting for two years now to find out what the Government will do to replace the programs it shelved.

This one totally ignores Saskatchewan and Prince Edward Island, and offers just a few crumbs to Nova Scotia.

Mr. Speaker: Order, please. Would the Hon. Member ask his question?

Mr. Grondin: Mr. Speaker, when will the Government stop treating young people as if they were third-class citizens? What does the Government plan to do to meet the needs of young people who do not live in cities or in the provinces covered under the program?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I can hardly believe that the Hon. Member for Saint-Maurice would be so oblivious as to forget and refuse to acknowledge that last year this Government did invest more than $200 million to create jobs. Young people have not been treated so well for many years, well enough to make any Liberal Party dream about it!

* * *

• (1500)

[*English*]

FISHERIES

SEAL HUNT—MALOUF COMMISSION RECOMMENDATION ON COMPENSATION OF SEALERS

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, my question is directed to the Minister of Fisheries and Oceans. Speaking of the deep sense of frustration felt by individuals and communities who lost an important part of their livelihood because of the international campaign against sealing, the Malouf Commission said: "They feel aggrieved economically, socially and culturally. There is a need for financial compensation for these losses". Why has the Government added to this sense of frustration and betrayal by rejecting recommendations for major funding that would compensate these individuals and communities and help them to get back on their feet?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I am sure that when all Hon. Members have had a chance to read the entire Malouf Commission report they will appreciate the helpful and thorough advice that Judge Malouf and his colleagues have offered to all Canadians on this very difficult issue. We have concerns for those communities and individuals, both in northern Canada and on the Atlantic coast, whose livelihood has been displaced by international pressures and other factors. That is why we have announced a $5 million adjustment package to reorient and refocus these communities and to assist in a rejuvenation of legitimate sealing for adult seals, where that is feasible.

AMOUNT OF COMPENSATION

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, how can the Minister and his Government pretend that $5 million over four years is adequate compensation for the kind of devastation that these individuals and communities have suffered as a result of an economic disaster that was not of their own making?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, the Hon. Member knows that we have set in place a number of consultations involving the Canadian Sealers Association and the Inuit Tapirasat of Canada. We are funding a proposal on their part with respect to a long-term strategy to assist these sealing communities.

I might remind the Hon. Member that the Chairman of the Canadian Sealers Association said yesterday that even fishermen recognize that $120 million is excessive and that in this day of restraint money has to be spent wisely.

Mr. Manly: There is a big difference between $5 million and $120 million.

Mr. Siddon: According to Mr. Mark Small: "I don't think they—", fishermen, "—are expecting compensation".

BABY SEAL HUNT—GOVERNMENT POLICY

Mr. Alan Redway (York East): Mr. Speaker, my question is directed to the Minister of Fisheries and Oceans and concerns the Malouf Commission Report. The Minister is well aware that many Canadians are most concerned about the hunting of baby seals. Will he explain why the Government has rejected the recommendation of the Malouf Commission to ban the commercial hunting of baby seals, particularly in light of the Minister's admission that there is no market for the skins? Is he prepared to reconsider that decision?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, let me point out to the Hon. Member that the Government's response yesterday did not indicate a rejection of any particular recommendation. In fact, as I indicated to the media yesterday, we will not support a renewal of the white coat hunt. Neither market conditions nor public opinion would allow the renewal of the white coat hunt and that is why, in our package of adjustment measures to benefit legitimate sealing communities, there will be absolutely no support for any rejuvenation of that hunt. We feel that that hunt is dead for once and for all.

Mr. Speaker: Is the Hon. Member for Grand Falls—White Bay—Labrador rising on a supplementary question on this issue?

Mr. Rompkey: Yes, Mr. Speaker.

REQUEST FOR INCREASED COMPENSATION

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, I want to ask the Minister of Fisheries and Oceans how he can speak with such hyprocrisy and how he can stand in his place as the Minister of Fisheries and Oceans—

Some Hon. Members: Oh, oh!

Mr. Speaker: Order. All Hon. Members know that Question Period has nearly ended. I tried to accommodate Members on this particular issue. The Hon. Member, on a short supplementary.

Mr. Rompkey: Will the Minister, as spokesman for the fishermen, go back to Cabinet and ask it to reconsider this measly $5 million which is an insult to the sealers on the Atlantic coast and in the Arctic, and receive a decent and generous compensation package for sealers who are the most marginal and vulnerable workers in the country?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I must repeat to the Hon. Member that the adjustment measures that were announced yesterday in the area of employment adjustment and marketing support for the sealing industry meet with the support of the Canadian Sealers Association—

Mr. Rompkey: They do not. They said it was not enough.

Mr. Siddon: They claim that $120 million is excessive and in fact suggest that sealers are not expecting compensation.

Mr. Rompkey: That is hyprocrisy.

Mr. Siddon: Go back and talk to your own constituents.

Mr. Rompkey: You are absolutely wrong.

* * *

Mr. Crombie: Mr. Speaker, may I beg the indulgence of the House to make a very short statement with respect to a judge of the Citizenship Court in Toronto.

Mr. Speaker: The Hon. Minister has asked for consent to revert to Statements by Ministers. Is it the disposition of the House to give consent?

Mr. Gray (Windsor West): Mr. Speaker, the agreement of the House will be such that opposition spokepersons will have the usual right to reply.

Mr. Speaker: The Hon. Member for Windsor West has raised a point which I just assumed. In any event, the Chair will recognize other Members.

ROUTINE PROCEEDINGS

[*English*]

CITIZENSHIP COURT

RESIGNATION OF JUDGE STEVEN WALTER

Hon. David Crombie (Secretary of State and Minister Responsible for Multiculturalism): Mr. Speaker, I have talked to my opposition critics and they are aware of the statement. I wish to inform the House that I have just received a letter of resignation from Citizenship Judge Steven Walter of Toronto, a copy of which I respectfully submit. I want to advise the House that copies of the letter of resignation are available from my office.

Some Hon. Members: Hear, hear!

Mr. John Nunziata (York South—Weston): Mr. Speaker, I appreciate the Minister's statement. I just want to make a few comments.

The case of Judge Steven Walter is unfortunate. In our view, Judge Walter should not have been appointed to the Citizenship Court bench. That particular appointment is a classic example of political patronage at its worst. Judge Walter was appointed to the Citizenship Court bench, not because of his qualifications as a Citizenship Court judge, but because he was a friend of the Government and because he was a supporter of the Conservative Party.

Some Hon. Members: Oh, oh!

Some Hon. Members: Order.

Mr. Speaker: Order. The Hon. Member for York South—Weston (Mr. Nunziata), who has evidenced considerable interest in this matter and has made representations in the Chamber on the question, knows that when a Minister makes a statement, other Members who are replying are bound by the custom of keeping their statements within the same time frame. The Hon. Member for York South-Weston has already exceeded that. Perhaps the Hon. Member would find another time and another circumstance to comment further and enlarge upon the points that he makes. I know that the Hon. Member thinks it is an important matter.

I point out to all Hon. Members that quite clearly the Minister felt this was a very important matter and I believe has acted with great expedition.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I appreciate the significance that the Minister gave this issue when it was brought to his attention, both in the media and in the House. I believe he took prompt and appropriate action. I

believe he has sent a very clear signal to Citizenship Court judges across Canada that we expect them, in their position of trust, to exercise total non-partisanship in their deliberations. If anything, this highlights the need to have a sophisticated process for the screening of Citizenship Court judges when they are appointed. This is a quasi-judicial position and it is important that people of the highest quality are put in those positions of trust and that they conduct their operations in a most appropriate and sophisticated non-partisan way.

* * *

[*Translation*]

PRIVILEGE

MR. BOUCHARD—CORRECTIONS TO ANSWERS.

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I would like to correct what I said earlier in reply to the Hon. Member for Saint-Maurice (Mr. Grondin) in relation with the amounts invested by the Department of Employment and Immigration and the Ministry of Youth to create jobs for young people.

I am sure that the Opposition Party will blame me if I do not make this correction. We did not invest $200 million, but $700 million in job creation.

* * *

[*English*]

POINT OF ORDER

ALLEGED USE OF UNPARLIAMENTARY LANGUAGE

Mr. Jack Shields (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, during Question Period today the Hon. Member for Hamilton East (Ms. Copps) distinctly said "Lies, lies, lies" after the Secretary of State replied to her question. I would ask the Chair to check the "blues".

• (1510)

Mr. Speaker: The Hon. Member, I believe, is raising either a point of order or a point of privilege. I must advise the House that I did not hear what is alleged and I will look at the "blues".

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there have been discussions with representatives of the Opposition and I think you will find unanimous agreement to revert to Motions. I have two or three motions I would like to put forth in respect to the conduct of business for the next day or so and also with respect to legislative committees and the extension of rules. If there is that unanimous consent, I will put the motions.

Mr. Speaker: Does the Hon. Deputy Prime Minister and the President of the Privy Council (Mr. Mazankowski) have the unanimous consent of the House to move his motions?

Some Hon. Members: Agreed.

ROUTINE PROCEEDINGS

[*English*]

HOUSE OF COMMONS

STANDING ORDERS

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, my first motion is:

That, for the remainder of this session or until the last sitting day of December 1987, whichever comes first, the provisions of Standing Order 94(2) and Standing Order 89(1) in relation thereto, shall be suspended, unless otherwise ordered by this House.

What this proposal does is extend the committee membership of all the Standing Committees into 1987. If this is not done, the membership of the Standing Committees would expire at the end of this year.

[*Translation*]

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt this motion?

Some Hon. Members: Agreed.

Motion agreed to.

[*English*]

Mr. Mazankowski: Mr. Speaker, my second motion has to do with the work of the legislative committees. This proposal would suspend Standing Order 93(1) which requires the Striking Committee to report a list after first reading which causes unnecessary legislative committees to be appointed when reference of a Bill is sometimes made to a Standing Committee or Committees of the Whole.

The motion is as follows:

That, notwithstanding any Standing or Special Order for the remainder of the present Session, when a Bill has received second reading and has been referred to a legislative committee, the Striking Committee shall prepare and report, not later than the following Thursday, a list of members to compose the legislative committee which shall consist of not more than thirty (30) members.

Upon presentation of such a report of the Striking Committee, the same shall be deemed adopted and the Speaker shall appoint a Chairman to the said legislative committee, pursuant to Standing Order 93(2).

That, notwithstanding Standing Order 93(6), the Government House Leader shall, after consultation with the House Leaders of the other parties, establish the order in which the several legislative committees shall consider Bills, on the basis that no legislative committee shall sit at the same time that another legislative committee is sitting on a Bill emanating from or principally affecting the same department or agency.

What this would do is suspend the provision which requires legislative committees to meet within two sitting days of a

second reading and allow for priorities to be set while avoiding conflicts of membership.

The third proposal is:

That, notwithstanding Standing Orders 92(2) and 96(1), Standing and Standing Joint Committees shall not sit at the same time as a legislative committee on a Bill emanating from or principally affecting the same department or agency.

This also would avoid conflicts of membership and allow Members to be at legislative committees and not have to split their attendance between two committee appearances.

The fourth proposal is:

That legislative committees sitting during periods coinciding with the hours of sitting of the House, shall have priority over Standing, Standing Joint and Special committees.

The fifth proposal is:

That priority shall be given to Standing, Standing Joint and Special Committees in periods when the House stands adjourned, according to the schedule of meetings as established, from time to time, by the Chief Government Whip, after consultation with the other parties.

On many occasions in this House, Mr. Speaker, we have alluded to the fact that we are operating under new rules. There are growing pains and adjustments which have to be made. I merely want to express my appreciation to the Opposition House Leaders for their excellent co-operation so that we are able to work through these difficulties and have been able to work out solutions which we hope will facilitate and expedite the business of the House.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to.

PRIVATE MEMBERS' BUSINESS—ORDER OF PRECEDENCE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there have been discussions among the Parties in an effort to deal with the problem where Private Members who are involved in Private Members' Business Hour are unable to proceed with their motions. I therefore have two motions to present to the House. The first is an interim solution with respect to February 20, 1987, and the second motion refers only to the matter of substitution of Private Members' Business to the committee directly.

The first motion is as follows:

That, notwithstanding any Standing or Special Order, for the remainder of the present session,

(1) If a Member has given at least twenty-four hours' written notice that he or she is unable to be present to move his or her motion on the date required by the order of precedence, and if that item of business is not one which has been designated "votable" by the Standing Committee on Private Members' Business, the Speaker, with permission of the Members involved, may arrange for an exchange of positions in the order of precedence with a Member whose motion or bill in the order of precedence has not been designated "votable".

(2) In the event that the Speaker has been unable to arrange an exchange, the House shall continue with the business before it prior to "Private Members' Hour" pursuant to Standing Order 39(2), provided that there shall be no extension of the sitting pursuant to Standing Order 9(4)(a), and any division on a debatable motion shall be deferred until 6 o'clock p.m. on the next sitting day. For the purposes of this section, Standing Order 19(5) relating to deferred divisions on a Thursday shall apply.

(3) This order to expire on or about February 20, 1987, pending a report on this matter by the Committee on Privileges, Elections and Procedures.

[*Translation*]

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt this motion?

Some Hon. Members: Agreed.

Motion agreed to.

[*English*]

PRIVATE MEMBERS' BUSINESS—SUBSTITUTION—REFERENCE TO COMMITTEE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): I would like to give the Motion of Reference to the committee if I may:

That the matter of substitution of Private Members' Business when a Member is unable to move his or her motion on the date required by the order of precedence be referred to the Committee on Privileges, Elections and Procedures for a recommendation as to how this matter might be resolved and report to this House by February 20, 1987.

Motion agreed to.

PROVISIONAL STANDING ORDERS—CONTINUATION

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, as I am sure you and other Hon. Members are aware, the provisional Standing Orders under which this House functions will expire on the last sitting day in December. There have been the usual discussions with the Opposition House Leaders. I think you will find unanimous consent to adopt the following motion:

That, notwithstanding any previous Orders of the House, all the current permanent and provisional Standing Orders shall continue in force until April 15, 1987.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to.

GOVERNMENT ORDERS

[*English*]

UNEMPLOYMENT INSURANCE ACT, 1971

MEASURE TO AMEND

The House resumed from Wednesday, October 19, consideration of the motion of Mr. Bouchard that Bill C-16, an Act to amend the Unemployment Insurance Act, 1971, be read the second time and referred to a legislative committee.

Unemployment Insurance Act, 1971

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, I would like to make a few remarks about Bill C-16, an Act to amend the Unemployment Insurance Act to provide for the extension of the variable entrance requirements and to freeze the premiums payed by employers and employees into the Unemployment Insurance fund.

It is unfortunate that the Government has brought this Bill in at this late moment. Here we are in the dying hours of a sitting which will be finished by the end of December. If this Bill is not passed we would revert to a variable entrance requirement and the unemployed would need 14 weeks to qualify for unemployment insurance benefits.

• (1520)

We on this side of the House have no difficulty with supporting the Bill. There is no question that we support it and want it passed as quickly as possible. However, I think we ought to take this opportunity to reflect on the unemployment insurance program because the variable entrance requirement in itself is attached to the regional extended benefits.

The Government recently received the Forget Report in which we find some disturbing recommendations indeed. May I remind the House that when the Forget Commission was set up to look at the unemployment insurance program it was in an atmosphere of deficit cutting. In November of 1984 the Government was all set to cut deficits here, there and everywhere. It tried it through deindexing old age pensions and came up a cropper on that one. The Government made some announcements with respect to unemployment insurance. One was the consideration of pension income as earned income. Another was looking at severence pay and holiday pay as earned income and to appropriately cut back unemployment insurance benefits for those who received either, or for those who took an early retirement and received a pension. Because of the public outcry against that type of mindless cutting the Government set up the Forget Commission.

The Forget Commission was not set up to make the unemployment insurance program more humane, more sensitive or more responsive to the needs of the unemployed. It was set up in direct response to the Government's need and wish to cut $3 billion from the unemployment insurance fund. Magically, as if by osmosis, the Forget Report came back with a report which suggests exactly that. It recommends the removal of $3 billion from the unemployment insurance fund.

It is interesting to speculate on the Forget Commission report. First, it cost $5.2 million, which money came out of the unemployment insurance fund. It did not come out of the general revenues of the Government. Thus employers and employees have paid for this study. The money did not come from the government unemployment insurance accounts. It did not come from the government side of the account; it came from the premium account. It came out of the contributions of employers and employees. The Chairman of the commission was paid $725 per day plus $125 per day expenses. I am always amazed at how the rich and well-heeled can sit back and make recommendations regarding the levels of income that poor people receive. If we had some time I would like to do some speculation on that subject. However, I wish to take a look at what was said in the Forget Commission report.

Mr. Forget said that he went across the country and listened to Canadians. In fact, he received 475 briefs, most of which came from trade unions, individuals and advocacy groups. About 19 per cent of the briefs came from the business sector. In addition, the Forget Commission received 1,500 written briefs along with which there were no appearances. Mr. Forget said that he listened and that there were a great many complaints and much criticism that the unemployment insurance fund was unfair, unjust and that it was abused.

I have examined the briefs. I have found that a very small number of them, primarily the ones from the Canadian Chamber of Commerce and the federation of small business—just two or three briefs—recommended the type of Draconian measures that Mr. Forget and the majority of his commission recommended. For example, none of the briefs from fishermen recommended the elimination of fishermen's benefits. Only two or three briefs out of the 1,500 recommended the elimination of the regional extended benefits. None of them proposed any annualization. So to whom was Mr. Forget and the majority of his commission tuned in?

In an article which appears in today's *The Toronto Star* Mr. Roy Bennett points out that the commission report states the following:

> To address the question of fairness, it is important to identify those income groups that are the chief beneficiaries of unemployment insurance and the $3 billion of regional extended benefits.

He goes on to state that the unemployment insurance program was not redistributing wealth adequately. That is not what the unemployment insurance program is designed to do. No reputable individual who I know has suggested that the function of the unemployment insurance program is to redistribute wealth. The program was established to insure against the loss of income as a result of becoming unemployed. That is what the unemployment insurance program was designed to do.

It seems to me that Governments of the past have recognized that in some parts of the country the chances of becoming unemployed are much greater than in other parts of the country. For example, in the Golden Horseshoe at this point in time a person can leave one job and walk into another tomorrow. That is not uncommon. We must also recognize that in other parts of the country the same thing is not so easy. In fact, there are parts of the country where it is important to Canada's economic health that the resources be mined, fished and cut. We must recognize that those are seasonal operations. Thus we insure workers against the loss of income should they lose their jobs. That is the underpinning of the unemployment insurance program.

Mr. Forget has come along and said in his very wealthy, blithe and autocratic way that we can eliminate the regional extended benefits and we can annualize the income of those

collecting UI. In this way a person in Toronto, for example, who has worked 20 weeks will receive $240 a week under the present unemployment insurance system. On the proposal of Mr. Forget another person in St. John's, Newfoundland under the same circumstances with the same insured income will receive $102 a week. He throws in that an earnings supplementation program can be provided. However, when we open the Forget Commission report and try to find details with respect to that program we are forced to ask the following questions. Will it be income-attached? Will it be total family income or individual income? Does one have to be working to collect it? How long will it last? How much will one receive? There are no details with respect to these questions. However, there are all sorts of details with respect to what will be cut off and how it will be cut off, but nothing with respect to what will replace it. Canadians right across the country are not prepared to accept that pig-in-a-poke approach—no way!

• (1530)

Mr. Deputy Speaker: Order. It being 3.30 p.m., pursuant to the special order adopted yesterday, I must now interrupt the proceedings and the House will now proceed to the consideration of Private Members' Business.

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*English*]

CONSTITUTION ACTS, 1867-1982

SUGGESTED AMENDMENT TO ABOLISH SENATE

Mr. John Parry (Kenora—Rainy River) moved:

That, in the opinion of this House, the *Constitution Acts, 1867 to 1982*, should be amended in order to abolish the Senate, and that this House urges that the Senate and the Legislative Assemblies of all provinces pass similar resolutions, and that the Governor General issue a Proclamation under the Great Seal of Canada to that effect.

He said: Mr. Speaker, it is with pleasure, perhaps tinged with regret that this motion is no longer a votable item, that I rise today to present this motion and to say that I am proud and happy that it is very much in the mainstream tradition of my Party. When I first came to this House, given some of the statements made during the 1984 election campaign and repeated in the House since that time, with the notable exception of the decimated remnants of the former Liberal Government, I was hopeful that, while this motion might not lead to the abolition of the Senate and the arrival of the moving vans tomorrow or even next week, it would indeed assist in setting in motion the processes required to rid this country of an institution which was once an embellishment but is now an embarrassment.

Today I would like to acknowledge the record of members of my Party, some of whom are no longer in this House, who have proposed and argued for the abolition of the Senate. I would like to acknowledge the contribution of former Leaders of this Party and its precursors and predecessors. I would also like to

acknowledge the contribution of the Leader of my Party, the Hon. Member for Oshawa (Mr. Broadbent). It was he who introduced a motion in the House on March 11, 1985. Rather than quote the complete motion, I would instance a couple of its clauses:

> Whereas the Senate of Canada enjoys legislative powers, but exercises these powers without popular mandate;
>
> Whereas the Senate of Canada is a product of an earlier period when democracy had not yet matured in Canada;
>
> Whereas adoption of this resolution would continue to allow for the creation of new and democratic legislative institutions by the Government of Canada and the provinces of Canada;
>
> This House urges the Government of Canada and the Governments of the provinces to act as expeditiously as possible to abolish the Senate of Canada.

At that time, surprisingly enough, members of the Official Opposition gave their consent to the debate of such a motion. Unfortunately, the Government, through a speech from the now Minister of Justice (Mr. Hnatyshyn) along the lines of the need for consultation and consensus, essentially turned down that initiative. Thus, I believe, the Government missed a great opportunity to rid Canadian society and the Parliament of Canada of an anachronism.

I shall quote again from the motion of my Hon. Leader:

> Whereas the Senate of Canada enjoys legislative powers, but exercises these powers without popular mandate;

If I were to make a one-sentence summary of my case for the abolition of the Senate, those are the words I would use. The Senate of Canada operates within the Canadian parliamentary framework without a popular mandate.

I would like to refresh the memory of the House of the exchange which took place in March 1985 between the Prime Minister (Mr. Mulroney) and the Leader of the Official Opposition The Prime Minister, tongue in cheek and ever quick, offered the Leader of the Official Opposition the chance to bring in a motion to abolish the Senate if it was supported by the Liberal Party. Unfortunately, the Leader of the Opposition chose not to call the Prime Minister's bluff. Had he done so, he might have either embarrassed the Government or, indeed, forced it to act on the offer that was made rather than merely relying on rhetoric, wit and evasion to accomplish their objectives within the parliamentary process.

I do not wish to provide an historical survey today; indeed, time does not allow. Nor do I want to deal with personalties. There must be rules of mutual respect. While the Senate continues to exist, I will do my best to observe it. Although it is difficult to deal with either assembly without referring to individuals and practices, I am sure you will correct me if I err on this rule, Mr. Speaker.

In the context of the resolution, it matters little what the personal work or merits, opinions, strengths or weaknesses, habits, shortcomings, real, imagined or alleged are of the Members of the other House. Indeed, it matters not very much what the level of their income from their official duties, if I could use the term ever so loosely, might be. It matters little what income they draw from other sources, whether it be

simply Old Age Security pensions or directors' fees and residual incomes such as in some cases is said to amount to hundreds of thousands of dollars. In trying to avoid the *ad hominem* or *ad feminem* arguments, I would have to ask for the forebearance of the House because it very difficult indeed to ignore some of the grosser examples that have been presented to us from time to time.

I would like to discuss briefly the background of second chambers in general. In western constitutional history, bicameralism was originally justified by the need to represent the aristocratic element of society in a distinctive and powerful way within Parliament. The classical theory was expressed by Montesquieu in his *The Spirit of Laws*. Second chambers, however, have indeed been passionately decried. The objection of Sieyès in the French Revolution is well known: if it contradicts the popular chamber, then it is not democratic; if it merely agrees, then of course it is unnecessary.

To quote a Canadian context, a Father of Confederation, Georges-Etienne Cartier, claimed that the Senate provided the power of resistance to oppose the democratic element. Indeed, today there is still on the walls of that chamber the quote from Cicero: "It is the duty of the nobles to oppose the fickleness of the multitudes".

Harold Laskey, the British political scientist, said that anyone who examines the nature and history of second chambers in general will discover that their main purpose is at least to delay and, if possible, to prevent the disturbance of the *status quo*. They are, in fact, conservative structures, using that term in its small "c" sense. I am glad to know that many of my colleagues within the Progressive Conservative Party believe that the Senate has outlived its usefulness.

Since World War II, there has been a trend away from bicameralism throughout the world. Second chambers have been abolished in Denmark and Sweden, and in 1968 the Province of Quebec finally rid itself of the last provincial second chamber in Canada. According to a survey carried out in the last decade, a single elected chamber prevails in 84 countries and bicameralism in only 55.

The faults of the institution derive from the fact that the Senate was established during an immature phase of Canadian democracy. I do not claim that the present phase is perfect but it has at least matured in its institutions. The Senate was modelled, as are so many of our institutions, on the British constitutional model; in this case, the House of Lords. It was to replicate the function the House of Lords served at a time when Canada functioned very much as an appendage of the United Kingdom.

Canada's system was modelled on the British House of Lords where the principle was, though not explicitly stated, to provide a brake for the powerful, the privileged and the landed interests on the initiatives of the democratic society. Second chambers were considered necessary to protect business and commercial interests from the irresponsible operations of popular Government.

The Senate is neither regionally representative today, nor is it democratic. It is, to quote Bob Rae, an undemocratic institution working at the heart of a democratic Government. I would like to quote from an editorial which appeared in the local newspaper. I found it to be very persuasive on the subject. It said:

> As a body of provincial representation, it is obsolete—overtaken by the elaborate institutionalization of federal-provincial relations... The first ministers' conference has become a permanent feature of the political system. Premiers can press their provincial interests more powerfully, and more legitimately, than any senator.

• (1540)

The Member for Kamloops—Shuswap (Mr. Riis) referred to the Senate as a home of hacks, flacks, and bagmen. Such it is, and as such it can cost an average in projected terms of $1.5 million to keep a Senator there until retirement. Younger Senators, of course, are more expensive. But I think the worst demonstration of misuse of the appointment power to the Senate has to be that started under the Trudeau regime of using it as a holding tank for campaign teams.

Around 90 per cent or more of the legislation that determines the way in which we live our lives in Canada comes from unicameral institutions, Indian bands, municipal governments, provinces, and school boards. Why do we need a Senate today? We do not.

Mr. Jim Edwards (Edmonton South): Mr. Speaker, I would support the Hon. Member's motion if only he had provided for the immediate replacement of an appointed Senate by an elected body following its abolition.

[*Translation*]

The last time I rose in this House to speak about the reform of the Senate was during the debate on my own motion which asked for a reform of the second Chamber. This was on May 17, 1985. Since then, an increasing number of Canadians have expressed their support for a reform of this unfortunately outdated institution. Some say that we are wasting time speaking about it. I disagree.

[*English*]

I would agree that we have not yet developed the critical mass required to provoke reform. By discussing today the need to reform the other place, we are adding our voices to the momentum for reform.

I firmly believe that the concept of Senate reform has momentum. More people are talking about it, and more seriously. I hear Senators talking about it. I read Senate reform policies adopted by distinguished political parties. University students are writing papers and theses on the need and alternatives for reform.

One of the most forceful and persuasive statements on the need for Senate reform was made on the Hill 10 days ago by the distinguished former Premier of the Province of Alberta, who was not always known for his endorsement of such an institution. Indeed, Mr. Lougheed confessed to his conversion

to the course of an elected, effective, and equal Senate having examined the distinguished report on that subject which was done by a select committee of his own legislature. He went on to indicate that many in western Canada and Atlantic Canada, and some in central Canada, are coming to the view that one of the institutions which would need to be reformed in order to hold together this rather desparate nation would be the institution of a triple-E Senate.

I would contend that the discussions about reform have crystalized around two central notions. First, the need to give the Senate legitimacy by electing its members; second, the importance of making representation in the Senate equal for each province.

Some people unfairly and inaccurately portray the Senate as a do-nothing institution. Senators are portrayed as lay-about political hacks, as my hon. friend has suggested. Neither assertion remotely resembles the truth. The truth is that the Senate is populated by some of Canada's brightest and hardest working people. Much of the work the Senate accomplishes is unsung, unseen, and yet invaluable. I am thinking particularly of the pre-study of legislation. The pre-study work of the Senate's committees is not recorded anywhere, and it is not well known. Nonetheless, it has done much to make our laws clear and workable.

[*Translation*]

No, Mr. Speaker, I do not urge a reform of the Senate because of any lack of respect for the work done by our senators. Far from it!

[*English*]

I favour reform in order to give legitimacy to the good work done in the other place. The only way that the Senate can gain legitimacy is if its members are elected. Many, perhaps even most Senators, agree with me on this point.

It is essential that we define our expectations and intentions for a reformed Senate. I favour the triple-E Senate with equal representation from each province. I conceive of a reformed Senate as achieving the purpose originally ascribed to it by the Fathers of Confederation: that of a regional counterweight within the national legislature, to balance the more populace regions in matters of federal jurisdiction.

This is a federation with jurisdiction divided between two orders of government. The objective of Senate reform is to restore regional and sectional balance to the debates in matters of federal jurisdiction, not to give the provincial governments a foot in the door of the federal legislature. That would betray the very concept of a federation.

Numerous reports, position papers, and government Bills were tabled, discussed, and introduced during the Liberals' long reign under Mr. Trudeau. However, as documented by Mr. Bill Yurko, a former Member of Parliament, not one of these government initiatives or Liberal dominated committees from 1972 to 1983 supported an elected Senate. Indeed, the only Liberal dominated report to support election to the other place was the report of the Special Committee on Senate Reform of 1984. It is interesting and important to note that in his discussion paper presented to the committee the then Justice Minister, the Hon. Mark MacGuigan, stated:

> The Government of Canada has no set position on how the Senators should be chosen.

His discussion paper neither recommended nor rejected an elected Senate. That was the Liberal Party's position in 1984. I am afraid that the Liberals are Johnny-come-latelies to the idea of a democratic second chamber. In fact, it has been pointed out that at their recent policy conference which was so successful in one of its objectives, but so great a failure in its attempt to formulate any policy, another resolution was adopted which would, if it became law, render such a Senate virtually impossible. The Liberal Party endorsed a constitutional amendment that would in effect give both Quebec and Ontario a veto over future constitutional amendments. That, I submit, would forestall such a development.

With all respect, I do hope that this particular motion will fire some genuine and sincere debate. I applaud the Hon. Member for reintroducing the subject into the Chamber. The time has come for a serious debate and serious action on this matter.

Before commenting on the Hon. Member's Party and its position, I would like to say one final thing about the Official Opposition's position on the issue. In my opinion, there is some doubt about the sincerity of the position adopted by the Liberal Party on Grey Cup weekend. It is a well named weekend, by the way, since most of the material coming out of the Congress Centre was grey in colour. I would suggest that when the Bill by the Hon. Member for Bow River (Mr. Taylor) was talked out the other day in the Chamber, it was talked out by representatives of the Liberal Party. I submit that that shows their lack of seriousness about the issue.

In contrast, we can at least say this for the New Democrats. Their stance on the Senate has been consistent, albeit consistently wrong. Still today we have an hon. gentleman, a member of the New Democratic Party, proposing the abolition of the Senate. That would deny a fundamental and still relevant aspect of the Confederation agreement. I suggest it will fall on barren ground, at least in western Canada.

Two aspects of the Confederation agreement as forged at Charlottetown and Quebec City are regularly underemphasized. First, that Confederation was and is in great part an economic arrangement. How the economic costs and benefits of nationhood were to be distributed was a primary focus of the discussion which led to Confederation, and an essential aspect of the agreement.

[*Translation*]

Second, the Fathers of Confederation, and there were unfortunately no mothers of Confederation, were very concerned about the role and status of the second House of the Federal Parliament. They spent more time discussing the

Senate than the division of powers. That is an historical fact, Mr. Speaker.

[*English*]

I mention these two facts because they are linked. I am convinced that if Canada's regions are to share equally in the nation's prosperity, as is their due under the Confederation agreement, our national institutions must be strengthened. The most important of these is the Senate, for an objective consideration of the proceedings of the Chalottetown and Quebec conferences and of the proceedings of the various legislatures leads to the definitive conclusion that the Senate was intended as the principal voice of regional and sectional interests in matters of federal jurisdiction. History proves that neither Cabinet nor the provinces can guarantee economic justice within Confederation. That job is properly assigned to the Senate. The Fathers of Confederation knew that. We just have to live up to their intent.

• (1550)

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I had not meant to make a partisan speech today, at least not unduly. However, it will be very difficult to restrain myself as much as I would like after hearing the ridiculous comments about the Liberal Party by the Hon. Member who represents the ridiculous Conservative Party.

In his not so eloquent remarks, the Hon. Member made some reference to the fact that it was the fault of the Liberals the other day that a motion in the House did not proceed. He said that the Liberals talked it out. That is fascinating. As I recall the situation, there were exactly the same number of speakers from each Party, all of whom spoke for the maximum 10 minutes. This leads me to believe that each Member who spoke deliberately used his or her time. Therefore, Conservative Members are just as responsible as anyone else for the motion not proceeding. I ask the Hon. Member across the way what kind of moral honesty is that? If I were he, I would fire that speech writer immediately. Any speech writer who cannot give an Hon. Member better information than that does not deserve his or her paycheque.

The Tories can never speak for themselves. They are the silent majority in the House. They are the book-ends. They are the people who came in with the tide and will go out with the ebb-tide. Those surfers who were elected in the last election should perhaps think about that before making such ridiculous remarks in the House of Commons.

The subject at hand is very important and should not be a partisan issue. Of course that is the last thing I would want to do. The Hon. Member for Kenora—Rainy River (Mr. Parry) proposed a motion today that we should amend the Constitution of the country to abolish the Senate. Of course that really means that we should abolish one of the two Chambers of Parliament. Let us not forget that the two Houses of Parliament are sovereign. Therefore, any remark to the effect that we should abolish or dissolve half of our parliamentary institution is extremely inappropriate.

I say to Hon. Members of the Democratic Party that there are reasons for the existence of that institution. The Hon. Member for Kenora—Rainy River may have referred to some of them, but unfortunately he forget to mention that which works well in the Senate. As well, he completely forgot that there were reasons for the establishment of the Senate other than the unique one to which he referred. In part he referred to the fact that the Senate was appointed in an era in which the democratically elected House of Commons was viewed as somewhat immature. That may have been one of the reasons at that time, but there was also another one.

The Hon. Member is a student of history. He must know the history of Canada. When Canada East and Canada West, formerly Upper and Lower Canada, and the two Atlantic provinces joined together in 1867, there was an agreement that proportional representation would be given to one House and that there would be a guarantee in the other House ensuring that the regions of the country were represented. Perhaps he forgot that part of the equation. However, he should remember it, especially since the Members of the New Democratic Party purportedly speak to matters important to everyone, in a sanctimonious way. They should remember that, especially having consulted with their Quebec caucus chairman as they must have done earlier this week.

The original arrangement was to have in Canada a Senate with a third of its representation from the Province of Quebec, a third from the Province of Ontario, and a third from the maritime provinces. In that formula there was a constitutional guarantee to provide a minimum number of seats for the Province of Quebec.

[*Translation*]

And the Hon. Member is of course aware that at the time, people felt it was important for the Fathers of Confederation to have a mechanism that would ensure that the linguistic duality of our country would always be reflected in the Parliament of Canada. Earlier this week, when we were having a similar debate in the House, I mentioned that after the 1979 election campaign, when the Clark Government headed by the present Secretary of State for External Affairs was elected, its leader had to go to the Senate to get someone to represent this province in his Government. And I am not being partisan, since he doesn't even belong to my party.

My point is that it was important for this particular Prime Minister, and perhaps for others in the future, to be able to seek out representatives from certain regions in our country to ensure that those regions, and especially when we're talking about Quebec . . . There is a particular concern here because when we are talking about Quebec, we are talking about one of the two founding peoples. In the Clark Government, one of the two was not even represented in the Government, not because of the Prime Minister but because only one Member had been elected in that province. Only two Members, but only one Francophone. And so he did not have enough Members to appoint as Ministers in his Cabinet. And that is when he opted for going to the Senate, and I think that was an inspired

gesture. What would the Hon. Member who is proposing to abolish the Senate have done in that kind of situation?

Does he mean that if one of the two founding peoples had not managed to elect Members on the Government side, they would not deserve to be represented in that Government? Is that what the New Democrats are trying to say today? I wonder whether that is what they really want. If that is the NDP position, then the House and the entire country ought to know, because for a long time we have been hearing about this so-called NDP formula for parliamentary modernization, which includes abolishing one of the two Houses of our Parliament, and thus potentially preventing one of the two founding peoples from getting the kind of recognition it has received in the past. And that is not mere speculation, Mr. Speaker, since it actually happened in the last ten or twenty years.

Mr. Gérin: Put your money where your mouth is!

Mr. Deputy Speaker: The Parliamentary Secretary to the Secretary of State for External Affairs (Mr. Hudon), on a point of order.

Mr. Hudon: Mr. Speaker, if there are two founding peoples, why didn't the second Chamber ask for the second founding people to sign the Constitution Act in 1982?

Mr. Deputy Speaker: I don't think that is a point of order. The Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria).

Mr. Boudria: Although this is very interesting, Mr. Speaker, it is hardly a point of order. I would like to ask the Hon. Member what he and his Government are doing just now. He has done his homework; I am looking forward to his speech in a little while and he will be able to deal with this issue, in view of the trick which the Progressive Conservative Party is trying to play on Quebec at this time.

Mrs. Mailly: We are asking for details. Is that the official position of the Liberal Party?

Mr. Boudria: It will be interesting to hear what the Hon. Member has to say.

I am anxiously waiting for his speech, Mr. Speaker.

Mr. Speaker, I conclude my remarks by saying today that, yes, I feel that the Senate should indeed be reformed and made up of elected representatives. By the way, I disagree with the PC Member of Edmonton-South (Mr. Edwards), who was saying a while ago that every province should have the same number of senators. I suggest this does not make sense. I say that it would be unfair for the province of Ontario, with over one third of this country's population, to have exactly the same number of senators as Prince Edward Island. People often use the American model. I tell you that there can be no American model, because there is no single state which has 35 per cent of the whole population of the United States. Another Member mentioned earlier this week that it would be necessary to take all the states West of the Mississipi to make up 35 per cent of the population of that country.

This formula which was never used elsewhere should not be used here either. Let us reform the Senate and make it elective. Let us stop talking about it and let us do it!

[*English*]

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, I should like to make just a few remarks. Perhaps I could clear up something which was the object of controversy between the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) and the Hon. Member for Edmonton South (Mr. Edwards) in respect of the Private Member's Bill of the Hon. Member for Bow River (Mr. Taylor) regarding the creation of an elected Senate. He was quite mistaken to imagine that anyone talked that Bill out. It was selected as a votable item and there are at least four hours of debate left. You could not talk that Bill out if you wanted to because it has to come to a vote. That was one of the more meaningless debates we have had around here in a long time, with the Liberals and Conservatives trying to figure out who talked out a Bill which procedurally cannot be talked out. I suppose that is par for the course in some respects.

• (1600)

As to abolition of the Senate, the Hon. Member for Kenora—Rainy River (Mr. Parry) said that is the traditional NDP position. I regard that as the preferable option. The best thing we could do would be to abolish the Senate. However, I have no illusions about the possibility of that coming to be the political consensus. In western Canada a consensus is building for another kind of change to the Senate, that is for an elected Senate. We will have plenty of opportunity to consider this issue as a result of the Hon. Member for Bow River's motion and it will be interesting to see what people say and how they vote on the motion. I think it is one of the more interesting issues to be put to a vote as a result of the new procedure on Private Members' Business. I am kind of excited by the possibilities and how it will turn out. However, when we are thinking about reform, let us not just think about the Senate, let us also think about the House of Commons.

One of the primary concerns about the Senate has been whether or not it lives up to its original function of representing the regions. Does it address the problem, as seen by many Canadians, of the political process being dominated by the interests of Quebec and Ontario? But let us ask ourselves not only what Senate reform might do in that respect but also what House of Commons reform might do.

I ask Members to think about proposals for some combination of proportional representation in the House of Commons alongside the kind of representation we have now. I personally would not be in favour of going to full proportional representation along the lines of the Israeli system, for example, where party lists are the only way people get into the Chamber, and where there is none of what we regard as a traditional parliamentary system in which people represent identifiable

areas and constituents. However, West Germany has a system where a certain number, I believe it is two-thirds, of their members are elected in the traditional parliamentary way and the other third elected according to proportional representation. If we were to adopt some Canadian combination of that system here, it might also address the feeling of people in western Canada, for example, that they are not well represented at the centre of the political process. I believe that is behind, to a great degree, the call for Senate reform in western Canada.

The traditional NDP call for abolition is based on the fact that it is not a democratic institution. That objection remains. However, there is a second question as to what we will do to address the feeling that smaller provinces and less powerful regions do not have enough political clout at the centre. I think that can be rectified in a number of ways and that is why I am personally open to the idea of an elected Senate.

I have to say in all honesty that a lot of expectations are being raised about what an elected Senate could do. I cannot imagine it living up to those expectations. There would have to be a great transfer of power from what we normally consider the domain of the House of Commons to an elected Senate, and that would inevitably be much more controversial than those who advocate an elected Senate think it would be. I am not saying that as a criticism, I just think this idea is in its political infancy. It has not been thought through.

For example, a lot of people in western Canada have said recently, in response to the CF-18 decision, that that is all the more evidence of the need for an elected Senate. I have asked myself a number of times how an elected Senate would have prevented that decision. In the end it was a government decision, not a decision of a particular Chamber. In order for those kinds of decisions to be made more fairly through an elected Senate, much more would have to be said about what the relationship between an elected Senate and government decisions would be. That has not been articulated by many of the people who have spoken in favour of an elected Senate. It has not been thought through.

But I did not rise today to criticize that idea. I am certainly open to suggestions for Senate reform which would make it democratic and make it address that sense of regional alienation which exists in certain parts of Canada. I simply caution Members not to create false expectations about how simple it might be to achieve an elected Senate. I imagine it would be very difficult indeed.

As I said at the beginning, we are going to have at least four more hours to debate the issue. As I understand it, the motion put forward by the Hon. Member for Bow River has only been debated for an hour. We will hear from at least 24 or 25 more Members of the House of Commons and then have a vote. It could be a historic vote. If Members of the House of Commons decide by a majority vote to send a message to the Government that they want Senate reform to be taken so seriously that they actually voted for an elected Senate, then that will have been an incredible day for Private Members' Business. It will have been the result of an initiative of one Private Member along with others. The Hon. Member for Kenora—Rainy River would have had a votable motion on the same issue had the last session not been prorogued and new votable items selected by the committee. I commend both he and the Hon. Member for Bow River and everyone else who is trying to contribute constructively to a debate about the kind of reform we need to address some serious questions of regional alienation, how to make our institutions more democratic, and how to finally get rid of this undemocratic cell within the larger democratic organism.

[*Translation*]

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, on October 1, 1986, when the Hon. Member for Kenora—Rainy River (Mr. Parry) presented his motion to abolish the Senate, I am sure he did so without any partisan motives, just as his comments a few minutes ago before the House were equally devoid of such considerations. My Conservative colleague, the Hon. Member for Edmonton South (Mr. Edwards) also made some non-partisan remarks on this very important subject. It is unfortunate, Mr. Speaker, that the Liberal Member for Glengarry—Prescott—Russell (Mr. Boudria) found it necessary to make comments that smacked of electioneering and petty politics.

I think that when we are discussing subjects of historical or national importance, Members should be a little less flamboyant in their speeches and should, if only for a short while, relax their ideological and political stance. I shall try to follow the example of my colleagues who just spoke and add my own equally non-partisan considerations. First of all, I would like to look at how the issue has evolved during the last fifteen years.

This is not the first time we are talking about changing the Senate. In 1972, a Special Joint Committee on the Constitution spoke out on the role of the Senate. It said that the Senate's principal role was to protect the provinces, minorities and regional interests. The Committee would let the Senate amend certain types of legislation and considered the Senate as the Chamber for sober second thought, away from the political ambience of the legislative process.

The next step was 1978 when the British Columbia Government appointed a committee on the reform of the Canadian Senate. Although the committee did not advocate outright abolition of the institution, they did recommend basic changes. In a nutshell, our friends in British Columbia wanted a reform under which provincial and regional participation would be institutionalized and they suggested that, up to a point, the Senate should be empowered to review legislation. The same year, 1978, an Ontario legislative committee, the Canada West Foundation and a Conservative Party committee seemed to favour the establishment of some kind of a House of the provinces to which provincial MLAs would automatically belong. In other words, MLAs would make up a strong provincial delegation.

In 1979 the Pepin-Robarts Commission came out in favour of a Council of the Federation made up of elected members of

various provincial cabinets. These elected members would have the right to vote in the Council of the Federation, which would also include elected federal government representatives who would be entitled to act as such and take part in debates, but without voting rights.

In 1980 the Quebec Liberal Party constitutional committee supported the abolition of the Senate, to be replaced by a federal council which would accept representations from official delegates of the various provincial administrations in this country.

In 1981, once again, we hear from the Canada West Foundation, this time about an elected Senate. In 1982, the Alberta Government, of which my colleague for Edmonton South (Mr. Edwards), who has already spoken on this subject today, used to be a member, proposed that the members of the Senate be appointed by the provincial Governments. This would have given a lot of power to each province over its own representatives.

If I may open a parenthesis, Mr. Speaker, it was also in 1982 that the Quebec Liberals, as I see that my colleague for Glengarry—Prescott—Russell (Mr. Boudria) is back in the House, forced 6 million Quebecers to go down on their knees and sign a Constitution to which they were not a party. I wanted to mention this fact because it is important. This antagonism toward Quebec has created very difficult climates in that province. This week again, the Hon. Member for Notre-Dame-de-Grâces (Mr. Allmand), a Liberal, showed his animosity toward Quebec by calling the members of the Société Saint-Jean-Baptiste du Québec extremists.

The climate was the same in 1982. It is useful to recall the climate in which the Liberals had us live for many years.

In 1984, Mr. Speaker, we had a Joint Committee of the Senate and the House of Commons on Senate Reform. This Committee proposed that members of the Senate be elected by the Canadian people. There would have been compulsory elections for senators. This was much more democratic than the method used by the Liberals to force us, Quebecers, to accept the Constitution in 1982.

Then, more recently, in August 1986, we had the Premiers' Conference in Edmonton which resulted in the Edmonton Statement. At that point, the First Ministers had agreed on a proposal put forward by Quebec's Premier, Mr. Robert Bourassa, which stated Quebec's willingness to sign the Constitution, joining in as a partner. But Quebec's Premier suggested to his colleagues from other provinces that before negotiations could open and the Constitution approved, Quebec's special status should be recognized. I am referring to the provincial Liberals. At the federal level, there is no understanding as yet as to what should be agreed to first among federal Liberals.

Premier Bourassa added that the Province of Quebec should have some authority in immigration matters, in order to increase Quebec's immigration quotas. Finally, Quebec's Premier referred to the vetoing formula, formula 7/75 under which seven provinces or 75 per cent of the population were needed to amend the Constitution. Premier Bourassa stated that three Supreme Court judges should be appointed by Quebec. And, finally, he said there should be a limitation on the Federal Government's spending authority in matters of provincial jurisdiction.

Those are things that may be questionable, Mr. Speaker, but at least they make up the policy of a Government whose Leader is a real Leader. There are no differences of opinion among provincial Liberals on the Constitution. However, there are major differences among federal Liberals on that issue.

Finally, Mr. Speaker, we had the November 1986 First Ministers Conference in Vancouver where the participants agreed to deal with the first stage of a possible amendment process with respect to the Constitution and the Senate, but the points raised by Quebec Premier Bourassa would have to be settled first. They agreed there would be a second stage when the agenda might include the very important issue of potential changes to our Senate, along with statements on property right, fisheries, and a variety of major topics of national interest.

For these reasons, Mr. Speaker, we would be well advised not to proceed any further with the project advocated by my socialist colleague on the other side of the House and to wait until the major recommendations of Mr. Bourassa have been implemented.

• (1610)

Mr. Jean-Guy Hudon (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I welcome this opportunity to speak to the motion before the House today. I realize the brilliant speech by the Hon. Member for Lévis (Mr. Fontaine) will be a difficult act to follow, but I would like to make a few comments just the same.

First of all, Mr. Speaker, I would like to comment on what was said earlier by the Liberal Member, when he said that when in 1979, the then Prime Minister, Mr. Clark, did not have enough Members from Quebec, he went to the Senate to get the representation he needed in his Cabinet for one of the two founding peoples of this country. I think that was an excellent idea, and I'm glad the Hon. Member brought it up. What I did not appreciate, however, is when in 1982, the Senate was a good deal less eager to ensure that the second or rather the first of the two founding peoples had its place within the Canadian Constitution and the repatriation process.

Mr. Speaker, recent events among our neighbours to the south, and I am referring to certain relations with certain countries and the arms sale, I find very perplexing. And I am especially embarrassed when I think of the young people who are watching us. I have been involved in education, and I have always tried to judge what we do as adults in terms of the upcoming generation, the generation that will take our place tomorrow.

And I thought that this was certainly one of the worst examples one could have given to young people today, and I wondered: What do we really have to offer American or Canadian youth? What are we actually going to offer them as Canadians, when we tell them: Listen, just trust the present generation. Watch what we are doing. We have the solutions, we have the means, and we are going to build a country commensurate with your aspirations.

And just look at the disappointed young people to the south and even in our own country, who are asking: Is that the administration that was supposed to build a better world for tomorrow?

Mr. Speaker, it is a little bit like what is going on in the House. It's nothing to write home about. What is the point in saying that we are the pick of the crop, the highest authority in the land, when we spend endless days arguing about a single figure. This idea about a Senate reform is not new and obviously, it won't be implemented overnight. Mr. Speaker, you are well aware that the young Canadians who are watching us as we deal with the unemployment rate which is going down, but not quickly enough— they are watching us on TV and say: what are they talking about today in the House? We talked about the reform of the Senate, we dealt with such and such point. That is no relevancy between these points and the future we should be building for young people.

The House will remember the unfortunate event in 1985 when the Senate refused to adopt a budgetary legislation to provide the Government with a borrowing authority. The whole financial and business community was wondering what was going to happen. For seven or eight weeks, the Senate refused systematically to adopt this legislation, and some senators of a different party were taunting us saying: Do your homework all over again, for we are the House of sober second thought.

Really, Mr. Speaker, we will have to deal with this problem, not necessarily by abolishing the Senate. We should use all our resources. Considered individually, all these people are a source of hope for young Canadians. On the other hand, the energy and vast resources of these people should be channeled, not after the fact, but during the legislative process, into discussions to which the elected representatives could contribute.

Mr. Speaker, basically, as long as the Senate remains a second Chamber able to block the Bills adopted by the duly elected Members of this House, there will remain a division of political parties and the second Chamber will continue to be a means to postpone the passage of Bills and legislation which a freely elected government is entitled to have implemented, and to my knowledge, there was no take over of power with machine guns in Canada in 1984. This is a question of partisanship, and we can see how clearly the Senate is divided along political lines at this time. It seems to me that we should now go beyond this type of upper Chamber.

For these reasons, Mr. Speaker, I believe that the Senate should be replaced, but we have to decide with what.

Mr. François Gérin (Parliamentary Secretary to Minister of Justice and Attorney General of Canada): Mr. Speaker, I wish to congratulate the Hon. Member on his remarkable speech. What is really remarkable is that he made certain distinctions while the Socialist Member who proposed the motion was unable to do so. Indeed, it is usual for that Party to be unable to make distinctions when analyzing a problem or suggesting solutions.

All that the Hon. Member did was to propose the complete abolition of the Senate. There is no indication of what would replace that institution. Complete abolition is being suggested even though there have been no previous discussions with the provinces. We also have to know the views of Quebec. However, the party—

Mr. Parry: Deal with the motion!

Mr. Gérin: No, do not make jokes about it. If ever there was any thought of appointing an NDP Member to the Senate, I think that, after your proposal, such an idea will never be mentioned again.

• (1620)

I do not know whether or not your Leader heard your motion. He was not here today. He was certainly elsewhere, but if he heard your motion or your speech, he must be disappointed because, apparently, he was most interested in being appointed to the Senate. All I want to say is that it now seems obvious that there should be no question of appointing Socialists to the Senate because, if this motion is sincere, they would not accept such an appointment and it is useless to appoint someone who would not accept it. It would be sad to offer such an enviable position to someone who would just refuse it.

Mr. Della Noce: Strange, but Ian Deans did accept.

Mr. Gérin: True enough, former MP Ian Deans did accept, but not a Senate seat, something else. Even in the case of other positions the Government has offered.

Mr. Speaker, perhaps we ought to be more serious than the Hon. Member who introduced the motion and really consider ways to improve the venerable Senate institution, if it is not to be abolished.

I am sure my colleagues know that interest in Senate reform has been increasing in recent years. A number of reform projects have even been made public, but there is still no consensus as to how we should proceed. There is no need to remind Hon. Members that Senate reform has been the object of many studies.

The best thing I can do today is review some of the major recommendations made in the past few years. I will begin with the report of the Special Joint Committee of the Senate and of

the House of Commons on the Constitution of Canada. In its report the committee points out that, at the beginning, the role of the Senate was to protect the interests of provinces, minorities and regions, and to proceed to a review of legislation, the sober second thought. The committee feels that the Senate must be reorganized—not abolished—because the reasons which justified its creation in 1867 are still valid. The committee recommends that the federal Government continue to appoint senators but, as seats become vacant, half the senators be appointed by the federal Government, according to a list of nominees submitted by the provincial or territorial Government involved, the other half being selected the same way as it is today.

Mr. Speaker, in 1978, in a document called *Reform of the Canadian Senate*, the Government of British Columbia recommended that the Senate should not be abolished but modified. According to this paper, the Senate's principal role should be to institutionalize provincial or regional participation in the federal decision-making process, its secondary role being to examine the Bills adopted by the House of Commons. The paper also recommended that senators should be appointed and released from their duties by the provincial Governments and that the senior senator for each province should be a provincial Minister.

Mr. Speaker, still in 1978, the Ontario Select Committee on Constitutional Reform of the Ontario Legislative Assembly, the Canada West Foundation and the Progressive Conservative Party recommended abolishing the Senate and replacing it with a House of the Provinces. The Ontario Committee proposed that members should be appointed by the provincial governments and represent those governments. Provincial Members, Ministers and the Premier of each province would be eligible.

Mr. Speaker, I see that our speaking time is running out. All the recommendations I have just mentioned—and I have a list of a dozen other recommendations from all parts of Canada—had the same focus, and that is, not abolishing the Senate but replacing it or changing it in some way or other, and doing so within the Canadian Constitution, and after consultation with, and the approval of, all the provinces. Therefore we cannot proceed in the manner suggested by the Hon. Member.

Mr. Deputy Speaker: It being 4.30 p.m., pursuant to Order made on Wednesday, December 17, 1986, the House shall now revert to Statements by Ministers.

Statements by Ministers

ROUTINE PROCEEDINGS

[*English*]

FINANCIAL INSTITUTIONS

POLICY STATEMENT

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, today I am announcing the policies which will provide new direction for our financial services industry.

Pursuant to the provisions of Standing Order 67(2) I have the honour to lay upon the Table copies, in both official languages, of documents pertaining to regulatory reform in the financial sector.

This is an industry which touches all Canadians. Our savings accounts, mortgages, car loans, insurance policies, all of these and more, are financial products essential to our daily lives, and it is critical that we be well served by this industry. There are few Canadians whose lives are not touched in one way or another every day by a financial institution.

All Hon. Members know that Canada is fortunate to possess one of the finest financial systems in the world. It is composed of sound world class institutions. It employs hundreds of thousands of Canadians and serves millions. It is one of Canada's leading export industries, which is something we ought not to forget. The financial industry is in the midst of rapid change. Communications technology has created 24 hour global markets. The importance of international capital flows has dramatically increased, and the traditional roles of financial institutions are changing. They are now doing far more than they used to.

• (1630)

These global forces, quite frankly, have challenged existing legislation designed for an earlier and less dynamic era. That is why, early in its mandate, the Government announced its intention to work with the provinces, the public and the financial community to reform financial regulations in order to seize the opportunities offered by change.

In April of last year, the Government set out its objectives for financial reform. We made specific proposals to focus the debate. In the 18 months since that time, extensive discussion, study and analysis have taken place and a variety of views have been expressed. First, I find there is a widespread appreciation of the key role of the financial sector in our economic renewal, not just in facilitating investment in Canada, but as an exporter and employer. Second, there is agreement that our financial system is fundamentally sound and that the basic division of supervisory responsibility for our institutions should remain in place.

[*Translation*]

There is universal acknowledgement of the trend toward integrated financial services, both here and abroad, and broad agreement on the benefits this brings to consumers.

[*English*]

There is continuing concern regarding self dealing and abuses of conflict of interest in both closely and widely held institutions. This also has been evident in the last 18 months. We have received detail and practical advice on how to improve our regulatory and supervisory structures. While there have been diverse views expressed on the best means to regulate our financial system, all of us seek the same goal. What we want is a sound financial system which provides Canadians with innovative and competitive services, which broadens the range of choice for Canadian savers and investors and which fosters safe and well supervised financial institutions which can compete effectively around the world.

I am announcing policies today which will achieve these important objectives, policies which we believe are realistic, balanced and, above all, workable. The document I am tabling today is entitled *New Directions for the Financial Sector*, which will allow the Canadian financial community to plan and act with confidence. It outlines the policies which will be tabled as legislation in 1987. It also provides the framework in which the Government will exercise the specific powers regarding the transfer of ownership as proposed in Bill C-8 and Bill C-9, both of which received first reading on October 6, 1986.

The policies we are proposing are policies for the next generation of financial institutions. They are far ranging and will have a profound and positive impact. They deal with interrelated issues which call for an integrated approach. I believe careful study of the document I am tabling today is necessary to gain a full appreciation of the scope of our proposals.

What is the essence of our approach? It is to act in four interrelated areas. First, we will allow the integration of financial services through the common ownership of institutions and the extension of powers. Second, we will introduce a pragmatic ownership policy which checks the growth of commercial financial links in the economy while maintaining balanced competition within the financial services sector. Third, we will provide a strong framework for prudential regulation. Fourth, we will modernize and strengthen our supervisory system.

[*Translation*]

In short, we will introduce a pragmatic ownership policy, provide a strong framework for prudential regulation. And, modernize and strengthen our supervisory system.

[*English*]

Let me discuss each area in turn. First, with respect to the integration of financial services, the Government believes our laws should reflect today's market reality. The banks and non-bank financial institutions today are not only capable of providing, but are actually providing, an evermore common range of services which meet the needs of all Canadians as savers, borrowers or as investors. In order to foster such common benefits, the Government will end unnecessary institutional barriers within the financial services industry and will allow the integration of financial services. Restrictions on common ownership of regulated financial institutions will be removed, allowing common ownership through affiliates or subsidiaries. Separate institutions will be maintained for supervisory purposes, but full networking of services will be allowed between institutions, except for the retailing of property and casualty insurance and life insurance.

In-house powers will be broadened for institutions in the various "pillars" of the financial industry. All trust, loan and life insurance companies will be granted full consumer lending powers. The larger of them will be eligible for full commercial lending powers. All federally regulated institutions will be able to offer investment advice and portfolio management services. Banks and insurance companies will be granted ancilliary fiduciary powers. From the point of view of Canadian consumers, these policies will allow your neighbourhood branches to offer a wide array of innovative and convenient services with greater potential for one-stop shopping.

The philosophy underpinning financial services integration would be to build, not to buy. To protect against harmful concentration, acquisition of financial services companies will reaquire the approval of the Minister of Finance (Mr. Wilson). As a general rule, large financial institutions will not be allowed to acquire other large institutions. An exception to this general policy will be made for the securities industry. Given the desire for a viable Canadian presence in this strategic industry, the federal Government will permit domestically owned, federally regulated financial institutions to build or buy securities dealer subsidiaries. Necessary legislative amendments to permit such participation in the securities industry will be introduced in the near future.

• (1640)

The second area of action is a pragmatic and responsible ownership policy. Current Canadian law requires all large domestic banks to be widely held, and new domestic banks to attain widely-held status within 10 years. Trust, loan and stock insurance companies, on the other hand, do not have similar ownership rules. Many of these institutions also have significant commercial links.

While this variety of ownership forms is not unique to Canada, the development of significant links between these non-bank financial institutions and companies with commercial interests has been a source of intense debate. Some have emphasized the issue of concentration of power.

[*Translation*]

Some have emphasized the issue of concentration of power and the potential for self-dealing and conflict of interest. However, there is also widespread recognition that entrepreneurial owners have been a source of dynamism in the industry. They have provided firms with the leadership and financial strength to compete with our large banks.

[*English*]

One argument is that financial institutions should be widely held. The other argument is that it is also useful to have closely held entrepreneur-oriented financial institutions. Both arguments are valid. As with many issues in this complex age, a balance must be struck.

To lessen the potential dangers of commercial-financial links while promoting competition, the Government intends to implement the following policy. Smaller banks will be permitted to be closely held by domestic investors with no commercial interests. They will be allowed to remain closely held until they attain a capital base of $750 million, a base which will support about $15 billion in assets. Banks that exceed this capital threshold of $750 million will be subject to the following ownership rules.

Shareholders with less than 10 per cent of the shares in any class, or any series of any class, will be permitted to acquire additional shares to a ceiling of 10 per cent. Shareholders with more than 10 per cent of such shares will not be permitted to acquire additional shares in the same class or series. Within five years of reaching the capital threshold at least 35 per cent of the voting shares must be publicly traded and widely held. The penalty for non-compliance will be a constraint on the bank's ability to grow. These measures will ensure that major existing banks remain widely held, and that closely held banks of substantial size move toward wide ownership as new equity is issued.

Ownership policies regarding trust, loan and insurance companies will be complementary, but they will not be identical, reflecting the different histories and circumstances of these institutions. Like many Canadians the Government is concerned with the potential dangers of growing commercial-financial links. Yet we are equally concerned that an over-zealous reaction could limit future competition in the financial sector. Therefore we are proposing a policy which arrests the growth of commercial-financial links while maintaining strong sources of innovation and competition in the market-place.

To achieve these twin objectives the following regime will be implemented effective today. Approval for the incorporation of new trust, loan and insurance companies will be restricted to applicants with no significant commercial interests. Commercial interests will not be permitted to acquire or increase significant ownership positions in non-bank institutions having capital in excess of $50 million. Such larger non-bank institutions with commercial links will be required to have at least 35 per cent of their voting shares publicly traded and widely held by December 31, 1991, or within five years of reaching the $50 million capital threshold. Trust, loan and insurance companies with no commercial links and with capital in excess of $750 million will also be required to have at least 35 per cent of their voting shares publicly traded and widely held by December 31, 1991, or within five years of reaching the $750 million capital threshold. Once this threshold is exceeded no shareholder will be able to acquire an ownership position in the institution in excess of 10 per cent and significant shareholders will not be permitted to increase their ownership positions.

These policies will foster wider ownership of large financial institutions in the future while recognizing the existing positions of current investors. This means that more Canadians can now buy more shares in their financial institutions. Most important, by causing current laws protecting minority shareholders to come into play they will ensure market disclosure, public scrutiny and the presence of strong outside directors.

Protecting the solvency and integrity of institutions requires more than changes in ownership rules, which is most important. We cannot do this simply through changes in ownership rules. No single ownership policy can protect against imprudent management or questionable business practices. What is needed is an effective and vigilant system of self-governance supported by independent and objective directors and an effective supervisory system.

This is why we will do the following. We will limit commercial-financial links. We will provide sufficiently broad minority shareholding to ensure market disclosure and public scrutiny. We will introduce cumulative voting rules for the election of directors to increase their influence and create a stronger framework for prudential regulation. In this strong framework the Government will strictly control self-dealing in all financial institutions. The list of non-arm's length parties will be expanded and made uniform for banks and non-banks. Most asset transactions between such persons will be banned and service transactions will be strictly controlled. Rules will also be introduced to monitor and control transactions between related financial institutions.

Safeguards against abuses of conflict of interest will be introduced as well. Procedures and controls to prevent the flow of insider information between fiduciary and other financial activities will be implemented. Disclosure rules will be strengthened.

In accord with the over-all approach recommended by Mr. Justice Estey, the basic division of responsibilities for ensuring and monitoring the health of institutions this division among the supervisory authority, the directors of the institution and the external auditors will remain in place. A number of proposals, however, will improve directors' supervision of their institutions' operations and strengthen the role of auditors.

[*Translation*]

All financial institutions will be required to have a minimum of one-third of their directors independent of the institution. These independent directors will be asked to perform additional duties on corporate review committees made up solely of such independent directors.

[*English*]

During the Estey Inquiry, considerable time and effort was taken to study current accounting principles. As Mr. Justice Estey stated, in some cases difficulties were easy to define but

solutions were not easy to develop. In line with his recommendations, a number of steps will be taken, in consultation with the accounting profession, to review accounting standards as they apply to financial institutions. As well, measures will be introduced to ensure appropriate communication among auditors, the financial institutions they audit and federal regulators. These measures to improve the framework for effective regulation will ensure Canadians that they can maintain confidence in the integrity of the financial system while enjoying the benefits of dynamic competition.

• (1650)

The fourth major area in which we are acting is to improve and strengthen the supervision of financial institutions. How are we doing that? Consistent with the integration of financial services to which I spoke a few moments ago, the Office of the Inspector General of Banks and the Department of Insurance will be consolidated into a new body to be called the Office of the Superintendent of Financial Institutions. This new office will have full supervisory responsibilities for banks and for non-bank financial institutions.

The Minister of Finance (Mr. Wilson) will have over-all responsibility for the new office. The Superintendent will be clearly responsible for the administration of statutes, the assessment of solvency and the execution of supervisory actions. Measures will also be introduced to clarify and expand the Superintendent's power to deal effectively with unsound business practices and to deal with financially troubled institutions.

The Government recognizes that the Superintendent requires a full awareness of market trends and developments. The Government will therefore act on Mr. Justice Estey's recommendation to form an advisory committee of technical experts with a broad mandate including a role in the improvement of early-warning systems.

The Government believes that the Canada Deposit Insurance Corporation should remain a separate body. This will allow the retention of private-sector expertise on the CDIC Board of Directors and it will preserve CDIC's established relationship with provincial authorities supervising CDIC-insured provincial institutions. In maintaining the CDIC as a separate agency, the Government will equip it with additional powers. Premium levels will also be revised to eliminate the existing deficit in a timely way.

These are the four key areas where we are acting to provide new direction for the financial sector: the integration of financial services, a pragmatic ownership policy, a modern framework for prudential regulation and an effective federal supervisory structure. These are four interrelated areas which will provide a framework for a sound and competitive financial system today and for the future.

In putting this policy forward, we have been very much helped by the fine work done by the House Standing Committee and to a large measure we have followed it both philosophically and in detail.

[*Translation*]

Our policies in these areas are pragmatic—rooted in today's market realities. They are practical. They are balanced. They are needed. And they will work.

[*English*]

As the financial services industry enters this new regime, all Canadians will benefit. The ability to provide innovative and competitive financial products including mortgages, investments and loans to all Canadians in all parts of the country will no longer be artificially limited by outmoded laws. However, where necessary, regulation and supervision are being tightened to protect the savings of Canadians.

We have long had reason to be proud of our financial system. Our institutions have served us well. In my opinion, they have served us well because Canadians have had the wisdom to deal with the world as they found it, to fuse the real with the ideal. We believe these policies follow in that pragmatic and responsible tradition.

These proposals will lay a solid foundation for the future. They will help our institutions grow and prosper. They will ensure that Canadians can continue to have confidence in one of the finest financial systems in the world.

Some Hon. Members: Hear, hear!

Miss Aideen Nicholson (Trinity): Mr. Speaker, I am pleased to have this opportunity to respond on behalf of the Official Opposition to the statement made by the Minister of State for Finance (Mr. Hockin). My remarks must necessarily be preliminary as the documents which the Minister tabled and the notes of his speech were made available only two hours ago and will need further study.

Despite the disappointing evidence of the last two years, we expected better of the Government than that with which it has come forward today. After more than two years of stalling, indecision, governing on a case-by-case basis, squandering the taxpayers' money and squandering its huge mandate, surely Canadians had a right to expect more today than another set of proposals or yet another discussion paper.

If today is a step forward, as the Minister has said, it is a very timid step. There has been a Green Paper. The Government is awash in studies. There have been umpteen promises of the Government's intention to proceed to legislation. After all the fanfare, today we have not a Bill, not actual proposed legislation but a statement of intent.

This is more than just disappointing. It is verging on negligence or on the dereliction of duty. Canadians elected this Government to govern, to show leadership and to tackle the tough issues facing Canada. There are plenty of difficult questions, complex issues and competing interests in the

regulation of financial institutions. One recognizes that, but the reform process started with the previous Government. Departmental officials were at work on it. There were a whole series of internal discussion papers. The former Minister of State for Finance had set up an eminent group of industry and consumer representatives to form an advisory committee.

This Government inherited all that and spoke of bringing in comprehensive legislation almost from day one of its mandate. Despite all the events of the past two years, the only thing the Government has done today is to exchange Green Paper proposals for another set of proposals.

In the past two years, there has been on the one hand great change and upheaval in the financial services industry, but on the other hand the Government has given us halfway measures, *ad hoc* responses, mismanagement, misinformation, astronomical financial costs and devastating human costs. This Government will be remembered for many years to come as the Government that rushed blindly to bail out an ailing bank, that then swore up and down to all and sundry that the bank was viable, that six months later presided over the spectacular failure of the bailed out bank and a second bank and that then used taxpayers' money and special legislation to give 100 per cent reimbursement to all the banks' depositors whose holdings exceeded the $60,000 ceiling for deposit insurance.

The numbers are not in yet, but it is no exaggeration to estimate the costs of the bank failures at $2 billion. Two years and $2 billion later, how much further ahead are we in terms of having legislation in place? There are two pieces of legislation on the Order Paper. Today's discussion paper indicates that legislation will be introduced in this Session of Parliament. We do not know how long this Session will last. Perhaps it will last for another two years.

The human costs of the Government's bungling have also been considerable. Canadian Commercial Bank employees, for example, had their lives disrupted and their careers damaged by the bank's failure. I am talking about the bank's junior and middle-management staff, not the high-flyers and senior managers who made the decisions that got the bank into trouble in the first place. I am referring to moderately-paid staff members, people with families who lost their jobs and did not even get the severance benefits to which they were entitled under the Canada Labour Code. Either deliberately or by sloppy procedures this Government arranged matters so as to deprive employees of the severance benefits to which they were entitled by law. There has been a clear violation of the Canada Labour Code. I understand that officials of Labour Canada are now preparing to a lay a claim on behalf of those Canadian Commercial Bank employees.

• (1700)

I might also mention the Canadian Commercial Bank shareholders who relied as much as depositors did on the Government's worthless assurances of the bank's viability, assurances that were made in letters to shareholders less than a month before the bank went into liquidation. Many of those shareholders were not market speculators but people of modest means who had done their best to make safe and prudent investments to prepare for retirement. They lost everything.

The damage done to confidence in the financial system in the wake of the bank failures resulted in other human tragedies. The British Columbia Teachers Investment and Housing Co-operative, once the largest co-operative in British Columbia, suffered a run on deposits at the time of the CCB bail-out as well as when the CCB closed. As a result, the co-op went into voluntary receivership. Forty-five thousand co-op members, many of them retired teachers, saw their retirement planning thrown completely off course. They had no access to their savings for many months. When a restructuring agreement for the co-op was finally reached they received only 51 per cent of their savings back in cash.

This is a genuinely tragic series of events for thousands of Canadians who had worked and saved for a prudent retirement, and who quite justifiably traced the source of their misfortune to the weakening of confidence that was a by-product of the Government's bungling of the Canadian Commercial Bank crisis. Still we do not have the comprehensive systematic reform legislation in place to prevent such things from happening again. What we have had is a series of occasions in the House over the past two years when Parliament was forced to consider and approve in great haste legislation to tidy up some of the situations that arose because of the lack of legislation to prevent them.

There was Bill C-50 in respect of the Pioneer Trust Company; there was Bill C-37 to bail out the Canadian Commercial Bank; there was Bill C-79 to bail out the uninsured depositors of the Canadian Commercial and Northland banks, and earlier this month there was Bill C-27 to enable the HongKong Bank to take over the Bank of British Columbia.

In April of this year the Government approved the takeover of a financial institution by a non-financial organization against the recommendation of the Standing Committee on Finance and Economic Affairs. Other financial institutions have closed their doors. Still others were taken over by other institutions both foreign owned and Canadian owned. Still the Government operated in a policy vacuum.

Concern about corporate concentration has grown as financial holding companies and large corporations increase in size and their links with the financial services sector proliferate. Concern about corporate concentration has been raised in the House on more than one occasion by the Leader of the Official Opposition.

Mr. Cassidy: At least twice.

Miss Nicholson (Trinity): It was also raised by the Official Opposition members of the House of Commons Finance Committee in our minority report on the Government's Green Paper. In the last few months prominent industry people have spoken out on the risks and the need for government action.

One really must continue to be amazed at why the Government has not acted sooner or more decisively to ensure that the accelerating pace of change in the financial services industry works for Canada and for Canadians.

Recently there was a major Canadian bank that established a securities dealership in the freer market of the Province of Quebec, doing so legally by making ingenious and creative use of an obscure section of the Bank Act. It was obliged to proceed in such a way because federal legislation is so drastically out of step with the realities of today's financial services industry.

Today we have what the Minister calls new directions. He talks about a pragmatic approach to ownership. That pragmatic approach might perhaps be more accurately described as a *status quo* approach. The question of ownership of financial institutions, particularly of ownership of financial institutions by commercial enterprises, is one that many people have been concerned about. But this Government's response is what it calls a pragmatic approach, which translates as complete grandfathering of every situation that now exists where commercial enterprises own financial institutions.

There are vague statements in the proposal before us, such as future acquisitions will have to be approved by the Minister of Finance. There are no criteria. Let us hope that the criteria will be produced and will be in the legislation. Otherwise, if it is left to ministerial discretion, the Government has merely opened the doors wide to a continuation of the type of lobbying that has taken place in recent months where those who have the most access to the Minister's ear get the legislation they want.

It is interesting that in this particular proposal the trust companies are the big winners. Trust companies are about to acquire all the powers of banks without any of the restraints, up until about 1990 or 1991 when there will be some restraints, but none as demanding as those of the banks.

There are some interesting statements here that are not developed. For instance, there are two references in the document to what is going on with our financial services subject to industry, and the possible changes as being "trade negotiations now underway". This Government has never officially said that the financial services industry is part of the bilateral negotiations with the United States, although we have had good reason to think that is the case. Certainly, with the proposals that the Minister has before us, some very important bargaining chips are being given away. There is no indication of what, if anything, has been gained in return.

There is a nod or two in this document to competition. We learn that large financial institutions cannot acquire subsidiaries, that they must create them. "Build not buy" is the slogan used, which is an attractive slogan. Side-by-side with this comes the lack of clarity. We are told that a large institution cannot buy a large institution. What is "large"? Where are the definitions? Side-by-side with this type of statement is the rather loose statement that implies that a Minister can in fact approve any takeover or acquisition. It may very well be that the legislation will have firmer criteria, but what is before us now is not very reassuring.

• (1710)

There are some positive promises in the document, but again we must wait to see how they will be carried out. There is an indication that co-operative financial institutions may benefit from new legislation. For those of us who are familiar with the co-op movement and think it is a very important citizen and consumer movement, obviously we would be pleased to see some broadening of powers and some additional protection for consumers. However, again we have to wait for the details.

It is interesting that networking is being allowed except for retail insurance. Independent insurance brokers must be complimented on the very effective way in which they flooded Members of Parliament with letters. They certainly got results.

There is a particular statement in the main document that develops a little on the build-not-buy theme which I mentioned earlier. If it had been previously implemented, we would not have had the Bank of British Columbia necessarily going into foreign hands or another bank going into the hands of Lloyd's Bank. If the proposals mentioned in the document had been in place, Canadian institutions would have been able to buy both banks. We have seen two foreign banks obtain a tremendous advantage in terms of being able to buy banks which already had branches and considerable retail banking business. The barn-door has been closed after the Hongkong Bank and Lloyd's Bank have bought here. Though perhaps better late than never, one must point out that it is very late.

There is mention in one of the documents of an attempt to get better harmonization of federal and provincial regulatory policies. Obviously it is a very desirable aim. However, how will it be achieved and when will it be achieved? For those answers we have to wait for the next instalment in the Minister's ongoing saga.

In summary, there is very little to which one could object in the document because it is mostly puffery and mostly statements of good, general principles. There is very little indication of when, if ever, these principles will be adopted. If indeed the legislation comes forward, we will want to see more specifics in it. However, it would be very nice if the Minister could indicate today a firm date for the legislation, rather than sometime next year or sometime before the end of the session.

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have a number of comments on the statement which I have spent some time absorbing in the lock-up? There are some sighs of relief in the corporate boardrooms of the interests which own a large stake of Canada. I suspect as well that there are whoops of joy in certain boardrooms of banks and trust companies as a consequence of the policy announced by the Minister, which in fact represents some substantial changes. I do not necessarily say that I agree with them, but at least there is a policy in

place. Had the policy been in place previously, some of the failures, which have seen control of Canadian banks go into foreign hands and more than $1 billion flow out of the pockets of taxpayers and of the Canada Deposit Insurance Company accounts and into the pockets of depositors, would have been prevented. At the same time there is a sense of impending doom or, at the very least, uncertainty in the offices of brokers and investment dealers on Bay Street and on St. James Street, because their comfortable, cosy, walnut panelled world will change very quickly.

This is Canada's answer to the big bang. We could say that the big bang will mean big bucks for certain people. It protects the interests of certain of the big buck artists in Canada, notably the wealthy families who control certain financial holding companies and whose ability to continue their privileged position is affected only minimally. If anything, they are protected from being overtaken from the rear by the proposals in the Minister's statement and, therefore, their ability to make big bucks may in fact improve.

There are new opportunities for financial institutions in the proposals put forward by the Minister and the Government. However, there are not commensurate guarantees of benefits for ordinary Canadians. This is very serious. It is one thing about which we will be talking a fair amount in the new year when the policy statement begins to be translated into actual legislation.

There are questions in terms of where financial services are provided and in terms of the maltreatment and harassment suffered by farmers, small business people, and ordinary income earners perhaps affected unemployment, at the hands of financial institutions. There is not a breath or whisper of a word of any concern in that regard. The Government speaks of a balance in this statement, but it is balance between the differrent interests in the financial industry. It does not speak of a balance to redress the power of small income earners, small business people, farmers, fishermen and such people, against the billion dollar institutions regulated in the particular policy.

The policy speaks of competition which may or may not result. However, it is quite clear that there will be increased concentration, which troubles us a great deal.

When I looked at the statement, I wondered what my Party would be looking for in terms of financial services policy. Clearly there is a need to increase capacity to handle certain levels of financing, for example, and to increase flexibility. However, I would contend that it is not automatic with an accompanying increase in concentration, yet concentration is what is being delivered in the statement.

Finally there is a virtual elimination of the indepedence of investment dealers and brokers. Within a year and a half they will find themselves taken over or forced into alliances with banks, insurance companies, trust companies, or foreign financial institutions. That will happen rapidly. I am concerned about what will be the consequence of taking one of the four pillars and effectively eliminating it completely, at the same time as the other three are being collapsed together. Far be it from me, a New Democratic or democratic socialist, to leap to the defence of Rosedale, Westmount, and Shaughnessy Heights. Nonetheless, an ironic result of the reform announced by the Government is that the Canadian investment industry, which has served as a somewhat independent source of advice, will now be rolled into banks and other financial institutions.

For example, I refer to an entrepreneur doing business with a bank and being extended a line of credit. The bank may turn around and say I am sorry, your company is getting to the limit of your line of credit. We think you should do an equity issue, and we think you should do it with this company with whom we happen to be related in the investment industry. If the entrepreneur is not so sure about that and thinks about going down the street to another bank, he runs a risk that the line of credit will be threatened by the bank seeking to move business over to its investment subsidiary. That is a very real threat, according to the proposals of the Government.

• (1720)

I feel the Government is adopting the gospel of deregulation from the United States. It is ironic that it is doing so in a week where the prophets of deregulation around Ronald Reagan are pleading the Fifth Amendment, being forced to resign, discredited, or seeking refuge back in Wall Street because they cannot hack it in a political environment. Nonetheless, the true believers still exist here in Canada so that gospel continues to be preached. However, it is done in a way which leads me to question the benefits for ordinary Canadians, be they businessmen, fishermen, farmers or consumers.

At the time of the release of the report of the Standing Committee on Finance and Economic Affairs dealing with financial institutions, the committee took issue in a very major way with the recommendations of the Green Paper of a year or so ago. In our minority report we focused on the issue of the concentration of financial power in the Canadian financial services industry, and in industry generally. We urged tough restrictions on ownership and that ownership rules be extended to trust companies and other financial institutions. We suggested the 10 per cent rule should be extended to trust companies and financial institutions.

What is significant is that in the wake of the Imasco takeover of Canada Trust in April of 1986, the committee as a whole moved a very long way in the same direction as suggested by our minority report in January or February of this year. The committee recommended that a non-financial corporation should only be able to own 30 per cent. It also suggested retroactivity. That is, there should not be a grandfathering of the current situation where major trust companies are controlled by non-financial companies. This has created a concentration of economic and financial power which both I and my party believe poses grave risks to Canada's economic development and the proper working of the market system.

When the Government came to consider that issue this fall we found it was not a serious issue with the Government at all. It casually allowed a couple of banks, the Continental and the Bank of British Columbia, to sell out to foreign banks because it was more profitable for shareholders than keeping them in Canadian hands. The Government looked at the recommendations, and then I guess what happened was that the Prime Minister (Mr. Mulroney), the President of the Treasury Board (Mr. de Cotret), the former Minister of State for Finance, and two or three others started to press the Government to prevent that recommendation of the committee being adopted. The Minister of State for Finance (Mr. Hockin) is shaking his head. This has been widely reported and if he wants to deny it, that is fine. I think a lot of people are convinced that is the case.

One thing which I think is significant in the proposals is that, in future, acquisitions of one financial corporation by another will be subjected to ministerial approval. When we were in the lock-up, officials from the Department of Finance did not blink an eye when it was suggested that that might mean it is okay for one $10 billion financial institution to take over another $10 billion financial institution and create an institution with $20 billion in assets, but that if perhaps a big bank were to take over an institution with $5 billion in assets that might not be acceptable. In other words, it is not a matter of tiny trust companies with $500 million in assets—which does not sound that tiny but in general it is small—being taken over, but that major mergers are contemplated as being acceptable to the Minister under this policy.

We all know that Ministers of Finance are politicians. They come from the party in power and are subject to influence, among other things, by corporations which are close to the party in power. It is very interesting that instead of getting a 30 per cent rule we got a 65 per cent rule. The Government says that if a commercial corporation has control of a financial institution it will have to reduce its ownership from the current level to no more than 65 per cent. That is still control in any language. If I had 65 per cent of the vote in my riding I would be extremely happy. In addition, the 65 per cent is held to. As the company requires more equity, it will be allowed to continue at the 65 per cent level.

I grant you that having a widely held 35 per cent will require a certain window on those particular companies which does not exist right now. There is some improvement and not everything is to be criticized in the proposal. Nonetheless, why a 65 per cent rule instead of 30 per cent? Is it because, for example, the Brascan group, controlled by Peter and Edward Bronfman, which in turn controls Trilon Financial, which in turn controls both Royal Trust and London Life, contributed $15,000 to the Progressive Conservative Party?

Some Hon. Members: Oh, oh!

Mr. Cassidy: I think that must have been in 1984. Royal Trust put $13,000 into the hands of the Conservative Party. London Life contributed $6,353.

Some Hon. Members: Order!

Mr. Cassidy: It is therefore open, with this ministerial discretion on acquisitions and takeovers, to companies to decide it is good business to put tens of thousands of dollars into the hands of the party in power in order to get a favourable reception and get the Minister's ear. Imasco is very much involved because they seek grandfathering of their takeover of Canada Trust. That trust company gave $8,000 to the Conservative Party in 1984 or 1985. The Minister winces but that is what they gave.

Mr. Hockin: I am not wincing.

Mr. Cassidy: Imasco gave $36,594. Again, is that why they are being allowed to continue with 65 per cent ownership of a multibillion dollar trust company at a time when no new commercial interests will be allowed to do the same thing? What about Power Corp? That is another good friend of Governments in power on both sides, that is Liberals and Conservatives. Great West Life gave $10,000. That is a subsidiary of Power Corp. Montreal Trust gave $36,657.

Mr. Nickerson: Point of order, Mr. Speaker. As far as I recall there are rules of this Chamber which deal with imputing motives to Ministers when they make policy. The insinuations we are hearing now, that policy changes were made and legislation proposed on the basis of amounts of money which might have been made as donations to a political party, are not acceptable.

Mr. Deputy Speaker: I do not find that to be a point of order.

Mr. Cassidy: Mr. Speaker, I am honoured to be in agreement with your very sound and sage opinion. I think government Members are perhaps a bit sensitive. I am simply recording facts and asking a question which I think many ordinary Canadians ask. They wonder whether their interests are being respected when large corporations are being allowed to concentrate financial power, despite the fact that there are some desirable reforms put forward by the Government in today's statement.

Mr. Belsher: Tell us who else they gave money to.

Mr. Cassidy: The Hon. Member makes a comment. Perhaps he can make it again because I did not quite catch it.

Mrs. Mailly: You know very well he cannot because he cannot speak.

Mr. Cassidy: In that case perhaps he should allow me to make my comments on the statement by the Minister.

The standing committee unanimously recommended a 30 per cent limit on ownership and we did not get it. The committee was looking for a real curb on concentration of financial power and we did not get it. The committee delivered a

carefully considered report and it was ignored by the Government. Instead, the Government has only limited future intrusion by commercial groups into the financial sector, which means that the privileged position of Brascan, Power Corporation, Imasco and such corporations is, if anything, more valuable than if the Government had applied the same rules to everyone. They need only divest by 35 per cent in 1991. They can do that by simply inviting the public to share for a while in the ownership without, at the same time, reducing their stake in these corporations.

• (1730)

New opportunities are being given to financial institutions, including the trust companies. The powers which trust companies will enjoy will make them like banks in almost everything but name. Yet, the Government ignored the very sensible proposals of the Economic Council of Canada that companies engaged in banking, whether provincially or federally regulated, should be regulated as banks because of the federal power in the BNA Act with regard to banking. If anything, the trust companies are on more than an equal footing. Once their assets exceed $500 million, they will now enjoy unrestricted commercial lending instead of labouring under a 7 or 10 per cent restriction as they do now. They will have unrestricted access to consumer loans. They will be able to enter the securities business and do everything except call themselves banks.

Deregulation is no guarantee that there will be safeguards for ordinary consumers. The Government speaks of a reorganization of the Office of the Inspector General of Banks with the Department of Insurance. It has been decided not to roll the Canada Deposit Insurance Corporation into that because they want to have separation, for reasons I am not entirely clear on. The intention is then to create a committee which will be composed of the Superintendent of Financial Insitutions, the Deputy Minister of Finance, the Governor of the Bank of Canada and the President of the Canada Deposit Insurance Corporation. Their job will be to avoid trouble.

There is a real problem with regard to the adequacy of regulation whether or not these two offices are rolled into one. I would like to remind my friend, the Minister, that the Governor of the Bank, the Deputy Minister of Finance, the Inspector General of Banks and the President of the CDIC sat together on the board of the Canada Deposit Insurance Corporation during the time that the people of Canada saw $1.25 billion go down the drain due to mistakes in the regulation and operation of some banks. If they could not get it together when they were meeting on the board of the CDIC, one wonders whether they will be able to get it together in this forum unless there is a very strong commitment to more adequate regulation.

We will be raising this during the course of discussion on the forthcoming Bill. I hope the Minister will take that stand. I hope he realizes, among other things, that we will have to have the resources which the former Inspector General, Mr. Kennet, argued for, but did not have the gumption to resign over when he became aware several years ago that the IGB's office was inadequately equipped to do its job.

I spoke earlier about ordinary Canadians.

[*Translation*]

For instance, I might mention the owner of a business in Chicoutimi, a farmer in Alberta's Peace River region, a man who has a store in Happy Valley in Labrador, or a young family in Le Pas, Manitoba. Do these people have a guarantee that services will improve, that competition will better serve their interests, or perhaps are they going to pay higher prices while at the same time the institutions they deal with will be doing much better business in places like Montreal, Toronto and Vancouver?

That is a real problem, Mr. Speaker. We might find ourselves in a situation where this financial supermarket will be created for wealthier middle and upper income Canadians, people who earn really good money, but then ordinary people will not be able to benefit from it.

[*English*]

They may even have to pay $10 for a bounced cheque because the bank is trying to increase its revenues because it made some bad loans in Latin America, or because it bought a securities company and, as in London, paid fancy salaries to some of the people it brought on board and then found out it was not making a profit.

There are real problems with regard to the failure of the Government to address the need to protect services and ensure adequate, affordable services for ordinary Canadians. We must ensure that young entrepreneurs are not forced out of business because they cannot get an extra loan to help build up the business. We must ensure that farmers are not forced out of business because the loans which were forced upon them three years ago are now being called, as has happened in too many instances. We must ensure that farmers do not have to fight back with a penny auction because of the regressive attitude of the banks and the way in which they are trying to victimize their former customers.

With regard to foreign ownership, we are concerned that since foreign owners will be treated as domestic, they will be given unlimited power to acquire securities companies after a brief delay of a year and a half, and, after that, any other financial corporation. We are concerned that the restrictions on nonresidents only apply to the very large institutions. I mentioned the concern about Bay Street and St. James Street. I do not suggest that our voters are there, but to alienate that entire sector raises questions in my mind.

I would like to speak positively to the Minister about the fact that the Government listened to the concerns of people in the life insurance business. A lot of small agents raised their concerns through Members on all sides of the House. The Government has responded by excluding from networking the

power to sell life and casualty insurance over the counter in these financial supermarkets. That is welcome.

We are concerned about the rather curious situation wherein a commercial interest cannot enter into the trust or loan company business but can buy into such a business if the Minister permits. There seems to be some contradiction there which we will have to explore when this matter comes before committee.

Finally, I would like to say a word—

Mr. Nickerson: That's the fourth "finally".

Mr. Cassidy: I have the right to speak for as long as the Minister did. I will speak for only that long. If the Hon. Member for Western Arctic (Mr. Nickerson) does not like what a real socialist has to say in the House of Commons, we will take his seat in the next election and his constituents will have a New Democrat to represent them. If he does not want to listen to me now, he can take his absence and go off to a Christmas party. I wish his constituents a merry Christmas and a happy new year.

With regard to the way in which these institutions work, we should not think only of the market and of modeling ourselves after what is happening in London, Germany, or the United States. We must also consider our needs here. For example, I would like a requirement that in every region where a financial institution oeprates there be an advisory committee made up of consumers, small business people, and perhaps people from municipal government, who provide input to that institution and seek to ensure that that institution really serves the needs of that area. I would like to ensure that a searchlight could be shone upon situations which we discover, such as that which existed in the Bank of British Columbia.

In the last three or four years chartered bank deposits in British Columbia have increased by approximately $10 billion, but the money has not been invested in British Columbia. Unemployment has been soaring in that province and the money saved by British Columbians was invested in central Canada. There is something fundamentally wrong with that.

I would like the consumers and clients of the banks and financial institutions to be guaranteed a voice on the board of directors of those financial institutions. Rather than requiring that a limited number of directors, who would be largely of like mind with the internal directors, sit on the boards of these corporations, we should ensure that ordinary Canadians have a voice in and a window on what happens in those institutions.

From time to time my Party speaks about the need to democratize these centres of power and put them in the hands of ordinary Canadians. I suggest that those are some constructive and positive means by which we could seek to do that.

• (1740)

Over the Christmas break, a time of peace and goodwill to people here in Canada and around the world, I hope the Minister of State for Finance and his colleagues could incorporate some of those suggestions in their proposals as they turn them into legislation to be considered by the House in the new year.

In closing, I want to wish the Minister of State for Finance and his colleagues a Merry Christmas and Happy New Year. I know that we will be very intensively involved with these proposals for many months in the new year.

This may have been said earlier, but I think all Hon. Members would want to join me in expressing our good wishes to one of my colleagues from the National Capital Region, the Hon. Member for Gatineau (Mrs. Mailly), who is going to be wed on December 23. I know every Member of Parliament will wish her and her spouse the best.

Some Hon. Members: Hear, hear!

* * *

[*Translation*]

MESSAGE FROM THE SENATE

Mr. Deputy Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill C-29, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st of March, 1987, without amendment.

[*English*]

It being 5.42 o'clock, pursuant to order made Wednesday, December 17, 1986 this House stands adjourned until tomorrow at 11 o'clock, pursuant to Standing Order 3(1).

The House adjourned at 5.42 p.m.

HOUSE OF COMMONS

Friday, December 19, 1986

The House met at 11 a.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

CANADA POST CORPORATION

REMOVAL OF MAILBOXES FROM TORONTO STREETS

Miss Aideen Nicholson (Trinity): Mr. Speaker, many Toronto residents, particularly the elderly and those in poor health, are experiencing hardship and inconvenience as a result of Canada Post's decision to remove some of the 1,800 red mailboxes located throughout Metropolitan Toronto.

In the worst cases, mailboxes located just outside or just across the street from senior citizens' highrise apartments have been removed, forcing people to walk blocks further in hazardous winter conditions to mail their letters. If we add to this the distinct possibility of higher postal rates in the near future it is clear that the Canada Post strategy of reduced service at higher cost leaves no room for fair and balanced treatment of the taxpayers who have to use the postal system. I urge the Government to rethink its strategy and replace the mail deposit boxes which have been removed from their locations in Toronto.

* * *

EXTERNAL AFFAIRS

CLOSURE OF HELSINKI EMBASSY—REQUEST FOR RECONSIDERATION

Mr. Bill Vankoughnet (Hastings—Frontenac—Lennox and Addington): Mr. Speaker, it is with deep regret that I have to rise in this House to raise the issue of the recently leaked closure of the Canadian Embassy in Helsinki, Finland. I appreciate and applaud the Government's objective in applying restraint to come to terms with the legacy of past government deficits. However, on behalf of the Canadian Nordic Parliamentary Friendship Association I implore the Government to reconsider its decision regarding the presence of a Canadian Embassy in Helsinki, Finland. There are several well-known historical facts in support of this request, not to mention recent significant Finnish investment in our country, along with advanced technology in ice-breaking, which strengthen the need for this important post.

The saving of $2 million per year is very small consolation when, at the same time, the National Capital Commission announces a plan to spend $15 million to replace the conventional asphalt pavement in front of our Parliament Buildings with some sort of red ceremonial pavement.

* * *

• (1105)

HUMAN RIGHTS

U.S.S.R.—ANDREI SAKHAROV—RETURN TO MOSCOW FROM INTERNAL EXILE

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, on behalf of my New Democratic Party colleagues I want to say how pleased we were this morning to learn that Soviet authorities have allowed Andrei Sakharov, the Nobel Peace Prize winner and outspoken defender of human rights, to return home to Moscow from internal exile in Gorky. Andrei Sakharov has been a beacon to those around the world who believe that no matter how difficult and dangerous it may be, the freedom to speak out freely without threat of punishment is a basic human right that no state authorities can take away.

This was a welcome gesture by Mr. Gorbachev and his colleagues in the Kremlin. Let us hope that it signals a growing acceptance in the Soviet Union of the dignity of the individual. Among the civilized community of nations there is no place for those who imprison their people solely for the crime of speaking out for what they truly believe.

At this time of year, when we celebrate the birth of one whose life was dedicated to peace and harmony among all men and women, it is time to reflect on how we see each other as citizens of planet earth. We must learn to live together and cooperate for the betterment of all peoples and future generations. Mr. Speaker, the Soviet Union took one small humanitarian step forward today. Let us hope that it is just the beginning.

* * *

EXTERNAL AFFAIRS

FOSTERING OF CANADA—U.S.S.R. DIALOGUE ADVOCATED

Mr. William G. Lesick (Edmonton East): Mr. Speaker, this week a delegation of prominent members of the U.S.S.R.

Supreme Soviet visited Ottawa. At a meeting with Canadian Senators and parliamentarians a spirited two-hour discussion ensued. In answer to my queries, Mr. Afanasiev, Chief Editor of the Soviet newspaper *Pravda*, denied the existence of the Soviet-conducted Ukrainian famine of 1933 which caused the death of some six million Ukrainians. He also replied that the Baltic States of Latvia, Estonia, and Lithuania invited the Soviets to incorporate them with the Soviet Union, but said nothing of the hundreds of thousands shipped to Siberia.

Despite the differing Canadian opinion on these matters, dialogue between our countries must be promoted. A member of the Soviet delegation declared that an exchange of our parliamentarians would be most valuable. Mr. Speaker, Canadians agree. I look forward to my visit as well to foster dialogue, greater understanding and peace between the Soviets and Canadians.

* * *

[*Translation*]

OFFICIAL LANGUAGES

ALMOST TOTALLY ENGLISH PRESS CONFERENCE HELD IN MONTREAL

Mr. Gilles Grondin (Saint-Maurice): Mr. Speaker, I think it is altogether unacceptable that a Government which poses as the defender of the French language in Quebec would send one of its Ministers, a francophone no less, to hold a press conference in Montreal almost exclusively in English. Mr. Speaker, this occurred only a few days after his leader and his colleague, the Minister of Energy, Mines and Resources (Mr. Masse), stood up in that same city to reaffirm their conviction with respect to the supremacy of French in Quebec.

Mr. Speaker, according to the information I got from the journalist who wrote about this, the Minister of State (Youth) (Mr. Charest) spoke half the time in French and half the time in English the day before yesterday in Montreal when he unveiled what was practically a carbon copy of a Liberal program for young people which was launched in August 1984. The people with him could not speak French. This kind of procedure made the newspaperman wonder whether Montreal had suddenly been proclaimed an English city.

The Minister was probably so ill at ease that he did not want to announce in French the money involved because it is very little compared with what young people need. This is probably why no Member of the Official Opposition had been invited to the press conference, neither in French, nor in English.

UNEMPLOYMENT INSURANCE

EARLY RETIREES—GOVERNMENT POLICY

Mr. Lorne Nystrom (Yorkton—Melville): Last Tuesday, Mr. Speaker, I was in Quebec City to meet with more than 400 early retirees who had been denied unemployment insurance benefits by this Government. I was there with my friend, the Liberal Member for Montreal—Sainte-Marie (Mr. Malépart), but I was quite surprised to realize there was no Conservative representative, not even a Member from the Quebec City area nor from Lévis.

The executive of the association, ARSAC, wrote an open letter to the Minister of Employment and Immigration (Mr. Bouchard). In this letter they say that the Conservative policy in the field of unemployment insurance is unacceptable, arbitrary, unfair and discriminatory against the unemployed in Canada. Mr. Speaker, I agree with these 400 people, I agree with ARSAC, and I ask that the Government reconsider its policy before Christmas. Mr. Speaker, why not offer a Christmas gift?

* * *

[*English*]

YOUTH

GOVERNMENT JOB-CREATION MEASURES—DECLINE IN UNEMPLOYMENT

Mr. Lawrence I. O'Neil (Cape Breton Highlands—Canso): Mr. Speaker, the Government's commitment to youth is beyond question. Last year alone the Government spent $732 million on employment programs for youth. The unemployment rate for young Canadians has fallen to 14.3 per cent from 18.4 per cent. In addition, on Wednesday the Minister of State (Youth) (Mr. Charest) announced that the federal Govrnment will provide $10 million to support an innovative and creative project co-ordinated by the YMCA and supported by corporations like IBM Canada.

Eight youth enterprise centres will be created. At the end of a 12 to 16-week training period, participants will have a fully developed business plan. New businesses developed with the support of the youth enterprise centres will have access to all necessary expertise during their first year of operation. This project will give training, technical assistance, and help in acquiring financial assistance to young people who wish to become self-employed and create jobs for others. This program is a new and creative solution to labour market problems.

[*Translation*]

EMPLOYMENT

JOBS IN JEOPARDY AT GENERAL MOTORS PLANT IN SAINTE-THÉRÈSE—GOVERNMENT POSITION

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, this morning, the U.S. free trade negotiator, Mr. Peter Murphy, took the liberty of sticking his nose into Canada's affairs by warning the Canadian Government against awarding an interest—free loan to General Motors in Sainte-Thérèse, which would help save 4,000 jobs.

"If Quebec and Ottawa decide to take action", he warned, as quoted in *La Presse*, "—we'll have to take a very close look at this".

Mr. Speaker, since when did the Americans start minding our business? Ever since the Canadian Government started showing signs of weakening and the Americans received a clear message that they could do what they felt like doing. For instance, that they could go through the Canadian North with their submarine *Polar Sea* and impose tariffs on softwood lumber. The image projected by the Canadian Government has led the Americans to try and dictate the kind of policies they feel the Canadian Government should adopt.

This morning at a press conference, the Prime Minister merely said: "The Canadian Government will make the decisions on Canadian affairs." That is merely saying the obvious. We urge the Prime Minister to be more forthright and say quite frankly that he is going to help save jobs at General Motors by subsidizing the enterprise, together with Quebec.

* * *

FINANCE

NEW ORIENTATION FOR FINANCIAL SECTOR

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, yesterday the Minister of State (Finance) (Mr. Hockin) tabled in the House his document on new directions for the financial sector. The message it contains will help the Canadian economy adjust to new communications technology and management techniques. The Government will allow the integration of financial services.

More good news: insurance agents or brokers will continue to occupy the field of retail insurance.

Mr. Speaker, the Conservative Government has managed to adjust to technological change while maintaining every consideration for the very personal relationship that exists, in our neighbourhoods, municipalities and cities, between the insurance agent and his client.

Today, Mr. Speaker, the Government has recognized the dedication and competence of our local insurance agents.

S.O. 21

Canadians will continue to have their own insurance agents, thanks to the Conservative Party.

* * *

• (1110)

[*English*]

INSURANCE

FUTURE OF INDEPENDENT AGENTS

Mr. John Gormley (The Battlefords—Meadow Lake): Mr. Speaker, for many years Canadians have looked for a clear policy on the regulation of financial institutions. With the announcement of new directions for the financial sector by the Minister of State for Finance (Mr. Hockin), we have now received a decisive and clear message.

Our nation's independent insurance agents were very concerned that the integrating of financial services might have resulted in banks and trust companies selling property and casualty insurance, something that would have sounded the death knell for small independent insurance brokers.

Many of us, as Members of Parliament, have been working closely with our insurance agents to let the Minister know of our concerns. In the Minister's announcement we heard a sensible ownership policy, a strong framework for smarter regulation, improved supervision, and, most important, a clear unequivocal statement that banks, trust companies and other financial institutions will not be allowed to sell insurance at the retail level.

This is a victory for insurance agents and a sign that the Minister of State for Finance and the Government have listened and acted wisely.

* * *

INCOME TAX

NORTHERN BENEFITS—REQUEST FOR EXTENSION OF TAX MORATORIUM

Mr. Rod Murphy (Churchill): Mr. Speaker, last February the Minister of Finance (Mr. Wilson) declared his intention to tax northern benefits. One problem faced by many northern residents is that the Government, after nine months, has been unable to determine the value of subsidized housing.

The general guideline of fair market value is unworkable in many communities where there is little or no private sector housing. The Department of Public Works has now indicated that some Canadians will be asked to pay income tax on up to an extra $1,700 a month, money they never saw and never had. Where actual salaries are low or moderate, this will obviously create instant poverty.

In this period approaching Christmas, I ask the Government to explain the fair market value of Santa's residence. Will his northern residence and workshop be seized for tax payment? Will his annual flight south be cancelled now that it is taxed?

Clearly the Government has not considered the consequences of its actions on ordinary Canadians. Save Santa and his neighbours; extend the moratorium until the Government gets its act together.

* * *

• (1115)

REGIONAL DEVELOPMENT

BRITISH COLUMBIA—PAST SUCCESSES AND FUTURE WISHES

Mrs. Mary Collins (Capilano): Mr. Speaker, as we leave this place for the Christmas break, it is a good time to review the highlights of the past year and the prospects for the year ahead. There were some great days for British Columbia in 1986, among them, of course, the outstanding success of Expo 86, which gave British Columbia a chance to show its stuff to the rest of the world. We hope that many of the millions who visited Vancouver and Expo will return to British Columbia and explore the fascination and beauty of the province.

We are also very proud of British Columbian Rick Hansen whose courageous voyage around the world has stirred our hearts and raised our understanding of the needs and potential of Canadians who suffer from physical handicaps.

As I sat last night, Mr. Speaker, mulling over my Christmas list, checking it twice, trying to find out who has been naughty, who nice, three wishes came to the top of the list, three items I would ask my frontbench colleagues to put under British Columbia's Christmas tree: from the Minister of Finance (Mr. Wilson) for the financial and business community, an international financial centre for Vancouver; from the Minister of Communications (Miss MacDonald) for the tourism, publishing and film industries, funding for a joint federal/B.C. cultural economic development agreement which, among others, would assist proposals such as B.C.s new Science World; at the top of the list, from the Minister of Transport (Mr. Crosbie) to the men and women whose lives and futures depend on the shipbuilding industry, a contract to proceed with the construction of the Polar 8 ice-breaker on the West Coast.

Merry Christmas! *Joyeux Noel*!

SOCIAL AFFAIRS

DECLARATION OF WAR ON POVERTY SOUGHT

Mr. John Nunziata (York South—Weston): Mr. Speaker, Christmas is a time to be with family, a time to give and share, and a time to be grateful. It is also a time to contemplate the plight of the poor and disadvantaged in Canada.

This Christmas over a million Canadian children are being raised in families with incomes below the poverty line. There are 3.6 million of our fellow Canadians living below the poverty line. Poverty is a human tragedy and a national disgrace. All Canadians, regardless of where they live and what they do, are entitled by right to a decent standard of living. Our major priorty in 1987, as parliamentarians, must be to declare war on poverty.

Our goal as parliamentarians must be to ensure that all Canadians live above the poverty line. As we leave Parliament for Christmas, let us not forget the loneliness and despair of the poor and disadvantaged. Let us come back in January and work together with the new resolve to end poverty. Let us come back in 1987 and work toward providing decent housing, educational opportunities, and meaningful employment for those who have not shared in the economic benefit our country is capable of providing for each and every Canadian.

ORAL QUESTION PERIOD

[*English*]

SOCIAL AFFAIRS

UNIVERSAL GUARANTEED ANNUAL INCOME—GOVERNMENT POSITION

Right Hon. John N. Turner (Leader of the Opposition): I wish you, Mr. Speaker, a Merry Christmas, and the Prime Minister, the Hon. Member for Oshawa, and all Hon. Members of the House.

Especially at this season we have to recognize that for millions of Canadians Christmas will not be the happy time it is for most of us. There are lonely people in our big cities, there are the homeless and the hungry. There are still over 100 foodbanks in this country, which I consider a national disgrace.

Would the Prime Minister tell us whether, in his view, 1987 would be a good year for us to reorder our national priorities and move the country toward a minimum standard of living? I ask him whether he would not think it a good idea to move toward a universal guaranteed annual income?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I thank my right hon. friend for his comment about the Christmas season. To you, Mr. Speaker, and to all Hon. Members of the House, I extend warm and good wishes for a happy holiday and a very happy 1987.

The Right Hon. Leader raises—I include the New Democratic Party in that, very sincerely.

Mr. Broadbent: That was an afterthought.

Mr. Mulroney: And his Quebec lieutenant.

Some Hon. Members: Oh, oh!

Mr. Mulroney: Robert Cliche should turn over in his grave.

With regard to the very important point raised by my right hon. friend with its very important implications for the future, I point out—with an undertaking on behalf of the Government to do better in 1987—that the number of Candians living below the poverty line fell by 300,000 last year. That was the first decline since 1981. I think my right hon. friend will agree that while this is not perfect it represents substantial progress. I give him and the House a further undertaking to build and work to improve on that record in the future because poverty should not exist in a society as potentially prosperous as ours.

Some Hon. Members: Hear, hear!

[*Translation*]

OPPORTUNITY FOR GOVERNMENT TO AIM TOWARD GUARANTEED ANNUAL INCOME SCHEME

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I may remind the Prime Minister that one child out of five is living in poverty, that over one million Canadian children are living in poverty and that one third of the people standing in line at the food banks are children.

I therefore wish to repeat my question to the Prime Minister. Does he think the time has come to introduce a guaranteed annual income, in order to save Canadian children from the despair of poverty?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, one of the problems we have had is that from 1981 to 1984, the number of people living below the poverty line in Canada increased by 700,000. This was a real tragedy.

Now, for the first time in six years, we are seeing an increase in the real incomes of Canadian families and a reduction of 300,000 in the number of people living below the poverty line. I think that is a vast improvement.

We are of course prepared to consider specific suggestions on improving our social programs for the needy in this country. I respect the Right Hon. Member's position and we shall certainly look into this as a Government and here in the House.

• (1120)

[*English*]

INCOME SURTAX

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I can give the Prime Minister a specific suggestion. This week the Government proposed a 3 per cent surtax on individuals, including the working poor. One-half of the people living in poverty in Canada are members of families of the working poor. Despite the efforts of my colleague, the Hon. Member for Laval-des-Rapides, to make an amendment in the House the Government insisted that that surtax apply across the board. Would the Prime Minister review the situation and see whether the working poor can be given relief from this surtax?

Some Hon. Members: Hear, hear!

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, as I have said, the number of Canadians living below the poverty line fell by 300,000 last year. That is the first such decline since 1981. This is important and good news for Canada.

From 1981 to 1984, some 700,000 Canadians fell below the poverty line. Last year some 300,000 Canadians were rescued from below the poverty line and lifted to a position of dignity in Canada. I thought that that was the objective of all Members. I think we should celebrate the fact that this is tremendous progress.

Some Hon. Members: Hear, hear!

Mr. Mulroney: There have been many other initiatives such as the refundable sales tax credit and so on, all of which have a positive impact on people who need help in Canada. I acknowledge that more must be done to be of assistance to people who genuinely need help in Canada. There ought not to be this segregation between the wealthy and those who are living below the poverty line. We must work as a Parliament and as a people to take positions that will resolve these differences in favour of the people who need help.

* * *

[*Translation*]

SOCIAL SECURITY

SPOUSE'S ALLOWANCE—THE UNMARRIED, SEPARATED, AND DIVORCED—GOVERNMENT POSITION

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, my question is directed to the Right Hon. Prime Minister. He must be feeling generous today, to entertain suggestions on eliminating poverty in this country. The Prime Minister will have to admit that among the elderly, and I am referring to single women, there has been an increase of 5,000 between 1984 and 1985. Today, 80,000 people in Canada are living below the poverty line just because this Government refuses to pay the spouse's allowance to those who are single, separated or divorced.

Since the Prime Minister wants some concrete suggestions for improving the situation and reducing the number of people below the poverty line, is he prepared to promise that in 1987, he will let those who are single, separated or divorced be

eligible for the spouse's allowance, so that they will no longer live below the poverty line?

• (1125)

[*English*]

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, the spirit expressed by the Prime Minister in his answers today is not unique to this season. The Prime Minister has made those points throughout his time in this House.

It is also to be noted that when the Government came into office we extended the spouse's allowance to include groups of people who for many of us as Members of Parliament had been our most difficult cases namely, widows and widowers who were not able to receive spouse's allowance because of the death of a spouse. The Hon. Member says that this should now be extended to other single persons. The Prime Minister and others have stated quite clearly over the months that as economic conditions in Canada improve—and they have improved—these are some considerations at which we will look in the second half of our mandate.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

REQUEST FOR GENERAL REIMBURSEMENT

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, my question is directed to the Prime Minister, and I am sure that people between 60 and 64 who are single, separated or divorced will be very disappointed to hear that the Government will not promise to help them.

Here is my supplementary for the Prime Minister, if he would care to listen: Is the Prime Minister prepared to make a commitment to reimburse the 35,000 elderly workers whose unemployment insurance benefits were cut off on January 5, 1986? Second, will he promise that the Government will not create two classes of elderly workers as regards unemployment insurance benefits?

[*English*]

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, I would hope that the Hon. Member would at least try to be fair. When this Government came into office we extended the spouse's allowance. Under a Government of which the Hon. Member was a part, widows and widowers did not receive any of that money. Now he is saying it is unfair.

This Government has not created two classes of citizens. In fact, as the Prime Minister has indicated, there are to date roughly 300,000 fewer Canadians living below the low income cut-off line used by Statistics Canada. We want to work further on that. I think the Hon. Member must admit that, as the economy improves, some of the very best news for all of us will be that people will be able to get meaningful work and get out of the poverty cycle. That is what this Government is working toward.

* * *

TRADE

UNITED STATES DUTY ON CANADIAN SOFTWOOD LUMBER

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I too would like to begin by wishing everyone, including the Leader of the Opposition and of course the Prime Minister, a Merry Christmas and a Happy New Year. I would add a special Christmas wish for the Prime Minister's Quebec caucus, particularly for all those who will still be there after the Christmas break.

My question is directed to the Minister for International Trade. During his press conference this morning we heard the Prime Minister boast about the remarkable progress Parliament has made this fall. One area in which there has been no progress whatsoever is the softwood lumber dispute with the United States. Since the Minister began this session on October 3 with a commitment that there would soon be an agreement, and since a commitment was made every other day since then, is she now prepared to announce to the House of Commons on the last day before the Christmas break that this important trade dispute with the United States has finally been resolved?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I too extend Merry Christmas wishes to the Leader of the NDP but I would point out that his remarks are certainly in the nature of a Scrooge rather than a Santa Claus.

At no time would I make commitments to have delivered an agreement on an issue that is within the U.S. trade law system. That would be irresponsible of me.

Mr. Broadbent: That's right.

Mr. Nystrom: Right on.

Miss Carney: May I finish? I have said that I have been trying to negotiate a solution to this very, very difficult dispute and I can tell the House that negotiations are continuing. It would be inadvisable to make any further comment on this issue while the negotiators are at the table.

EXPORT TAX INQUIRY

Hon. Edward Broadbent (Oshawa): Mr. Speaker, since the Minister knows that we are all supposed to leave for our home constituencies later today, will she confirm that the Government intends to announce today its decision about imposing an export tax? Surely the Government has an obligation to inform Parliament now of its decision rather than waiting until Parliament is shut down and then announcing it, and expecting it to be totally free of criticism.

• (1130)

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I can assure this House that I am not intending to deprive the House in any way of an opportunity to comment or criticize on any agreement that we have. I am simply telling the House that negotiations are continuing. I will inform the House at the appropriate time should we be able to conclude this difficult dispute successfully. I think that the Hon. Member should be complimenting us on managing to keep everyone at the table so we can try to resolve this issue.

Mr. Broadbent: The greatest disaster in international trade in 20 years, and she wants a compliment.

MINISTER'S POSITION

Hon. Edward Broadbent (Oshawa): I wish to ask the Minister if she will confirm that the Government plans to announce today—not next week—that it has already made its mind up that it will announce in the House later today the imposition of an export tax. While she deals with that, will she assure us if we impose that 15 per cent export tax here it will not simply be added to an additional 15 per cent in the United States? At least has that part been negotiated with the United States?

Hon. Pat Carney (Minister for International Trade): I can only say humbug to that allegation.

I may point out to the Hon. Member that the U.S. system provides for a final decision on the countervail on December 30, so the U.S. can go to December 30 on this issue. It can also go to around February 27 on an injury issue. I do not set the deadlines on this matter; it is a matter of U.S. law. I can only report again that I will inform the House at the appropriate time when I know how the negotiations have gone.

* * *

SOCIAL AFFAIRS

NEWFOUNDLAND POVERTY RATE—FEDERAL TRANSFER PAYMENTS

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, my question is for the Prime Minister. *The Evening Telegram* in St. John's in November revealed that Newfoundland has the highest poverty rate in Canada, that 32,000 Newfoundland families have low income. That is 23 per cent of all families in the province. In light of these staggering figures, how can the Prime Minister's Government justify the cut-backs in fisheries and other programs, the cut-backs in equalization grants, and moreover the lack of any meaningful gesture to create the jobs that would alleviate this staggering burden of poverty in my province?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I have said publicly that one of the problems in the kind of Canada and economy that we inherited was the serious structural imbalances that were created over many years, particularly in regard to Newfoundland. When we came in we inherited a situation where Newfoundland had unemployment in the neighbourhood of 24 per cent. I indicated at the First Ministers' Conference in Vancouver how unacceptable that situation was in Canada, where, for example, in southern Ontario or Manitoba unemployment at that time was 6.9 per cent, which is among the lowest of any jurisdiction in North America, and unemployment was still at 20.8 per cent in Newfoundland and Labrador, this is, notwithstanding the fact that it has come down since the time this Government was in, but not enough.

We have taken special initiatives of $200 million in ERDAs. The Atlantic Accord resolved for the first time, after 15 years of wrangling and difficulty, the offshore dispute with Newfoundland and Labrador where we pumped in $225 million, $77 million extra. EPF went up.

Mr. Rompkey: It was supposed to.

Mr. Mulroney: Equalization that the Minister of Finance is mentioning is going up not down, as opposed to other actions that were taken by previous Governments. We are saying that Newfoundland and Labrador unfortunately bears an unfair burden in this country. We are working closely and intimately with the Government of Newfoundland and Labrador to try to make things right after 25 years of unfairness from a Government here in Ottawa of which the Hon. Member was a member.

HIBERNIA AND LOWER CHURCHILL PROJECTS

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, on the two projects that could help most in Newfoundland, the Hibernia project and the Lower Churchill, the Premier of Newfoundland has said that the ball is squarely in the Prime Minister's court.

Mr. Crosbie: It used to be your court.

Mr. Rompkey: Will the Prime Minister move on those two projects which will create the jobs to alleviate that crushing load of poverty and unemployment that we have in my province?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, in regard to Hibernia, I understand there is a meeting tomorrow between the Minister of Energy, Mines and Resources, who has just come in, and the Government of Newfoundland.

In regard to the development of the Lower Churchill, last week when I was down in Havre-St-Pierre in my riding I repeated—

[*Translation*]

Some Hon. Members: Ah! Ah!

Mr. Mulroney: Mr. Speaker, the Liberals still seem to want to make fun of the riding of Manicouagan. Again I see that the Member from Toronto speaks against the interests of eastern Quebec and the riding of Manicouagan.

[*English*]

When I was in my constituency last week, I offered again as Prime Minister of Canada—

Mr. Broadbent: Another prison!

Mr. Mulroney: —to intervene with the Government of Newfoundland and Labrador and the Government of Quebec to try to bring about the joint development of the Lower Churchill to benefit the provinces of Newfoundland and Labrador and eastern Quebec generally. It would be a worthwhile national project, and I hope my hon. friend will support me in that view in trying to bring about that development.

* * *

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

EFFECT OF SOFTWOOD LUMBER TAX ON EQUALIZATION PAYMENTS

Mr. Robert Toupin (Terrebonne): Mr. Speaker, my question is directed to the Minister of Finance. We happen to know that the federal Government might soon impose a levy on lumber. Can the Minister confirm that if these additional revenues were to be redistributed among the producing provinces they would be taken into account in the equalization formula so that the poorest provinces would not be doubly penalized through equalization and as a result of the direct and indirect impact of the levy itself?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I would suggest that the Hon. Member's question is hypothetical.

CONSEQUENCES FOR QUEBEC

Mr. Robert Toupin (Terrebonne): Of course the question is hypothetical, Mr. Speaker, but only for a short while. This is the last sitting day before the Christmas recess. Does the Minister realize that Quebec alone would stand to lose up to $50 million in additional revenues? This figure has been confirmed by the Quebec Government.

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I listened closely, but I fail to see where the question is.

Mr. Broadbent: There is a question. Answer. Yes or no?

[*English*]

SOCIAL AFFAIRS

REQUEST FOR INTRODUCTION OF GUARANTEED ANNUAL INCOME

Ms. Sheila Copps (Hamilton East): Mr. Speaker, my question is directed to the Prime Minister. Last night two Hamiltonians, Andrew and Caroline Copley, swallowed their pride and told Canada how difficult it was for a family of four who are living in poverty and who are working to live when they are paying 70 per cent of their income for housing. When I spoke with Mr. Copley this morning he said about his visits to a food bank in Hamilton, "I cower in the house for a day in case somebody saw me on the food line". I would like to ask the Prime Minister whether he can tell this family that he will help them and the thousands of other Canadians who are living in poverty by guaranteeing to bring in a guaranteed annual income in 1987.

• (1140)

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, I also saw that television program last night. I want to say to the Hon. Member, as has been said earlier by the Prime Minister and other members of the Government, that we will continue our efforts to help people move out of the low-income cut-off area to which these people were referring.

I have to say in fairness and honesty to the Hon. Member that social assistance rates are set by the Province of Ontario. It is a province that has the ability to have higher rates than some other provinces. Social housing is also within the purview of the provincial Government with help through the federal Government. I hope that the Hon. Member is fair. There were people in poverty when her Government was in office. There are people in poverty under this Government, but at least signs and trends have been positive. When the Hon. Member puts her questions I hope that she will put them in the light not only of historical reality but also political reality.

Some Hon. Members: Hear, hear!

REQUEST THAT SURTAX BE REVOKED

Ms. Sheila Copps (Hamilton East): Mr. Speaker, I asked the Prime Minister to make a commitment to this family. How can the Prime Minister justify the kind of ridiculous answer we have just heard from the Minister of National Health and Welfare when this week in the House of Commons the Conservative Government of Canada imposed a 3 per cent surtax on the working poor? At the very least, will the P.M. not promise today in this House to revoke the 3 per cent surtax on the working poor?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, the Hon. Member can say what she wants. What I gave, I believe, for fair-minded Canadians was a realistic assessment of the situation. When the Member puts forward the proposition, I am saying to her that the Minister of

Finance, keeping in mind exactly that difficulty, put in the refundable sales tax credit.

Ms. Copps: What about the working poor families?

Mr. Epp (Provencher): Will the Hon. Member at least give the rest of us the same courtesy that she demands for herself.

Some Hon. Members: Hear, hear!

Mr. Speaker: The Hon. Minister.

Mr. Clark (Yellowhead): The crybaby talks.

Mr. Epp (Provencher): As the Prime Minister has said, Mr. Speaker, and as others have said, we will continue working. We will work with those who are realistic. Obviously I cannot say that about the Hon. Member.

* * *

PHARMACEUTICAL INDUSTRY

PATENT AMENDING LEGISLATION—POSITION OF ALBERTA SENIOR CITIZENS

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs. He has claimed that opponents of his patent Bill are guilty of agitation through misrepresentation. Is it not the Minister who is guilty when he has claimed, for example, the support of Fonyo and Hansen, and why was it necessary for the president of the Alberta Council on Aging to write him to tell him to desist from claiming the support of the seniors in Alberta?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, in a list of telegrams and letters of support from various organizations was a newsletter from the Alberta Council on Aging with an editorial strongly in support of the policy we are introducing. I interpreted that inaccurately and I apologized to that organization.

Sometimes it is hard to tell where people stand. For example, the Hon. Member for Winnipeg North was quoted in May, 1985, as saying:

> If the higher prices went into a fund which could really be used for research and development, I think the consumers could live with that.

Mr. McCurdy: Mr. Speaker, I do not understand that response.

Some Hon. Members: Oh, oh!

Mr. Clark (Yellowhead): Ask Orlikow.

PROFITS OF DRUG MANUFACTURING COMPANIES

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, instead of the Minister diverting the discussion to issues about who supports whom, would it not be better to answer the question why it is necessary to have a Bill that is supposed to improve profits when the average profit in the drug industry is 19 per cent? Wyeth Ltd. reported a profit of 51 per cent, Ayerst 21 per cent, and Burroughs Wellcome Ltd., 19 per cent. Why do they need more profits?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, they do not need more profits. What Canada needs is for those profits to be invested here in research and development so our young scientists can work for the health of Canadians.

Some Hon. Members: Hear, hear!

Mr. Andre: This Bill is going to make that possible, and I would think the Hon. Member and his Party would realize that it is important to Canada and to Canadians to undertake more research and medical science because cures for diseases that afflict citizens come from research and development and Canadians have the ability to do that. We have the universities, and the teaching hospitals. We will now have the law to make it possible. The Hon. Member should be supporting this Bill.

* * *

EXTERNAL AFFAIRS

IRAN—CONSULAR ACCESS TO ARRESTED CANADIAN

Mr. Chris Speyer (Cambridge): Mr. Speaker, my question is for the Secretary of State for External Affairs. Will the Minister advise the House what progress or lack thereof he has had with respect to securing minimal and fundamental rights of consular access for Philip Engs who is in custody in Iran.

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I appreciate the continuing interest the Hon. Member and others have in this difficult question. I have no further progress to report in terms of a response from the Iranian authorities. I can advise the Hon. Member that at my request the Ambassador to Iran from Denmark will be visiting the most senior officers of the Iranian foreign service on Sunday to press our case again. I hope to have responses to the request that I have put and I will communicate them by the most expeditious way to the Hon. Member when they are received.

* * *

FAMILY VIOLENCE

INCIDENCE OF FAMILY VIOLENCE IN MANITOBA

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I have a question for the Prime Minister. Thus far in 1986 there have been over 3,900 reported cases of family

violence in the Province of Manitoba. In fact over 650 cases of child abuse have been reported to the courts. This is directly related to the fact that there are well over 40,000 families in that province living below the poverty line. The Government of Canada has, in fact, reduced funding totally for the clearing house on family violence and has brought forward no co-ordinated approach to family policy. Specifically, can the Prime Minister tell us whether in 1987 we can expect a clear definition of family policy for Canada, particularly as it relates to the serious problem of family violence?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, the statistics have already been given. I find it rather strange that where this Government advances the child tax credit the two cases where that money has been withheld in part against social assistance payments have occurred in the Province of Manitoba. There is one right now. The Province of Manitoba should put in the same conditions and full transfers of child tax credit that other provinces do. We have two cases in Manitoba where that is not happening.

Mr. Murphy: That is the Tory legacy.

Mr. Epp (Provencher): It is not a Tory legacy. It is an NDP Government in Manitoba. It is doing it.

DAY CARE—FEDERAL FUNDING

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, my question demanded an answer—not pawning off responsibility to some other level of government. I want a specific answer on what this Government will do about the serious problem of family violence. I ask the Prime Minister again. In a recent survey done in my own riding of over 9,000 households, 60 per cent supported a fully funded federal day care program. Can we expect the Government to announce in 1987 a fully funded day care program for all Canadians?

Ms. Mitchell: Don't hold your breath.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, we had the opportunity at the First Ministers' Conference to discuss this proposal actively. The Government of Canada is fully committed to alleviating that genuine concern in regard to day care. We will be making substantial progress in co-operation with the provinces—

Ms. Mitchell: What about the Budget? Have you got anything in there?

Mr. Mulroney: —to deal with what is not a women's issue, but society's problem that we must deal with together. I acknowledge that it as a priority and must be dealt with together.

It is unfortunate that over the years these matters were not more adequately considered. I was looking the other day, because of the tie-in to poverty and violence which my hon. friend quite properly pointed out, at an analysis done by the C. D. Howe Institute of previous Budgets including those when the Leader of the Opposition was Minister of Finance. This is a quote from that analysis:

> It was not the poor and needy who were protected from the ravages of inflation during his tenure as Minister of Finance. In dollar benefits it was the richest 8 per cent of the families.

• (1150)

That was the problem in the past, and with the help of the Minister of National Health and Welfare we are trying to correct that very dramatically.

* * *

SOVEREIGNTY

ALLEGED PASSAGE OF UNITED STATES SUBMARINES THROUGH CANADIAN WATERS

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. In a *New York Times* article this week by Richard Halloran, U.S. Navy officers said that attack submarines have travelled to the North Pole and back through the Canadian archipelago. Since the U.S. Navy now admits that its submarines have gone through Canadian waters as well as the other three routes, can the Minister tell us whether or not Canada's permission for these voyages was requested?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr Speaker, I saw that article in *The New York Times* and was frankly surprised to see that statement attributed to an officer of the U.S. Navy. The only answer I can give, as the Hon. Member knows, is that it is not our practice to provide information as to the potential presence of U.S. submarines in Canadian waters or the potential routes used.

UNITED STATES PLANS FOR FUTURE ARCTIC VOYAGES

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, it seems odd that one has to get information like this from *The New York Times* or naval officers in Washington. Has Canada simply become a total patsy on these issues? Has Canada been informed that the U.S. Navy plans similar and "even more extensive" expeditions to the Arctic next year? Have they asked for our permission and has it been granted?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I would agree that it is most unusual for U.S. naval officials to be making those kinds of comments if indeed they were correctly quoted in *The New York Times*. Assuming for the moment that they were for the sake of argument, let me take this occasion to indicate publicly that the Government of Canada expects the U.S. Government to respect and enforce the understanding among all NATO allies about not revealing the presence of or routes used by ships of the U.S. or NATO fleets.

With regard to the second part of the question concerning a remark made by a spokesman for the U.S. Navy, I gather a serving officer of the Navy, and what that person expects the U.S. Government's intention to be, the Member will know discussions are under way now with respect to elaboration of Canada's claims to sovereignty in the North which were made by this Government a year ago September after a long reluctance to do so by former Governments.

Mr. Speaker: Since this is the last Question Period before Christmas, time is going along and questions and answers have been long. I ask Hon. Members to co-operate by keeping the questions short, and Ministers to respond by keeping the answers short.

* * *

PHARMACEUTICAL INDUSTRY

CONTRACT TO PREPARE COMMUNICATIONS PLAN ON AMENDING LEGISLATION

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker—

Mr. Crosbie: Why not wish us a Merry Christmas?

Mr. Boudria: Mr. Speaker, at the request of government Members I will wish them a Merry Christmas before I direct my question to the Prime Minister.

My question concerns poverty. Why did the Government of Canada give a contract to a rich Tory friend of the Prime Minister, Roger Nantel, to prepare a communications plan to convince poor and sick Canadians that they should be happy to give at least $200 million a year more to rich multinationals through higher drug prices? When will he cancel this contract and stop spending money foolishly the way he has been over the last year?

Mr. Crosbie: There is a poverty of intelligence over there.

Mr. Boudria: Put the money where it should be, helping poor Canadians.

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, that contract is a perfectly natural and normal contract of the same type the previous Government gave out with great frequency. It was for a period of three months, a maximum of $25,000—

Mr. Broadbent: I thought you were supposed to change that.

Mr. Nystrom: Harvey is a Liberal.

Mr. Andre: —and $12,500 was paid. Like the previous Government, this Government hires experts to give advice from time to time on a variety of things. It is a normal practice, and any suggestion of something illicit or improper here is entirely in the mind of the questioner.

[*Translation*]

REQUEST THAT BILL C-22 BE WITHDRAWN

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I have a supplementary for the Prime Minister.

Since the Program did not work and Canadians don't want this Bill, will the Prime Minister ask his friend, Mr. Nantel, to give the money back to the Government and cancel Bill C-22 which will increase poverty in Canada?

[*English*]

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, it is not true that Canadians do not want it. For example, the Hon. Member for Sudbury is quoted in *The Canadian Pharmaceutical Journal* in May of this year as saying: "I may be branded as a heretic among Liberals in this country but I happen to believe in intellectual property rights and I think the patent laws of 1969 went too far in one direction."

Some Hon. Members: Oh, oh!

Mr. Andre: So there is at least one Canadian over there who agrees with us.

* * *

AIR TRANSPORT

CANCELLATION OF AIRLINE LICENCE—COMPENSATION FOR LOSSES INCURRED

Mr. Les Benjamin (Regina West): Mr. Speaker, I want to direct a couple of questions to the Minister of Transport. They concern the tragic case of Fred Turner of Yellowknife who, as a result of harsh and, I think, vindictive action of a government agency, lost his aircraft and equipment and was forced into bankruptcy. In discussions with myself and the Hon. Member for Skeena the previous Minister of Transport agreed to compensate Mr. Turner. The Government offered $15,000. The previous Minister told me the cheque has been processed, and I do not think that is true.

Would the Minister do what he promised last Monday night in committee and have his officials contact Mr. Turner and make sure he gets the money immediately?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I know the Hon. Member's interest in this case which indeed sounds harsh. I want to remind him, however, that this arises from a decision of the Air Transport Committee of the Canadian Transport Commission which, on April 4, 1984, before this Government assumed office, cancelled this man's licence.

We have recommended, and there is an Order in Council, that an *ex gratia* payment of $15,000 be offered to Mr. Turner. I will have to check to see whether he has been contacted since the committee meeting the other day where the

Hon. Member brought up this matter. If he has not been contacted as he should have been, I will see that he is today.

REQUEST FOR NEGOTIATION OF ADDITIONAL COMPENSATION

Mr. Les Benjamin (Regina West): As of half an hour ago he has not been contacted by anyone from the Minister's Department. Now that Mr. Turner has also lost his home will the Minister not only immediately send the $15,000 to him but enter into negotiations for further compensation? You owe him at least ten times that much.

Hon. John C. Crosbie (Minister of Transport): Our legal counsel will continue his attempts to meet with Mr. Turner and reach an agreement which will permit him to receive this *ex gratia* payment. As to further payments, that would be in the hands of our lawyers. We do not think there is any legal responsibility on the Government in this matter but we are attempting to assist Mr. Turner because we feel he was treated unfairly. I will definitely see if anything further can be done.

Mr. Benjamin: You ruined him.

Mr. Crosbie: Not the Government.

* * *

[*Translation*]

DAY CARE SERVICES

GOVERNMENT'S PROGRAM FOR 1987

Mrs. Lucie Pépin (Outremont): My question is directed to the Minister of National Health and Welfare.

As the Prime Minister said earlier, the Minister of National Health and Welfare will have to give special attention to day care in the coming year. Could the Minister inform the House if talks have already started with his provincial counterparts on the subject of day care and could he reveal the Government's concrete plans in this respect?

• (1200)

[*English*]

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, I thank the Member for her question. Following the discussions between the Prime Minister and the First Ministers in Vancouver, I will meet with the Social Affairs Ministers. This issue is on our agenda for January 22 and 23, 1987.

[*Translation*]

QUERY CONCERNING PROVISION OF FUNDS FOR DAY CARE IN FEBRUARY, 1987, BUDGET

Mrs. Lucie Pépin (Outremont): Mr. Speaker, my question is directed to the Prime Minister.

At the First Ministers' Conference in Vancouver, the Prime Minister stated publicly that he would earmark funds for day care in the February 1987 Budget.

I wish the Prime Minister would tell the House how much he is prepared to spend on day care, and whether he is willing to set aside $150 million as requested in the Cook report, to show that the Conservative Government sees day care as a priority and not as an exercise in public relations.

[*English*]

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, I do not think the record would show that the Prime Minister was specific relative to the Budget of 1987.

Mrs. Pépin: Oh, yes.

Some Hon. Members: Oh, oh!

Mr. Epp (Provencher): Hon. Members should also know that Budgets are not discussed on the floor of the House of Commons. The Prime Minister said that the Government of Canada is committed to a day-care program. He also said that we will have to negotiate this with the provinces in view of the jurisdictional issue. The Member is on a recommendations committee. I hope she will make her recommendations early.

* * *

EXTERNAL AFFAIRS

CLOSURE OF EMBASSY IN EQUADOR

Mr. Alex Kindy (Calgary East): Mr. Speaker, my question is directed to the Secretary of State for External Affairs and is with regard to the closing of our embassy in Equador. Equador has a population of nine million and has a good economy. It could have good relations with Canada. We could sell our produce and technology there. What is the reason for this closure?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, there is no doubt that no Member of the House and no Government would voluntarily choose to close embassies in Equador or elsewhere. We face some very serious financial problems with which we must deal.

Ms. Copps: Shamrock Summit.

Mr. Clark (Yellowhead): You cannot simply wish away a deficit. You must work it down. With all respect, I suggest that the Hon. Member will have to live with that economic reality just as the rest of the people of Canada must.

HOUSE OF COMMONS

DATE OF BY-ELECTIONS

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is directed to the Right Hon. Prime Minister. It is a tradition that at about 4.30 on the day we recess for the Christmas break, appointments are made of hacks, flacks, and bagmen to the other place. In the spirit of parliamentary reform, would the Prime Minister not use this occasion—

Some Hon. Members: Oh, oh!

Mr. Crosbie: This is your big chance, Nelson.

An Hon. Member: Remember Ian Deans.

Mr. Speaker: Order. Perhaps the Hon. Member for Kamloops—Shuswap could be specific in his question.

Mr. Beatty: Ian Deans asked the same question at the same time last year.

Mr. Riis: Mr. Speaker, in the spirit of good will, and breaking from tradition, would the Right Hon. Prime Minister not take this opportunity to announce the dates for the by-elections in St. John's East and Hamilton Mountain?

Some Hon. Members: Hear, hear!

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, with regard to the question about the hacks, flack, dupes, and poops, I would like to tell the Hon. Member that Ian Deans asked the same question at exactly the same time last year.

Some Hon. Members: Hear, hear!

Mr. Epp (Provencher): Look what happened to him.

Mr. Mulroney: I want you to know that for your comment I have taken you off the list. Boy, will I get a call from your wife!

With regard to the two by-elections, they are indeed due and will be called. There could be a third one if the Hon. Member for Terrebonne did the honourable thing and resigned his seat as an NDPer in Quebec.

Some Hon. Members: Hear, hear!

Mr. Speaker: I regret that the Question Period has ended.

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CHRISTMAS RECESS

MR. SPEAKER EXTENDS COMPLIMENTS OF THE SEASON

Mr. Speaker: I would like to extend the usual invitation to all Hon. Members to join with the Speaker and others in an exchange of good wishes and compliments of the season in

Room 16 starting at five o'clock. I hope to see some of you there.

This is the last day we will be in the House before Christmas. People have been benevolent in exchanging their good wishes for a Merry Christmas and a Happy New Year. I know that has all been said sincerely. I would like to say very sincerely that I appreciate, more than I can adequately say, the co-operation and good will which I have received, as your new Speaker, from all Members of the House. I am very proud of all of you. Merry Christmas.

Some Hon. Members: Hear, hear!

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POINT OF ORDER

ELABORATION OF ANSWER

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I rise on a point of order with regard to the question asked of me by the Hon. Member for Regina West (Mr. Benjamin). Mr. Bickert of the Department of Justice contacted Mr. Turner this week after the Monday meeting of the Standing Committee on Transport. He has advised us that he wants $2 million rather than the $15,000 *ex gratia* payment offered. It appears that there is a large gap between the two positions.

* * *

BUSINESS OF THE HOUSE

EXTENSION OF SITTING—LUNCH HOUR

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, in the spirit of benevolence which exists in the House today, I think you will find unanimous agreement to extend the hours of the proceedings during the lunch hour from one o'clock to two o'clock in order that we can continue with the business before the House and perhaps finish it a little earlier this afternoon.

Mr. Speaker: Is there agreement?

Some Hon. Members: Agreed.

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PRIVILEGE

ALLEGED ASPERSION ON MEMBER'S INTEGRITY

Mr. Andrew Witer (Parkdale—High Park): Mr. Speaker, yesterday two Members of this House saw fit to cast aspersion on my integrity based on a libelous newspaper article which was an outright fabrication. The Hon. Members should check

their facts before they accept such an outrageous story which insinuates that I was somehow tied to a fundraising organization for the Contras because I attended a banquet which apparently some representative of this organization was originally scheduled to attend. This ridiculous piece of logic was used to assail my reputation and integrity, calling my credibility into question, and inhibiting my ability to function as a Member of Parliament.

Erskine May states that the privileges of Parliament are rights which are absolutely necessary to the due execution of its powers. I believe credibility is absolutely essential to any Member of Parliament and, by mounting this scurrilous attack on my reputation, the Members of Parliament for Hamilton East (Miss Copps) and New Westminster—Coquitlam (Ms. Jewett) have seriously breached my privilege.

Should you find that I have a question of privilege, I am prepared to move that the matter be referred to the Standing Committee on Privileges and Elections for examination.

Mr. Speaker: Are there any other Members rising on this question of privilege?

• (1210)

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, I am sure you will find ample precedent to determine that the matter being raised by the Hon. Member who just spoke is really a matter of debate, or difference of opinion, and not a matter that affects the privilege of the Member. On behalf of the Opposition I want to put that position before the Chair.

Mr. Speaker: Are other Hon. Members rising on this question of privilege? I advise the Hon. Member for Parkdale—High Park (Mr. Witer) that I will consider the matter. I must indicate that it would seem to me that, while the Hon. Member has a grievance, it may not be a question of privilege.

Under the circumstances, I think it would be appropriate for the Hon. Member to convey his concern to other Hon. Members who may have unwittingly put the Hon. Member in a difficult position. The Hon. Member's right of free speech has not been affected, although I will look carefully at the matter.

I urge all Members that if they are going to attack each other, as sometimes is done, they should be very careful not to make accusations that are not well founded in fact. That seems to be the complaint of the Hon. Member and perhaps he might speak with other Hon. Members involved and advise me afterward of the result of that discussion.

ROUTINE PROCEEDINGS

[*English*]

TELEGLOBE CANADA

TABLING OF DRAFT LEGISLATION—REORGANIZATION AND DIVESTITURE

Hon. Barbara McDougall (Minister of State (Privatization) and Minister Responsible for the Status of Women): Mr. Speaker, pursuant to Standing Order 67, I have the honour to lay upon the table in both official languages draft legislation for the reorganization and divestiture of Teleglobe Canada which reflects policies outlined on November 19. Merry Christmas, Mr. Speaker.

* * *

[*Translation*]

GOVERNMENT ADMINISTRATION

TABLING OF GOVERNMENT RESPONSE TO SUBCOMMITTEE REPORT

Hon. Michel Côté (Minister of Regional Industrial Expansion and Minister responsible for Canada Post Corporation): Mr. Speaker, pursuant to Standing Orders 67(2) and 99(2), I have the honour to table, in both official languages, the Government response to the first report of the Standing Committee on Government Operations concerning the Canada Post Corporation.

* * *

PETITIONS

GOVERNMENT RESPONSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 106(8), I have the honour to table, in both official languages, the Government response to the following 99 petitions: Nos. 332-42, 332-44 to 332-53 incl., 332-108, 332-109, 332-111 to 332-115 incl., 332-117 to 332-121 inc., 332-123 to 332-127 incl., 332-131 to 332-136 incl., 332-138 to 332-143 incl., 332-144 to 332-148 incl., 332-150, 332-151, 332-153, 332-154 to 332-159 incl., 332-161 to 332-167 incl., 332-185 to 332-188 incl., 332-230 to 332-232 incl., 332-241 to 332-264 incl. and 332-277 to 332-283 incl.

* * *

[*English*]

Mr. Kindy: Mr. Speaker, I rise on a point of order. My question No. 37 has not yet been answered.

Mr. Gauthier: We are not there yet.

The Acting Speaker (Mr. Paproski): If the Hon. Member will wait for a few minutes, we will get to that point.

* * *

[*Translation*]

GOVERNMENT ADMINISTRATION

FIVE YEAR PLAN—CANADA POST

Hon. Michel Côté (Minister of Regional Industrial Expansion and Minister responsible for Canada Post Corporation): Mr. Speaker, on Monday, the Hon. Member for Selkirk—Interlake tabled in the House the report of the Government Operations Committee concerning Canada Post's five year corporate plan. On behalf of all members of the House, I would like to thank the committee members for their diligent work.

As requested under provisional Standing Order 99(2), Mr. Speaker, the Government will be tabling in a few moments a formal response to the report presented by the Standing Committee. I would like to take this opportunity to address the most important issues raised by the committee.

Mr. Speaker, as Members will recall, my colleague, the Minister of Finance announced last spring that Canada Post would be required to eliminate its operating deficit by fiscal year 1988-89. Our objective was for Canada Post to improve service and reliability while managing both its finances and its operations more efficiently and effectively. Our resolve in this remains undiminished.

[*English*]

In response to the orientation set by the Government, the senior management and Board of Directors of Canada Post prepared a five-year corporate plan in which the corporation detailed the measures it proposed to take in order to improve both service and over-all efficiency.

When the details of the plans were scrutinized by the parliamentary Committee on Government Operations, it became apparent that some of the measures that the Corporation proposed were of concern. In particular, the committee devoted much of its time and attention to the impact of proposed changes in postal service on rural Canadians.

The committee has indeed done tremendous work. The Government has had an opportunity to examine the report of the committee and is in general agreement with its observations and recommendations.

In recognition of the changing demographics of rural Canada, Canada Post has been eliminating rural lot line delivery routes for years. The corporate plan proposed measures that would have further removed lot line service for some 100,000 rural Canadians. In response to concerns raised by the committee, the corporation has advised me that it will not proceed at this time on the replacement of rural lot line services.

Some Hon. Members: Hear, hear!

Mr. Côté (Langelier): This change will be reflected in Canada Post's next corporate plan.

On the subject of the possible amalgamation of some rural Post Offices, I am in agreement, as is the corporation, with the point made by the committee that a simple amalgamation formula cannot be imposed arbitrarily and uniformly on a country as broad and diverse as Canada.

Canada Post recognizes the need to be sensitive to local concerns that vary from community to community. During the hearings, the President of Canada Post made the commitment that there will be no amalgamation without local consultations and that in the future a 90-day notice will be given of proposed service changes to permit this process to take place.

While amalgamations of rural Post Offices must take place, it will be done on an opportunity basis, wherever possible, due to retirement of a postmaster or some such other vacancies. Where this is not possible, a human resource management plan will be developed.

[*Translation*]

I was pleased to note that the commitee is in general agreement with the proposal of Canada Post Management to involve the private sector on a broader scale through franchising in the provision of counter services in rural and other areas. The small businesses and entrepreneurs of Canada can do an excellent job in meeting many essential consumer needs in this country through franchising. As Members already know, 25 per cent of Canada Post's retail outlets are already managed by the private sector.

The subject of second class mail privileges for newspapers, periodicals and books is part of the larger issue of cultural subsidies for which my colleague the Minister of Communications (Miss MacDonald) is responsible.

Mr. Speaker, I would like to remind Hon. Members that the Government is presently paying more than 70 per cent of the cost of sending publications through the mail. This particular approach has not been revisited since 1969 and, accordingly, the Department of Communications with the assistance of Treasury Board and Canada Post will be consulting with the publishing industry on this issue over the next several months. In the interim Canada Post will be proceedings with modest increases to the rates of published materials effective July 1st, 1987.

Of most concern to the committee were proposed postal rate increases for weekly newspapers. The Government shares the concern expressed by the committee on the impact these increases could have had on weekly newspapers. I have received assurances from Canada Post that there will be no increase in the rates for weekly newspapers.

Some Hon. Members: Hear, hear!

Mr. Côté (Langelier): With respect to services in urban areas, the committee also heard testimony regarding the faulty installation and a particular design problem associated with supermailboxes.

• (1220)

[*English*]

In response to these problems, members of the committee expressed concern with the security of mail delivered by this means. Canada Post has given its assurance, both to the committee and to the Government, that these problems will be eliminated prior to the installation of any new supermailboxes. With regard to disciplinary and legal action resulting therefrom, I understand Canada Post is giving these matters full consideration.

Canada Post is also taking steps to meet another concern voiced by the committee, the need to ensure that the services available to the public through supermailboxes are accessible to physically handicapped customers.

[*Translation*]

In many areas of the country, particularly in small towns, Canadians have never had door to door postal delivery services. In fact, Mr. Speaker, only 54 per cent of canadians currently receive door to door service.

As members of this House know, the cluster box concept, as an alternative to door to door delivery was developed by Canada Post under the previous Government. Then as now, it was apparent that the cost of extending door to door delivery to new areas of the country was prohibitive. Supermailbox services, properly installed, are a vast improvement over the old green community mailbox delivery mode introduced by the previous administration or for that matter, general delivery, and represent an efficient means of servicing new growth areas at a cost considerably less than the $500 millions associated with the extension of door to door service in all new subdivisions.

[*English*]

Finally, the committee carefully considered the planned two cent increase in the basic letter rate and concluded that the increase is not excessive. The Government concurs with this conclusion. Therefore, gazetting of the rate increases will take place at the earliest opportunity. Further increases to the basic letter rate which will henceforth become effective on January 1 of each year, as necessary, will be held to not more than the rate of inflation.

I want to be very clear today that the Government is maintaining the approval it gave last October of the CPC corporate plan for the period 1986-87 to 1990-91. We are holding the CPC to its projected loss of $30 million in 1987-88 and profits of $53 million, $44 million and $58 million in the following three years, and its full commitment to an improved postal service for Canadians.

Considerable progress has already been achieved by Canada Post Corporation. For example, over the last two years, the volume of mail processed has increased while at the same time using 2,000 less employees. Absenteeism has been reduced by 26 per cent. Expenses other than salaries in 1985-86 were close to 2 per cent lower than the previous year.

The committee expressed the view that while improvement has taken place since the corporation was established, further progress was called for.

[*Translation*]

For example, first class mail's reliability has improved by an unprecedented 4 per cent since the summer.

Both the CPC Board of directors and management recognize that the financial discipline imposed by our fiscal framework is an essential element in their efforts to move the mail with service reliability, economy and efficiency.

They know that financial viability is the best guarantee of security that *any* corporation can give to its employees, and to its customers. They are heartened to receive this confirmation of their operating plan because it is a clear manifestation of the confidence and support which the Government has placed and continues to place in them over the difficult months and years ahead.

In closing, Mr. Speaker, I would like to thank the members of the committee, and the others who praticipated in the hearings, for their work. I believe that their report, and the results stemming from it, are a clear indication of the success of this Government's intentions to incorporate the views and talents of all private Members into achieving workable solutions to the important issues of the day.

[*English*]

As I said earlier, now is the time to let the corporation get on with the job.

The Acting Speaker (Mr. Paproski): I regret that I did not say that the Minister was in charge of Canada Post. I apologize.

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, perhaps it is because the Minister is not in charge of Canada Post that you forgot.

I am pleased to participate and respond to the Minister today. I wish, however, that the Minister had given us better news.

[*Translation*]

Mr. Speaker, at the beginning of his remarks the Minister commended the parliamentary committee for what he felt was an outstanding job and contribution.

First I might remind him that the parliamentary committee heard only two witnesses: the Canada Post Corporation President and Mr. Sylvain Cloutier, President of the Management Office.

Many other people would have liked to appear as witnesses, including the Canadian Small Business Federation, postal workers' associations and a number of other Canadians, but they were not given an opportunity. The committee sat only eight times and began drafting its report very early. How can anyone conclude that the committee did a good job, how can anyone even conclude that it was objective? Everything had obviously been decided even before the committee began its proceedings.

The Minister had nothing but praise because Canada Post should wipe out its deficit by financial year 1988-1989. This is unrealistic, Mr. Speaker. As a matter of fact, Mr. Marchment himself said in his report that it would take five years before operations might become profitable.

We hear about cut-backs today because the Government has taken an unrealistic approach. I am saying this as a Member of Parliament, and Mr. Marchment who was commissioned by the Government to produce the report came to the same conclusion.

[*English*]

The Minister said in his remarks that Canada Post "detailed the measures it proposed to take in order to improve both service and over-all efficiency". How can we improve service by shutting down post offices? How can we improve service by telling Canadians they cannot have home delivery? How can having something less than what we had before be considered an improvement? It is obviously not an improvement. It may cost less, as the Minister said, but please do not call it an improvement. Anything which is less than what we had is not an improvement unless it is an improvement in the effort to make things worse.

Given the fact that the committee had to issue a dissenting report—no Hon. Member of the Opposition was in accord with the Government—the report on which the Minister has made his statements today is a complete whitewash. I represent an electoral riding in which there are 42 post offices in the west end of the region. It is an urban area. People have had supermailboxes inflicted upon them. The rest of my constituency, by and large, is very rural with small post offices everywhere. We are told that the corporation will not proceed at this time with the replacement of rural lot line service. We still have not heard from the Minister as to what "at this time" means. We would like to get a commitment that the lot line service will remain, not only in the short term but in the long term. It is important for our rural constituents.

The Minister has proposed that consultation take place when post offices are closed. Of course, we do not want them to close at all. However, if the Minister is planning to close them, I wish he would give us an explanation as to what "local consultation means". Does it mean that the local municipal officials will be consulted? Does it mean that the Member of Parliament will be notified or will he or she only receive notice in his constituency mail after a decision has already been taken? It is important for us to know just exactly how that consultation process will take place.

• (1230)

In terms of closing down post offices on the so-called opportunity basis, that is wrong. That criteria should never be used, and I will tell the Minister why. I have a postmistress in my riding who is in her sixties. She has been saying for some time that she wishes to quit her job and retire. However, the citizenry have been telling her not to quit because if she does they will lose their post office. What kind of pressure is that to be placing on people? It is unfair to make a postmaster or postmistress personally responsible for whether or not a post office will be retained. It is unfair to place that type of a burden on people.

[*Translation*]

Mr. Speaker, with all the talk about privatizing post offices, I still wonder how the Minister intends to do this, if we consider union contracts, and especially the successor clauses in those contracts, because we may well be in a situation where the same bargaining agreement will subsequently be binding on the person or the agency that takes over a post office, because some of these post offices have people who are unionized. So perhaps the Minister could explain this particular detail later on.

I would also like to point out to the Minister the problem of our weekly newspapers. Although we are glad there will be no rate increase in the immediate future, at least not for newspapers, I would like to know a bit more about this particular area, because the whole issue of mail delivery may affect our rural papers. I have seven in my riding.

[*English*]

The seven weekly newspapers that I have in my riding are very worried, not only about a potential increase or potential abandonment of subsidy, but if the system is made the way Canada Post proposes to make it with less efficient delivery, then we would centralize rural post offices. What this will leave us with is weekly newspapers that will no longer be delivered on the same day, which is now the custom. In rural areas the owner of a rural paper goes to the local post office, hands copies of the paper to the postmaster who places it in the boxes right away. If this measure is implemented then weekly newspapers will be delivered when they are one, two or three days old. For that reason alone we may lose very many of our local weekly newspapers. I ask the Minister to think about that situation because it is a concern that has been raised with me by some of the local weekly newspaper publishers in the riding I represent.

[*Translation*]

The Minister did not mention the subject of religions publications, and I would urge him to clarify the situation on these publications because I imagine that recently, quite a few Members, including the Member now speaking, probably

received comments from editors of these publications in their ridings.

[*English*]

I now wish to talk about the so-called superbox, and I recognize I have only one minute left. The superbox does not work. It is as plain as that. It does not work. The Minister says it is better than the old-fashioned green mailbox. At least the green mailboxes worked. They are temporary. They can be removed and replaced by better delivery later on. Most important, if the old green boxes had locks that did not work they could be sawed off and replaced with another lock. That cannot be done with the new set-up. It is clear that the only thing we can say about superboxes is that they should never have been invented. They should never have been sold. They should never have been bought by the Government of Canada and by Canada Post.

There is considerably more to say on the postal issue. I just wish I had more time in which to say it. I am sorry that my time has expired. I wish I had another 10 minutes in which to speak so that I could finish my remarks on behalf of my Party. This is an important issue. It is important to all Canadians. Perhaps if I were given unanimous consent I could have another five minutes and continue my reply.

The Acting Speaker (Mr. Paproski): Does the Hon. Member have unanimous consent to continue his remarks?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mr. Paproski): The Hon. Member for Winnipeg North Centre (Mr. Keeper).

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I wish to come right to the point. From the report of the committee and from the Minister's response it has been clearly demonstrated that the majority of the committee members were nothing more than yes-men. They were yes-men to the Minister and yes-men to the President of Canada Post. I say yes-men deliberately. Perhaps if there had been some female Members of Parliament on the committee there would have been some more humanity expressed by the majority, as opposed to the callous attitude that was taken with regard to postal service.

The Minister's statement today only deals in a token way with postal service. In effect what the Minister has done is dealt with the tip of the iceberg. When a sailor is out on the ocean he has to know not only what is taking place above the water-line but what is taking place below. He has to know not only where is the tip of the iceberg but where the bulk of it is beneath the water-line. That is what led to the sinking of the *Titanic*. Sitting across from me is the captain of the *Titanic*. His ship is going down. Postal service is going down and all the Minister deals with is the tip of the iceberg, that little part above the water-line.

I wish to give some credit where credit is due. What is being done that is positive has to do with lot line service in rural areas and with weekly newspapers. The Minister deserves some credit. He has put a halt to the reduction in lot line services in rural areas, according to the words in his statement. I hope he lives up to those words. He has also put a halt to the increase in rates for weekly newspapers. So the Minister and the committee deserve some credit in this regard.

However, the people who deserve the most credit are members of the Canadian public. I say that because it is they who spoke out. It is they who let the Government know in no uncertain terms that they are fed up with further reductions in postal service. It is because of the strong public outcry that the Government has backed down and buckled under with respect to these two issues.

To place the matter in perspective, this is just the tip of the iceberg. These are but two token elements of the over-all postal plan. What we have to examine is what lies below the water-line, what is left undone. We must examine where the real problems that will sink the postal service lie, the problems which will cause untold damage to Canadians in terms of their postal service.

What is below the water-line is rural service and rural post offices. The way the Minister deals with these matters is by saying that there is a need for a sensitivity to local concerns. That is no assurance that rural post offices will not be closed. In fact, the Minister has said that amalgamations will go ahead. Thus in the future we will see closures of rural post offices. What will be required is for people to continue to speak out, and to speak out loudly in order that their post offices not be closed.

The Minister said in his statement that there would be no amalgamations without local consultation and that in the future a 90-day notice will be required. It is already a requirement under existing legislation and existing post office policy that notice be given. That requirement has not been respected. It has not been effective. What faith can we have in the Minister with respect to him changing his ways regarding to rural post offices?

Having regard to rural post offices, I wish to deal directly with the Minister's claim about franchising, about turning over all of the rural post offices to the private sector. Let me point out that the Minister intends to do the same thing with urban post offices. What we are talking about is turning over all of the post offices in the country to the private sector in the name of efficiency and convenience. If we need more convenience and efficiency in the post office, that could be done equally as well in the public sector as in the private sector.

• (1240)

The danger in what is being done is not only that there will be a reduction in service but, when these contracts are let, there will be a real temptation for abuse. There will be

temptation for the Government to use these contracts as another patronage tool.

Over the last few days we heard about the way Citizenship Court judge positions are used as patronage tools. Here the Government is opening up a whole new line of patronage gifts to pass out. The difficulty with that is that the Government can abuse that process at the cost of service.

Another item that is below the surface of this postal plan is the issue of the superboxes. In his statement, the Minister talked about dealing with technical problems and he assured us that there will be no new superboxes put in place until all technical problems are dealt with. Why were the technical problems not dealt with in the first place? Why should we have any more confidence in his assurances today than we have had in his assurances in the past? On a number of occasions the Minister assured us that superboxes were an improvement in service, that they had been fixed and that they would work. Each time that was not the case. Experience proved otherwise.

What people need and want is equity in service. I give the Minister credit for putting a stop to the introduction of superboxes in place of lot-line service in rural areas. If the Minister can do this for rural citizens, why can he not do the same thing for those who live in urban areas? Why does he not say that there will be no second-class citizens, just as the Prime Minister (Mr. Mulroney) has said, not only in rural areas but in the cities as well? I challenge the Minister to live up to that principle and to apply the policy on an equitable basis.

I would like to deal briefly with the rates charged for mailing books, periodicals and religious magazines. I will sum up as quickly as I can, Mr. Speaker. There are a few important points that I must make.

While the Minister deserves credit for saying no to an increase in weekly rates, he has failed to mention in his statement, either inadvertently or through poor writing, the issue of religious publications. He mentioned weekly newspapers but he failed to give us the same assurance regarding religious publications. He said that rate increases for these publishers will go ahead. The survival of publications of religious and voluntary organizations continues to be threatened by this policy. As well, national magazines such as *Maclean's* and *Saturday Night*, instruments of communication that help keep this country together, are also threatened by the policy with which the Government is going ahead.

The Government is promising consultation and I hope that consultation will be significant rather than token, as it has been up until now. Unfortunately, the statement made by the Minister is not surprising. It contains some specific token elements on which the Government has capitulated in the face of public opinion. However, the over-all impact of this statement is that the Government is going full steam ahead with cutting back on postal service and with raising postal rates. Not only will rates be increased by two cents this year but they will be increased annually.

The Minister has dealt only with the tip of the iceberg. Like the captain of the *Titanic*, this captain will take his ship down at a time when Canadians need good, reliable, efficient postal service.

* * *

POINT OF ORDER

ALLEGED MISINFORMATION

Mr. Les Benjamin (Regina West): Mr. Speaker, I must inform the House that at the end of Question Period, on a point of order, the Minister of Transport (Mr. Crosbie) inadvertently, I believe, misinformed the House when he stated that the solicitor for the Department of Justice had contacted Mr. Fred Turner in Yellowknife this week. The Hon. Member for Skeena (Mr. Fulton) and I immediately proceeded to the telephone in the lobby and called Mr. Turner. He said that no one had contacted him this week. The officials who informed the Minister of Transport misled the Minister and the Minister had better set the record straight.

The Acting Speaker (Mr. Paproski): Order. I regret that that is not a point of order. It is debate.

* * *

PETITIONS

OPPOSITION TO EXODUS LINK CONTRACT

Mr. Andrew Witer (Parkdale—High Park): Mr. Speaker, it is my privilege today to present to the House a petition on behalf of residents of Parkdale—High Park expressing their opposition to the Exodus Link parole privatization contract which would locate up to 80 ex-convicts in their neighbourhood, and I would like to add my strong support to their call for the Solicitor General (Mr. Kelleher) to immediately terminate funding to Exodus Link until a location outside the boundaries of Parkdale—High Park has been found.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, again I would like to present 10 petitions from Canadians, mostly from Ontario and British Columbia, who make the point that the retaliatory tariff on imported books in the English language has had limited effect on American export of books into Canada yet it has imposed a very difficult and onerous charge on Canadian publishers. It penalizes Canada's consumers, book publishers, book sellers, distributors and Canada's culture. Rising book prices have placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries. The undersigned, your petitioners, humbly pray and call upon Parliament to rescind

this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries with respect to free trade negotiations.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I am sure you are not surprised to find me rising once again pursuant to Standing Order 106 to present a petition on behalf of many, western Canadians who are very concerned about the proposals to change the Patent Act relating to prescription drugs. They believe this will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy necessary prescription drugs. They are asking the Government to reconsider its intention to proceed with this legislation.

[*Translation*]

CN PENSIONS

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, I have the duty to present to the House a number of petitions from residents of Scarborough, Hamilton, Toronto, Niagara Falls, Keswick, Rexdale, Brampton, Richmond Hill and several other Ontario cities; these petitions relate to the sub-committee report on CN pensions.

[*English*]

One of those recommendations is that inflation protection be a priority item during the current round of contract negotiations. The subcommittee presented a report to this House in May and CN and the Minister have so far failed to respond. The petitioners also offer their support to the recommendation that, if an agreement is not achieved between CN and the railway unions, legislation be introduced in this House to provide a reasonable degree of inflation protection for railway workers and their survivors.

• (1250)

REMOVAL OF MAILBOXES BY CANADA POST

Mr. Dan Heap (Spadina): Mr. Speaker, I have the honour to present a petition from a number of residents in the constituency of Spadina, and in other parts of Toronto. They are complaining against the action of Canada Post in removing 700 letter drop boxes, which is about a third of the letter drop boxes in the City of Toronto. The petitioners complain that this makes it a great deal more difficult to post letters. It is also unsafe for the elderly and the disabled. The petitioners ask Parliament to ensure that Canada Post will replace these mailboxes, and in the future will consult with the residents of the communities affected before removing these boxes and other services.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. Dan Heap (Spadina): I also have a petition from a number of residents of Vancouver, Mississauga, Toronto, and other municipalities who object to the Government's policy of having low-level flight training carried out from the Canadian Forces Base in Goose Bay, Labrador. The petitioners object on the grounds that the Government should rather be promoting peaceful employment there that does not disrupt the environment or the life of the people, and does not constitute a provocative and aggressive war-fighting action that tends to endanger world peace.

Therefore, the undersigned humbly pray and call upon Parliament to ensure that the Prime Minister ends all low-level flight training at the Goose Bay Canadian Forces Base, and cease negotiations with NATO for the establishment of a larger base there.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, I rise once again to plead with this Government to pay attention to the 200 names that I am depositing for your consideration. My colleague, the Hon. Member for Ottawa—Vanier (Mr. Gauthier), has just tabled an additional 250 names. This past week alone we have tabled over 2,500 names of Canadian citizens who strongly oppose the Government's action—

The Acting Speaker (Mr. Paproski): I would hope that the Hon. Member would concentrate on her own petition.

Mrs. Finestone: The petitioners oppose the retaliatory tariff on imported books in the English language which has limited the access of Canadians to literature and information. The petitioners are opposed to this tax on reading.

They humbly bring to your attention that the tariff has had little negative effect on the publishing industry of the United States, yet it has severely penalized Canada's consumers, book publishers, book sellers, book distributors, and Canada's culture. The rise in book prices has placed an enormous strain on the book acquisition programs and policies of our nation's public and specialized libraries, which brings about a new buying procedure which is detrimental to these industries.

The undersigned petitioners humbly pray and call upon you, Sir, and the Parliament of Canada to rescind this negative unintelligent tariff which threatens irreparable harm to the Canadian book industry, and compromises federal policy on cultural industries in respect of free trade negotiations. It puts culture right smack in the middle of the free trade table.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Les Benjamin (Regina West): Mr. Speaker, it is my duty and privilege to present another petition from citizens of the City of Regina who believe that the Government's proposal to change the Patent Act will result in higher prescription drug prices for average Canadians, and higher cost to provincial government drug plans. The proposed changes are another example of Canadian Government concessions to the United States in the free trade negotiations at the expense of average Canadians.

Your petitioners humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

CN PENSIONS

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, I wish to present a series of petitions representing some 300 residents of Sarnia and surrounding communities, many of whom are employees of CN. The petitioners are petitioning the Government and the House that the recommendations of the subcommittee of the Transport Committee on CN pensions be implemented as quickly as possible. These CN employees, many of their colleagues, friends and family in their respective communities are concerned that CN and the employees' union will fail to reach an agreement on the recommendations of the subcommittee on CN pensions with respect to protection of indexing and inflation., If necessary, the House of Commons and the Government should enact legislation to ensure that justice is done on behalf of the CN employees in these respective communities.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 24 and 48.

[*Text*]

FOOD IRRADIATION

Question No. 24—**Mrs. Cossitt:**

1. Are the Departments of Consumer and Corporate Affairs and National Health and Welfare working on amendments to the food and drug regulations to classify irradiation as a process rather than an additive and, if so, what are all the details?

2. Is it the intention of the government to classify irradiation as a process and would irradiated food still be tested and labelled as such and (*a*) if not, for what reason (*b*) if so, what will be the procedures and the proposed labels?

3. Has the Government informed the Canadian people about the proposed use of irradiation of food and (*a*) if so (i) to what degree (ii) in what manner (*b*) if not, in what manner does the government plan to undertake a public awareness program on irradiated foods?

4. Has the government requested input from the public and experts on irradiation of food and (*a*) if so (i) who responded (ii) how many responses favoured irradiation (iii) how many responses opposed irradiation (*b*) if not, for what reason?

5. Are recommendations currently being considered with respect to the labelling of irradiated foods and (*a*) if so, what are they (*b*) if not, for what reasons?

6. Did the Government conduct tests on irradiated foods to determine their effects on humans and, if so (*a*) what were they (*b*) on what date were they completed (*c*) what were the results (*d*) will further testing be undertaken and, if not, for what reason?

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): I am informed by the Departments of Consumer and Corporate Affairs and National Health and Welfare as follows:

1. The Health Protection Branch of the Department of National Health and Welfare issued an Information Letter to all interested parties, such as consumer groups, industry, associations, other governmental departments, etc., in July, 1983, proposing new regulations pertaining to the control of food irradiation. In effect, these regulations would remove food irradiation from the food additive provisions in Division 16 of the Food and Drug Regulations and establish a new division in the regulations specific to this physical process. The proposed new regulations contain definitions, detailed pre-clearance requirements and inspection procedures appropriate to food irradiation. In addition, under the new regulations, irradiated foods meeting the pre-clearance requirements and deemed acceptable from a human health standpoint would be listed individually in a table to this new division together with any restrictions on irradiation sources and dose limitations. Only those foods listed in this table would be permitted to be irradiated (within the limitations described) and sold in Canada. It should be noted that no relinquishing of control of food irradiation from a public health point of view will occur if these proposed regulations are adopted. In fact, these regulations will allow more effective regulatory control of this process than currently exists.

2. (a) The pre-clearance requirements proposed would require testing to determine the minimum dose needed to be efficacious in individual applications. In addition, data which would indicate the effects, if any, on the nutritional quality of the food and data establishing that the irradiated food has not been significantly altered in chemical or physical characteristics to render it unacceptable for human consumption would also be required. Furthermore, tests to establish the safety of irradiated foods would be required in those instances where toxicological testing on a world-wide basis to date has been deemed to be inadequate.

(b) In so far as labelling is concerned, this issue falls under the purview of the Department of Consumer and Corporate Affairs. It should be noted however, that consideration of food irradiation as a process does not preclude labelling. See also part 5 on this matter.

3. (a) (i) (ii) As a means of informing the public and other interested parties, the Health Protection Branch of the Department of National Health and Welfare issued and Information Letter on these new regulatory proposals in July, 1983. In addition, officials have given numerous speeches and media interviews on this subject and the Department of National Health and Welfare will continue to disseminate information on health and safety related issues as well as regulatory aspects of food irradiation. The Health Protection Branch expects to issue by February, 1987, a second Information Letter addressing the issues and concerns raised in response to the proposed regulatory changes and delineating the Branch's final position.

(b) Not applicable

Order for Return

4. The Health Protection Branch distributed to various groups, organizations, individuals, *et cetera* approximately 7,000 copies of the Information Letter delineating the new regulatory proposals. To date, only 17 detailled responses have been received. Of these responses, 7 were from food companies, 2 from trade associations, 2 from provincial governments and 1 each from a scientific association, consumer association, contract irradiator, food irradiation equipment supplier, foreign embassy and public advocacy organization. The majority of the responses favoured food irradiation and the regulatory position proposed by the Department. In addition, however, the Health Protection Branch has received hundreds of letters from private individuals who, for the most part, oppose food irradiation for a variety of reasons including philosophical opposition to irradiation and nuclear related processes in general, health and safety concerns as well as relating to possible lack of adequate labelling.

5. Yes. In July, 1983, the Bureau of Consumers Affairs of the Department of Consumer and Corporate Affairs issued Trade Communiqué No. 39 requesting comments from food manufacturers and trade and consumer associations on a number of possible options to be considered for the labelling of irradiated foods. A second Trade Communiqué, No. 50, was issued in November, 1985, which summarized to responses to the options provided in Trade Communiqué No. 39 and offered for comment a proposed labelling scheme for irradiated foods. A draft regulation was recently discussed informally with a selected segment of the food industry and the Consumers' Association of Canada.

(a) No final decision has yet been taken. The design and content of the final CCAC labelling regulation will be to ensure that consumers will be able to make informed choices and purchasing decisions between irradiated and non-irradiated food products.

(b) Not applicable.

6. The Department of National Health and Welfare has not conducted any specific toxicity tests on irradiated food. Nevertheless, over the years several hundred toxicity studies including lifetime feeding studies in laboratory animals have been carried out world-wide on a large number of irradiated foods. Staff scientists as well as international experts have reviewed and evaluated in detail the results of these studies. Based on these data it has been concluded that the consumption of foods irradiated at practical dose levels (up to 10 kiloGray) would not pose a health hazard to consumers. Departmental scientists will continue to maintain close scrunity over the safety of this process as well as any proposed new applications and the need for further safety testing will be reassessed should any relevant new studies become available.

JOB CREATION PROGRAMS IN CONSTITUENCY OF CALGARY SOUTH

Question No. 48—**Mrs. Sparrow:**

Since September, 1984, have any sponsors in the constituency of Calgary South been approved to create jobs under Section 38 of the Unemployment Insurance Act and, if so (*a*) how many (*b*) how many jobs were created (*c*) what was the total funding involved in the constituency?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Yes. (*a*) 6, (*b*) 44, (*c*) $281,070.

[*English*]

The Acting Speaker (Mr. Paproski): The questions as enumerated by the Parliamentary Secretary have been answered.

* * *

QUESTION PASSED AS ORDER FOR RETURN

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): If question 42 can be made an Order for Return, the return would be tabled immediately.

The Acting Speaker (Mr. Paproski): Is it the pleasure of the House that Question No. 42 be deemed to have been made an Order for Return?

Some Hon. Members: Agreed.

[*Text*]

SALE OF CANADAIR LTD.

Question No. 42—**Mr. Ouellet:**

1. At the time of the sale of Canadair Ltd. to Bombardier Inc. (*a*) what were the assets of Canadair Ltd. (*b*) what was their total appraised value and who made the appraisal?

2. (*a*) How many bids were received (*b*) what were the names of the bidders (*c*) what were the amounts and conditions of the bids (*d*) in what way was the bid by Bombardier Inc. considered superior?

Return tabled.

[*English*]

The Acting Speaker (Mr. Paproski): Shall the remaining questions stand?

Some Hon. Members: Agreed.

Mr. Kindy: I rise on a point of order, Mr. Speaker. Question No. 37 concerning Mr. Herbert Norman has not as yet been answered. I addressed it to the Solicitor General. The question is as follows:

1. Did the Solicitor General acquire information that showed Ambasador Egerton Herbert Norman, had been identified and discussed by Anthony Blunt as someone who, like himself, was associated with the Russian intelligence service?

I would like to ask the Solicitor General to answer the question as soon as possible.

Mr. Lewis: Subsequent to my colleague raising the question earlier, I have checked and I understand that the answer is being prepared and should be available immediately upon our return in 1987.

Mr. Riis: I rise on a point of order. Is the Parliamentary Secretary aware of whether Question No. 49 will soon be processed? It relates to concern about the export control list of the destination of goods going to a variety of countries that are noted for their abuse of human rights.

Mr. Lewis: I note that the question was first put on the Order Paper on December 1, 1986. I have not checked, but it has probably been looked into. When I have an opportunity, I will make sure that it is being looked into.

GOVERNMENT ORDERS

[*English*]

PETROLEUM AND GAS REVENUE TAX ACT

MEASURE TO AMEND

Hon. Michael Wilson (for the Minister of State (Finance)) moved that Bill C-17, An Act to amend the Petroleum and Gas Revenue Tax Act and the Income Tax Act and to repeal the Petroleum and Gas Revenue Tax Act, as reported (without amendment) from a legislative committee, be concurred in.

Motion agreed to.

Mr. Wilson (for the Minister of State (Finance)) moved that the Bill be read the third time and passed.

• (1300)

He said: Mr. Speaker, I am pleased today to be able to introduce Bill C-17 for third reading. This Bill will eliminate the petroleum and gas revenue tax, effective October 1, 1986. You will know, Sir, that this was a very speedy and quite a substantive response to the deteriorating position in the oil and gas sector in western Canada in particular. It is a demonstration of the concern that the Government has shown to the plight of that industry and the effects it is having and has had on the economies of western Canada, particularly in the smaller communities so greatly affected by the slow-down in the oil and gas service industry.

Members will recall that the PGRT was originally announced in October, 1980 as part of the National Energy Program, and first came into effect in 1981. It was a very controversial Bill at the time and much despised in western Canada. The Progressive Conservative Party in opposition took a very strong position against the impact of this tax, the impact of the tax on drilling activity and therefore on the jobs of those people reliant on the oil and gas service industry. We fought the Bill strongly at that time and we made a commitment in the 1984 election campaign to remove the tax. This is the culmination and the fulfilment of that commitment.

Major changes were made to the PGRT and the Western Accord signed with the producing provinces in March, 1985. The most important change was the introduction of a rate phase-out schedule which terminated the PGRT at the end of

1988, and the elimination of the PGRT effective March 31, 1985 for all new wells and new enhanced oil recovery projects.

As you know, Mr. Speaker, the economic environment facing the oil and gas industry today is much different than it was in early 1985. The oil industry should no longer be subject, in our judgment, to a discriminatory tax on its drastically reduced revenues that have occurred since the Western Accord was signed. The Government's original intention was to phase out the PGRT over a three-year period. We felt that was a fair approach, taking into account the very tough fiscal conditions under which the federal Government was required to operate. We felt that that was an appropriate schedule after having reviewed the matter with the industry and with the provincial Governments concerned.

The Bill before us today proposes to eliminate the tax completely, effective October 1, 1986. It also proposes to increase the annual small producer credit from $500,000 to $2 million, effective May 1, 1986; to exempt from PGRT all revenues attributable to synthetic oil production, effective May 1, 1986, and to provide retroactive relief to January 1, 1986 for individuals and corporations. For corporations this relief will allow up to $1.5 million to be included in the income eligible for the small producer credit. For individuals, this deduction replaces the existing $10,000 deduction. This is a very helpful initiative on the part of the Government to take account of the difference in the impact of the phase-out that had been previously announced as it affected small producers and producers supported by royalty holders.

The Bill will also introduce other changes to terminate the PGRT Act, including a sunset provision for the use of the accumulative offset account against income taxes. Most of these changes were announced to taxpayers on September 17, 1986. I believe this is a very worth-while initiative, an initiative that recognizes the changed situation in western Canada as it relates to the oil and gas industry. I urge the House to give expeditious consideration to this legislation and hopefully deal with it completely today. I want to thank members of the legislative committee for their expeditious review of the Bill and to thank both opposition Parties for the support they have given in moving this legislation along.

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I would like to take this opportunity on third reading to comment briefly on the matter before us and how it relates to the central issue which the Minister of Finance (Mr. Wilson) has just raised and the changed conditions of the energy industry in western Canada, to say nothing of the rest of Canada.

Somehow the Minister is under the illusion that this initiative is the panacea, that somehow by Parliament passing this Bill today and having it adopted by the Senate that those 25,000, 30,000, 40,000 people who are presently unemployed in the oil and gas industry in Alberta will magically come back to work. Somehow the Minister imagines that the capital investment, which is down 50 per cent this year over last, will

all of a sudden magically be restored. He is trying to purport that the lowest rate of drilling ever in the history of the oil and gas industry taking place this year will somehow be revivified and no longer will there be the total and complete decline of the industry.

I ask through you, Mr. Speaker, what kind of a cocoon does the Minister of Finance live in these days? What kind of immunity has he acquired to the incredible depth of depression that exists in the oil and gas industry throughout Canada by assuming that this measure, which benefits primarily the large producers because they are the only ones that had any revenue, would somehow be the turning point. It will not be. The lack of response, initiative or interest of the Government of Canada to the present calamity facing the oil and gas industry really is hard to comprehend.

Mr. Wilson (Etobicoke Centre): You are in your own cocoon.

Mr. Axworthy: The Minister says I am in my own cocoon. Let me put to him that he is supposed to be the steward of our economic health. Let us talk about the caterpillar approach of this Government.

The Government of Alberta has estimated that this year alone there will be 25,000 jobs lost in the oil and gas sector in the Province of Alberta. I suppose the Minister of Finance takes satisfaction in that particular statistic. I assume by his comments that he is totally happy about that state of affairs in the oil and gas industry. I presume as well that the Minister is overjoyed that capital investment has dropped well over 50 per cent. I presume that by his remarks today the Minister is taking great delight in the fact that the National Energy Board released a study this past week that said within a matter of a couple years Canada will be having to import 60 per cent of its petroleum requirements because there is absolutely no work going ahead in any of the major frontier oil developments, and that our light crude reserves are being depleted. Where is the Government's response to the National Energy Board? Where is the kind of leadership that the Minister of Finance says the Government has taken? Once again the whole question of energy self-sufficiency in Canada will be put in jeopardy. I assume that the Minister of Finance, living as he does in a sort of rarified atmosphere, is taking great satisfaction in these positions.

• (1310)

Then we have the Minister of Energy, Mines and Resources (Mr. Masse) saying the industry would be monitored to ensure that these funds were reinvested in Canada. He said that soon after taking office. I refer again to the National Energy Board report which indicated Chevron Canada sent $500 million of this PGRT windfall to its U.S. headquarters. It will not be reinvested in Hibernia, the Beaufort or heavy oil projects. It will sit in the vault of corporate headquarters in the U.S. It will not be used in any way, shape or form to the benefit of Canadians. At the same time the NEB reports there is no investment in any of the oil and gas projects which are essential if this country is to maintain some modicum of self-sufficiency. Does the Minister of Finance really expect Canadians to jump wildly in the air and thank him for this initiative when the reality is as I have described it?

The Government loves to talk about problems caused by the National Energy Program. However, there were far more rigs drilling under the NEP than are drilling today.

Mr. Crosbie: What is the price of oil today?

Mr. Axworthy: There were far more Canadians working under the NEP than there are today. There was far more investment in oil and gas projects under the NEP than there is today. By some curious form of Tory logic, of which the Minister of Transport (Mr. Crosbie) is the most noted advocate, that is to stand on your head and talk, the Government has somehow figured out that this is a successful policy.

Mr. Crosbie: Which end are you on now?

Mr. Axworthy: The Minister is engaging in a form of debate from his seat, which is usually the place from which most of his wisdom emanates. I would ask him about his own province. How many rigs are drilling off the coast of Newfoundland today? Where are the three or four thousand jobs promised under the Atlantic Accord?

Mr. Crosbie: What is the price of oil?

Mr. Axworthy: The Premier of Newfoundland, the great friend of the Minister of Transport, says the Government of Canada is ignoring Newfoundland's interest in offshore exploration.

Mr. Crosbie: Why is he flying up tomorrow for a meeting?

Mr. Axworthy: The initiative required by the Government goes way beyond simple elimination of the PGRT. What we require is an energy policy. We require the Minister of Energy, Mines and Resources to take his job seriously rather than mucking around on language issues in Quebec and providing further support for the separatist cause in that province. Instead of doing what he seems to be doing, he would be better advised to spend his time in his Department worrying about energy policy because the industry is going to hell in a handbasket very quickly.

This legislation is irrelevant to the problems faced not just by the workers in that industry but by all Canadians. Canada will suffer from the neglect of a Government which refuses to see reality. It is not providing an effective response to a critical downturn in a critical sector of our economy. Perhaps it is time the Minister of Finance and his colleagues woke up and came to grips with what is really happening in the energy sector. They should try to devise the required response to support the smaller producers who receive nothing out of this Bill. They need some kind of incentive for the development of the frontier and heavy oil projects. The Government should provide some

demonstration that it is not simply living on the outworn methodology and conventional wisdom of the past. It has to show that it is prepared to face the serious issues of today rather than living off the myths and dreams of yesterday.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I am pleased to have a chance to say a few words on this legislation. As I listened to the Minister of Finance (Mr. Wilson) make his statement I recalled the former Minister of Energy, Mines and Resources announce that as a result of the Western Accord we could expect to see the creation of 300,000 new jobs. I was wondering what millennium she was referring to. Obviously it had nothing to do with reality. The conditions in the oil patch, particularly in Alberta, are now bordering on the catastrophic. People are waiting to see what bold initiative the Government will take to bring some life back to the oil patch, particularly given the importance of self-sufficiency in this critical resource. We are not talking about potatoes or codfish or coal, we are talking about a resource which is critical to the western way of life.

The resource sector is on its knees and requires extraordinary initiatives by the Government. Yet the best it can do is to have the Minister of Finance make some comments at third reading stage of the PGRT Bill. As the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) indicated, the Government has done virtually nothing. He referred to the NEB report tabled this past week. That report points out that hundreds of millions of dollars have been returned to the multinational oil companies. It indicates that rather than investing those funds back in Canada they are going to the corporate headquarters in the U.S. That does not come as a particular surprise to many of us. We predicted that that would happen if there was no requirement to invest these massive funds in the oil patch here. No, the Government said it was going on the basis of the good faith of the oil companies. It knew they would behave as good corporate citizens and reinvest all this money in the western economy. They are not doing that.

If you were to look carefully at the press release from the Independent Petroleum Association on September 8, you will see that the chairman, John Howard, said:

> My discussions with our member companies indicate that the bulk of the money saved by the elimination of the PGRT will be reinvested in the industry.

Even he said: "the bulk of", not all of it. He went on to say that "most" of the PGRT money saved will be reinvested. I do not think it is unrealistic to expect all of the PGRT money to be reinvested. After all, that money was derived from Canadian resources and ought to be reinvested in Canada. The multinational oil companies decided to syphon off hundreds of millions of dollars and return them to their parent corporations in the U.S.

Mr. McDermid: That association is not made up of multinationals.

Mr. Riis: This is a very serious situation.

The NEB report also pointed out a very serious problem facing Canada. It indicated that we ought to become extremely concerned because self-sufficiency in the very critical cultural resources of oil and natural gas is now in jeopardy. That self-sufficiency is a long way off because they predicted that in the next few years, because of the lack of exploration, the lack of activity in the oil fields and potential oil fields of Canada, we will again become a major importer of foreign oil. That is a very sad comment considering the tremendous reserves which exist within our borders.

• (1320)

I would like to indicate very clearly the position which New Democrats have taken on the Petroleum and Gas Revenue Tax. When the PGRT was first introduced by the then Minister of Finance, Mr. Allan MacEachen, of the previous Liberal administration, in November, 1980, we opposed the Bill. The legislation was introduced for first reading in the House of Commons on January 26, 1981 as part of a much larger Bill, C-57, to amend the Excise Tax Act and the Excise Act. The Petroleum and Gas Revenue Tax Act proposed an 8 per cent tax on gross revenue from the production of oil and gas.

During debate on Bill C-57 in 1981 the New Democratic Party opposed the PGRT for four broad reasons. The first reason was that the PGRT was in fact a royalty on a natural resource rather than a tax on corporate income and, therefore, was constitutionally dubious. We also opposed it because it was a regressive tax which would affect producers differently, depending on their size, with smaller producers being hit harder by this drain on their revenues than the larger multinational integrated producers.

In our speeches on second reading of Bill C-57 we predicted that the PGRT would hurt federalism and aggravate already acrimonious relations with the western provinces. As we all know only too well in this House, the divisions between western Canada and the rest of Canada were deep as a result of the PGRT. We predicted that when the Bill was first introduced in 1980.

Finally, we said at that time that we believed that more taxes on petroleum and gas would mean more lost jobs and less activity in that industry. It has become very clear since the PGRT was introduced that it was a major factor in the resultant decrease of economic activity in the oil patch.

I have just finished reading the speech made by our then finance critic on second reading debate on Bill C-57. He pointed out that because the tax is imposed on wellhead production, or gross revenue, it is in fact a royalty on natural resources rather than a tax on corporate profit or income. Under the BNA Act, natural resources belong to the provinces and, therefore, only the provinces may impose a royalty on them. In the words of the Member for Yorkton—Melville (Mr. Nystrom), the PGRT was, therefore, "an illegitimate revenue grab by the federal Government in a field of provincial concern".

Various members of my Party who spoke against the PGRT in 1981 said that it would have a disproportionate effect on various producers. One Member said:

It affects all producers equally, even though all producers are not equal, either in size, in origin or in terms of whether they are genuinely independent Canadian companies.

The finance critic of the day for the New Democratic Party went on to point out that the smaller producing and exploring companies tend to be Canadian while the larger, more diversified companies are usually multinationals which could more easily absorb the tax than smaller competitors who would likely be forced out of business by it. He said the PGRT will:

—have the effect of not increasing Canadianization of the industry but decreasing it. That tax and its effect will fall more heavily on smaller companies simply engaged in the production of oil and gas. These companies do not do anything else . . . . This will have a lesser net impact on the cash flow of the larger multinationals.

Our present energy critic, the Hon. Member for Vancouver—Kingsway (Mr. Waddell) elaborated on this point months later. He argued that, since the goal of the National Energy Policy was to increase Canadian ownership of the oil and gas industry, the PGRT would have the opposite effect to what is intended by the National Energy Policy because, before the imposition of the PGRT, small Canadian companies reinvested the money they made when they found oil and gas and sold it. Some of the multinational oil companies liked to take a profit and send it to their American shareholders or put it into solar energy or coal or other investments in other jurisdictions. The case was made earlier today that that has taken place, presently takes place, and will likely take place in the future.

The effect of the PGRT would be to seriously jeopardize the existence of the smaller Canadian producers while only making a marginal dent in the profits of the larger, multinational companies. That point was made by our present energy critic. He said that the New Democratic Party would have preferred an income tax measure which would allow the Government to discriminate between Canadian and non-Canadian companies, as it said it intended to do in order to increase Canadianization of the national energy policy.

A number of western Canadian members of the New Democratic Party spoke out at the time against the PGRT because we felt it discriminated against western provinces. It was a tax on oil and gas, primarily resources of Alberta and Saskatchewan, but also, to a lesser degree, of British Columbia. We felt this was a discriminatory piece of legislation aimed specifically at western producers. While a special tax was being imposed on the primary products of western Canada, no similar tax was being imposed on the primary nonrenewable resources of central and eastern Canada such as nickel, lead, zinc, copper and other commodities. It is fair to say that this tax hurt co-operative federalism and discriminated very much against the western part of the country.

I suspect that my hon. friend, the Member for Crowfoot (Mr. Malone), will be rushing out to read all the speeches made by members of the New Democratic Party in 1980 and 1981 when this Bill was originally introduced. I know of his interest in the history of this issue. At that time a number of New Democrats made the point that this tax would dampen activity in the oil and gas industry and throw people out of work. Goodness knows that in the provinces of Alberta, Saskatchewan and British Columbia thousands of men and women have been thrown out of work because of the decline in the oil and gas industry. Various speakers made the point that people are losing their jobs because the national energy policy is imposing a tax which is driving rigs out of the country. In one speech which I gave I said:

Marginal wells will be closed because they are expensive to operate and this new tax being levied makes the difference. We will see wells that could successfully be providing us with energy resources for years to come being closed off because they will no longer be economically viable.

I could go on and on, Mr. Speaker, but I do not think it would be appropriate to do so as I have made my case. In conclusion, we are pleased to support this Bill, and to have assisted all along to expedite its passage. We are pleased that it will be concluded before Christmas of 1986. However, I want to make it very clear that this does very little to help the small oil and gas exploration companies in western Canada. These are the companies which we depend upon to find new resources. The legislation does a great deal for the large integrated multinationals, Shell, Texaco, Imperial Oil and so on. They are very pleased with this legislation.

I would like to conclude by reading from an editorial which sums up today's discussion very well.

• (1330)

It states:

No wonder Calgary oil executives clapped approvingly on Monday when federal Energy Minister Marcel Masse told them that the Petroleum and Gas Revenue Tax (PGRT) would be lifted effective October 1. Masse was answering the prayers of Canada's oil giants—including multinationals such as Imperial Oil, Shell and Texaco—just when depressed international prices are pinching industry pocketbooks hard.

There can be no doubt which companies will benefit most from the government's decision to accelerate by 28 months its plan to phase out the tax—at an estimated cost of $1.5 billion to the federal treasury.

They are the biggest oil companies, the firms that make up the Canadian Petroleum Association, which lobbied heavily for the tax break and whose members account for 90 per cent of Canada's oil production, 76 per cent of the industry's workers and 80 per cent of PGRT revenues.

Yet these recipients of Ottawa's largesse aren't necessarily the neediest oil companies.

Indeed, when one looks at the various quarterly reports one can see that Imperial Oil's refining and marketing arm reported a profit for the third quarter of this year of $19 million, compared with $16 million for the same period last year. As a matter of fact, Imperial Oil's refining and marketing profits totalled $95 million. In the last number of months these companies have done extremely well, particularly in the refining and marketing sector. The fact is that this primarily helps the giant companies and does little for the small Canadian companies.

For many months we have been pressing consistently, especially since the depressed situation in western Canada became such a reality, for some kind of negotiated floor price because allowing the price to collapse to where it has simply makes economic life for the small Canadian companies very difficult at best. In order to work toward self-sufficiency in oil and gas and maintain a viable, healthy Canadian oil industry, it is in our interest to reconsider a negotiated floor price for our western oil producers.

Mr. Paul Gagnon (Calgary North): Mr. Speaker, this is certainly a happy occasion for me as a Member of Parliament from Calgary and one who has worked in the oil business both with multinationals and private organizations.

I am amazed by the selective memories of the two previous speakers, the Member for Kamloops-Shuwap (Mr. Riis) and the Member for Winnipeg-Fort Garry (Mr. Axworthy). The Member for Kamloops-Shuswap correctly pointed out the discriminatory nature of the PGRT and the high-handed manner in which it was enforced on western Canada. However, the discrimination did not begin there, but with the aritificial made-in-Canada price which prevented us from selling in the market. This was introduced by a Liberal Government in 1973 in coalition with the New Democratic Party. Between 1973 and 1985, western Canadian producers, and western Canadian taxpayers went without $60 billion in income. This artificial made-in-Canada price began as a temporary measure in 1973 but lasted for 12 years until it was terminated by the Western Accord which this Government negotiated.

In October, 1980 the National Energy Program was imposed by a Government of which the Member for Winnipeg-Fort Garry was a prominent member. The Hon. Member stands up today to say that we should not be taking this action, but he did not stand up for the West in October, 1980 when it needed his voice. He should understand why so few members of his Party are elected in western Canada.

There is no doubt that the energy sector needs help. Let me refer to the petroleum monitoring agency's six-month report that was released this week. Upstream revenues fell 34 per cent in the first half of this year, compared with the first half of last year. Upstream revenue refers strictly to the producing segment. Furthermore, the cash flow decreased 38 per cent. The fact that one cannot spend what one does not have is obvious, except to those like the Member for Winnipeg-Fort Garry who belonged to a Government that believed it was the only way to stay in office. This legislation is a major step toward reversing the haemorrhage of funds from the energy sector.

The Hon. Member for Kamloops-Shuswap said this legislation provides nothing for the small companies. Obviously he does not understand the Bill because the Minister of Finance (Mr. Wilson) indicated that there is $1.5 million available to individual companies to offset that credit. In this regard let me quote from letters written by two people from this segment of the industry. The first letter states:

> What a pleasure it is to know "Big Government" is not synonymous with "Non-caring Government". We realize that the captioned issue is but a "drop in the bucket" with respect to Canada's financial problems as a whole—

It goes on:

> We greatly appreciate the outcome with respect to this matter, but, more important, it provides a message to all citizens of Canada that the Federal Conservative Government is making a sincere effort to establish a system of fairness and justice in Canada.

He goes on to say:

> In terms of the matter of security of future supply, all Canadians are indebted to you for your part in the effort to keep a vital industry from collapse.

The letter is signed by Mr. Gary W. Litschke, President of Geeodata Exploration Services. It is a very small private Canadian company.

The second letter states:

> I would like to express my appreciation of this action and especially regarding the retroactive aspect of the small royalty owners. Removal of the tax from January 1, 1986 had a substantial effect on my company during a difficult cash-flow period.

That letter is signed by Mr. J. D. McArthur, President of Anna Resources Ltd.

This Bill corrects a terrible wrong and eliminates a measure that should never have been implemented. Yet the Hon. Member for Winnipeg-Fort Garry only speaks against it now when he should have opposed it in 1980.

Mr. Benno Friesen (Surrey—White Rock—North Delta): Mr. Speaker, I want to elaborate on some of the points made by the Hon. Member for Kamloops-Shuswap (Mr. Riis). He said that this legislation will help the major oil companies the most. While that may be true, I hope he will remember what we said when the Bill to establish the National Energy Program was being debated in the House. This Party continually, in speech after speech, pointed out that it would be the small western producer who would be hurt the most and that the multinational corporations would be able to suffer through the National Energy Program, as indeed they have. In the meantime, the small producers have been axed. They have suffered capital punishment in the severest way. In addition to that, we said the service industry and the suppliers in Ontario would be hurt. I think the Hon. Member for Kamloops-Shuswap will remember that and I hope he would agree that that was our point at the time.

• (1340)

Motion agreed to, Bill read the third time and passed.

* * *

UNEMPLOYMENT INSURANCE ACT, 1971

MEASURE TO AMEND

The House resumed from Thursday, December 18, consideration of the motion of Mr. Bouchard that Bill C-16, an Act to

amend the Unemployment Insurance Act, 1971, be read the second time and referred to Committee of the Whole.

The Acting Speaker (Mr. Paproski): Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to, Bill read the second time and the House went into committee thereon, Mr. Paproski in the chair.

The Deputy Chairman: Shall Clause 1 carry?

Some Hon. Members: Agreed.

Clause 1 agreed to.

The Deputy Chairman: Shall Clause 2 carry?

On Clause 2—

Ms. Copps: Given that this Bill is an extension of the variable entrance requirement which recognizes that regional disparity should be an element in the calculation of unemployment insurance, could the Minister tell the House whether the Government has an intention of extending this timetable indefinitely, or is it just going to dump the variable entrance requirement when the Forget Commission Report is responded to by the Government?

Mr. Gurbin: Mr. Chairman, the Government appreciates the concern expressed by the Hon. Member for Hamilton East with respect to the Government's approach to unemployment insurance. She will know we have received the Forget Commission Report on Unemployment Insurance. We have also had access to the Macdonald Commission Report, with which the Hon. Member will be familiar, to the House report and, in fact, to a variety of information which is available to the Government, to the Hon. Member and to other Canadians.

With respect to changes which might be made to the unemployment insurance approach, the Minister has said very clearly a number of times, and I will repeat it for the Hon. Member, that we have in fact made a commitment to consider these reports by May 15, 1987 and we will make our response in terms of the changes we intend at that time.

I would hasten to add, just on the off chance there might be some mistaken impression from the comments made by the Hon. Member that there is something unusual or some limit to this, she will know that the original provision has been extended a number of times and we are doing the same thing this time by extending for a full year, from January 4, 1986 to January 4, 1987, those variable requirements, in order that employees and employers, and others affected by other parts of the Bill, will know what they face. At this juncture the Government has made it clear that it is sensitive to the regional problems faced by unemployed Canadians. Some 208,000 of them will be protected by the measures presented in this Bill.

• (1350)

Ms. Copps: Mr. Chairman, I have still not heard what the Government's position is with respect to variable entrance requirements.

Mr. Crosbie: It's in the Bill.

Ms. Copps: The Hon. Member for St. John's West says that it is in the Bill. I want to know what the Government feels about variable entrance requirements. I have just heard the Parliamentary Secretary say that this particular measure will affect over 200,000 people. I would like to hear the Government on the variable entrance requirement issue so that five months from now we do not see the rug being pulled out from under those 200,000-plus people whom the Member is suggesting we should now move to protect. What is the Government's view? Will it defend this Bill? Is it in favour of it for only the next five months until the Government prepares its response to the Forget Report? Just what is the Government's position with respect to variable entrance requirements? Does it support them?

Mr. Crosbie: Mr. Chairman, in a statement made by the Minister of Employment and Immigration on the tabling of the Forget Report in this House he made the Government's position on the unemployment insurance legislation now in effect and the Forget Commission report very plain indeed. The fact that this Bill is now before the House shows the Government's concern about regional disparity and about those who are unemployed in areas which suffer from regional disparity.

The Minister also made clear in his statement that any proposed changes to be made to unemployment insurance legislation will be introduced in the House by the middle of May. At the present time there are no proposed changes. If there are any changes to be proposed they will be proposed by May 15. It was also made clear at the time that any changes made would be to improve the unemployment insurance system and its functioning and that they would not be for the purpose of reducing the costs of the program.

I think that should be clear to anyone with any good will or to anyone who wants to understand what the language means. The Hon. Member does not need to continue to spread alarm in the country with respect to there being a change. This Bill follows on a number of Bills introduced by the Government and by the previous Government which extended regional benefits for another year. Thus it is following a well-worn precedent followed by past Liberal administrations as well.

Ms. Copps: Mr. Chairman, I know the position of the Hon. Member for St. John's West. I think he has been clear on his position. I do not think that the position expressed by him is the same position we heard expressed by the Minister of Employment and Immigration who was waffling in the House at the same time as the Hon. Member for St. John's West was in Newfoundland telling the people of Newfoundland not to worry because he had things under control. At that time the

Minister was saying that he would be looking at annualization and variable entrance requirements. I would like to hear from the Parliamentary Secretary with respect to what specific type of commitment the Government is prepared to make in a substantive way to variable entrance requirements since, as the Parliamentary Secretary said a few moments ago, we are talking about the lives of over 200,000 people whose livelihoods and very means of existence are being left on tenterhooks.

I say that because on the one hand the Hon. Member for St. John's West is making certain declarations in the news media in St. John's and on the other hand the Minister and other members of the Government, including the Minister of Finance, are saying that they will change the system. There are a great many frightened people out there. Since the Government is asking us now to support an extension of variable entrance requirements we should have a commitment from the Parliamentary Secretary that it will not be just a short-term extension.

Mr. Gurbin: Mr. Chairman, if the Hon. Member for Hamilton East cannot hear then perhaps she can read. If she can read, then what she will be able to read is the previous legislation. The previous legislation passed by the Liberal Government stated that variable entrance requirements would stop on Janaury 4, 1987. In spite of what the Hon. Member and her Party would have done, this Bill extends for one year the variable entrance requirements, quite independent of any other consideration of any change in the unemployment insurance legislation.

Mr. Axworthy: Mr. Chairman, the Parliamentary Secretary has just engaged in a piece of parliamentary chicanery.

Mr. Crosbie: You should know all about that.

Mr. Axworthy: Normally, the Parliamentary Secretary is one of the few Members on the opposite side of the House from whom we can get a straight answer. I remind him that under the provisions of the Unemployment Insurance Act passed in the early 1970s there was a provision that variable entrance requirements be reintroduced on a periodic basis. The Parliamentary Secretary clearly stated that the Liberal Government had legislation to end those requirements. That is not the case. We extended the requirements on several different occasions, as statutory time limits ran out. I ask the Parliamentary Secretary to clarify his position. I was the Minister then and I know what was the case. He was around at that point in time and he knew exactly what the requirements of the legislation were.

Mr. Gurbin: Mr. Chairman, the legislation as it now exists, which was amended in 1977, would have at that time extended for 109 months, commencing December, 1977, to January of this coming year—

Mr. Axworthy: It was extended twice when we were in office.

Mr. Gurbin: I am not disputing the fact that it was extended before. I am simply saying that the legislation as it now exists would have come to a halt if we had not brought forward this particular amendment to the Unemployment Insurance Act which will extend the provision for an additional 12-month period.

Mr. Axworthy: Mr. Chairman, the Parliamentary Secretary still does not have it right. It is important to point out that under the legislation there was a requirement that the variable entrance requirement be extended, which is what we did when we were in office in 1982. I introduced the legislation myself. It was not extended until this period of time. The Parliamentary Secretary who says that other people should know the facts should know that fact in particular. I introduced the legislation myself to extend the provision after the 1977 period to expire at this point in time. That was done simply to facilitate looking at the labour surplus rates as they exist at a certain point in time in various regions of the country. The Parliamentary Secretary should stop trying to insist that there was a sunset clause. It was always clearly the case that the variable entrance requirements would be assessed periodically in the calendar year to determine how they might be adjusted to fit the labour surplus rates in various regions of the country.

Mr. Gurbin: Mr. Chairman, I am not trying to suggest that there was a sunset clause. I am simply stating clearly and plainly, as the legislation sets out, that the variable entrance requirements would no longer be enforced and that the existing legislation would run out if we did not pass this legislation today. It will allow some 208,000 Canadians to take advantage of the variable entrance requirements change that is in place in this legislation. In fact, what the Government is doing is committing itself to understanding and accepting the fact that there are regional differences and that there are people in those regions who are unemployed and who need special considerations. This legislation is required at this time and the Government is bringing it forward in recognition of that fact.

Mr. Nickerson: Mr. Chairman, I have no difficulty in supporting this Bill since the extension is to be for a period of one year. I know that the whole question of unemployment insurance is under careful consideration by the Government which has taken into account the Forget Report and other information available to it. I am certain that eventually we will be able to resolve the great problems with which we are faced in terms of unemployment insurance.

I notice Members from all sides of the House almost falling over backward to support the variable entrance requirements, especially those Members who represent areas where there is high unemployment. It is quite understandable why they should be doing that. However, there is another side to the question. By keeping these special deals for people in areas of high unemployment what we are doing in the long run—

Ms. Copps: Is this the Government's position?

Mr. Nickerson: —is encouraging people to stay in areas of high unemployment rather than moving to other parts of Canada where their services might well be required. In fact, what we are doing is prolonging the agony in the long run. We are encouraging regional areas of high unemployment, whereas if we had a standard system across the country it would be much more neutral in its effect. I hope that the Government will also consider that point of view as well.

Mr. Boudria: Mr. Chairman, I am glad that we finally found out the government position as put forward by the Hon. Member for Western Arctic. The Hon. Member seems to have given us the true intention and the true story of what the Tories intend to do.

However, I am interested in a previous response which was given to us by either the Parliamentary Secretary or by the Hon. Member for St. John's West. One of them said that they were sensitive to regional concerns. I believe it was the Parliamentary Secretary who said that. The Minister said that the Government was concerned with issues of regional disparity, or something along those lines.

Given the concern about regional disparities to which the Government referred a while ago can the Minister or the Parliamentary Secretary tell us whether or not the Government will reconsider its position enunciated through the Minister about one week ago? Perhaps the Parliamentary Secretary will be able to answer this question. He is better informed than is the Hon. Member for St. John's West who is not usually well informed. The Minister stated that someone who was retiring or leaving a job would be unable to receive unemployment insurance benefits upon retirement unless he or she found a new job and retired again. Given the new-found concern about regional disparity the Parliamentary Secretary must be aware that in some parts of the country, for example Hawkesbury in my riding, if one loses one's job the chance of finding another to requalify for unemployment insurance is almost impossible. If it is not impossible then it is at least very difficult. With the new concern which the Government has seemingly found today can Members of the House anticipate that there will be more change, or will we still have to wait until the month of May next year before finding out?

Mr. Gurbin: Mr. Chairman, it is clear that Members opposite will have to wait until the middle of May of next year to find out what the Government's full intentions will be as far as the unemployment insurance program is concerned.

I ask the Hon. Member for Hamilton East and all Hon. Members to read the Forget Report over the holidays when they have some time. What Hon. Members often tend to do when they are talking about a recommendation with respect to someone on a pension is neglect to read the whole recommendation made by Mr. Forget.

The short answer, as the Minister has said, is that the unemployment insurance program is treating people fairly. Any changes that we have made on behalf of pensioners are completely fair. There are other parts of the program with which we are trying to deal and pass today so that different regions of the country will not be disadvantaged. Other parts of the program take into account regional disparities. That is where the variable entrance requirement comes in and that is why we would like to pass this Bill.

• (1400)

Mr. Boudria: Mr. Chairman, all of us want to pass this Bill. Obviously we do not want to delay it unduly, but we have only been speaking on it for the last 10 minutes. I think the Opposition is demonstrating a reasonable amount of the usual kind of co-operation that we try to provide as frequently as possible to the Government across the way.

Perhaps I could put my final question to the Parliamentary Secretary. A few moments ago he suggested that the previous Government had perhaps been derelict in its duty because this Bill had to be renewed periodically, as it must this year by December 31. He attributed some of the blame for that to the previous Government.

The present legislation has existed for some time. The last adjustment that was made was made for more than one year. Can the Parliamentary Secretary tell us why the provision is being renewed for only one year this time? Is it merely an interim measure designed to let the Government use Forget's annualization scheme or is it merely that the Government is so hesitant to provide legislation that it dare not move any faster than one year at a time?

Mr. Gurbin: Mr. Chairman, to be perfectly clear, my point simply was that the legislation does run out unless we renew it. Obviously the Government has made a commitment for a further one-year period which may be extended further when and if required. That is all we are trying to do.

The message we are sending is clear. We are sensitive to the needs of Canadians across Canada. Canadians should have access to the important measure contained in this amendment to the Bill.

Ms. Copps: Mr. Chairman, I have one short question to ask since we are so close to Christmas and this is the last day I will have a chance to discuss Bills in the House for some time. Given that the Hon. Member for St. John's West said that the Government is committed to the principle of variable entrance requirements in a long-term way, I wonder why the Parliamentary Secretary cannot give us that commitment today. For this provision to be applicable for only one year is clearly a strategy of the Government to clear the decks so it can bring on Forget and wipe out the benefits that go to areas like Newfoundland, and obviously that scares the Hon. Member for St. John's West. I do not blame him.

Can the Parliamentary Secretary come to the House with an amendment which would extend this particular provision, not for one year as suggested in the Bill but for three years? If not, why not?

Mr. Gurbin: Mr. Chairman, I will certainly take the Hon. Member's comments as representation. She knows that I cannot give her that commitment any more than I can tell her why the variable entrance requirement would have run out this January under the previous extension. I regret that I cannot do that, but I can say that the commitment for the consideration of regional disparities across Canada stands. The Hon. Member for St. John's West and other Members on this side will ensure that we take that into full consideration in the future.

Mr. Tobin: Mr. Chairman, of course my desire to rise and put a question to the Parliamentary Secretary has nothing to do with my clear curiosity about the thinness of the air down on the front-benches. Further to questions put by my colleague, I would ask the Parliamentary Secretary why the Government has brought forward a continuation of the variable entrance requirement for a period of only one year. Is there any particular legislative requirement that would dictate that the extension should be for only one year?

We do know that the Government has promised to respond to the Forget Commission report by May and that matters will stay as they now are for six more months. It seems to me in my devious mind that six months from May would give a six-month legislative timetable which would allow the Government to do something at about the time this particular Bill would expire. Can the Parliamentary Secretary tell us now—

Mr. Crosbie: Don't worry about it.

Mr. Tobin: I am concerned. The Minister of Transport told me not to worry. I know the Minister means what he says, but he told us not to worry about the Nielsen task force report. The Nielsen task force report recommended increased ferry rates and there are now increased ferry rates. The Nielsen task force report recommended consolidating Transport Canada's Coast Guard office in the Minister's own riding and it has now been consolidated. Some positions have been moved out of the Minister's riding and right out of the province to the Province of New Brunswick. The Nielsen task force report recommended implementing cost recovery in a whole series of transportation areas. The Minister of Transport told us not to worry about it but all those recommendations have now been implemented.

As much as the Minister of Transport tells us not to worry about it, sincere as he is when he says it, unfortunately we have learned that, while we agree with his views on the Nielsen task force report, his views are not carrying the day in Cabinet. With the greatest of respect, it is in that context that I make the complaint that the Cabinet is not listening to the Minister of Transport. I would advise the Cabinet that it would do well to listen to him and I regret that so far, at least about the Nielsen task force report, it has not. Rather than take at face value his assurance that we should not worry about the Forget Commission report, I worry all the more.

I would like to put a sincere question to the Parliamentary Secretary. What prevented the Government from bringing a Bill forward today that would extend the variable entrance requirement by a period of two, three or four years?

Mr. Crosbie: Why didn't you when you were in?

Mr. Tobin: Because when we were in there was not a Forget Royal Commission commissioned by the Government of the day talking about doing away with the variable entrance requirement, talking about bringing in a program called annualization, talking about cutting $3 billion out of the UIC pay-out and talking about correcting the so-called unemployment insurance program and making it less available to those people who need it most, including those who live in the riding of the Minister of Transport. We did not do it because a gun was not being put to the heads of the people who are most dependent upon that program. That gun has not only been put to our heads, but the hammer has been pulled back, the barrel is aimed right between our eyes and we are afraid that the Government is about to pull the trigger. An extension on the variable entrance requirement of two or three years would, in effect, be a safety mechanism on the trigger.

In this Bill with which we agree, why is the extension on the variable entrance requirement not for more than one year? It seems to me that an extension of one year would allow the Government to be ready a year from now to start implementing portions of the Forget Commission report.

Mr. Gurbin: Mr. Chairman, I can assure the Hon. Member that the apprehension he has in his own mind about a timetable of one year, six months, 18 months or 24 months is a figment of his imagination. At this time of year, we should all have something in our minds, but I would hope that what would be in his mind would be generosity toward the people who will be caught in the terrible trap of not being able to take advantage of the variable entrance requirement if we do not pass this legislation. We can withdraw it if the Hon. Member so wishes. We can go on forever if that is what he wishes.

I cannot give the Hon. Member a firmer answer than the one I gave the Hon. Member for Hamilton East to the question of why it stops now. Why is it to stop in January of this year? The Bill has been extended a number of times and I take in good faith what the Hon. Member's colleague said about the time he extended it. Indeed it has been extended month by month from 1977 on.

We have no magic figure in mind. We must deal with the Macdonald Royal Commission, we must deal with the House commission and we must deal with the Forget Commission.

Ms. Copps: Cut, Garry, enough.

Mr. Gurbin: All those things will be properly responded to by the Government in the middle of May under the important parameters established by the Prime Minister and the Minister of Finance when they said they would not look at changes to

the unemployment insurance legislation as a deficit-cutting exercise.

• (1410)

Mr. Tobin: Mr. Speaker, I rise on a point of order. I was concerned that the Parliamentary Secretary was trying to filibuster this Bill. We wish to see it voted on as quickly as possible.

Clauses 2 and 3 agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Paproski): When shall the Bill be read the third time? By leave, now?

Some Hon. Members: Agreed.

Mr. Mazankowski (for the Minister of Employment and Immigration) moved that Bill C-16, an Act to amend the Unemployment Insurance Act, 1971, be read the third time and passed.

Motion agreed to and Bill read the third time and passed.

Mr. Lewis: Mr. Speaker, I rise on a point of order. Prior to moving the motion on Bill C-18, I wish to advise you that there have been discussions among the Parties. There is an understanding that the Hon. Minister of Transport will introduce the Bill and make the introductory speech in speaking to the Bill. Then we will move that the debate be adjourned on the understanding that when the debate recommences that the first speaker recognized would be the spokesperson for the Official Opposition, and following that, the official spokesman for the New Democratic Party.

Mr. Gauthier: Mr. Speaker, I wish to confirm that there have been negotiations. We will agree to that procedure. We would like the Bill to be called as soon as we return in January, if possible.

Mr. Riis: Mr. Speaker, just to clarify the point of the Government House Leader, is it the understanding that this Bill will be the first Bill called when we return after the Christmas Recess?

Mr. Mazankowski: Mr. Speaker, that would be my intention, barring any emergencies that may arise. But, that would be subject to discussion with the House Leaders of the Liberal and New Democratic Parties.

Mr. Tobin: I have à point of clarification on the agreement that has been reached. We understand that this Bill is going to be referred to the Standing Committee on Transport as soon as discussions have taken place with the Minister and the House Leaders on that matter.

Mr. Mazankowski: Indeed, there have been discussions on that point, but as yet there has been no agreement reached. If and when we do reach an agreement, we can certainly make that change by all-Party agreement. We are still prepared to consider that.

* * *

NATIONAL TRANSPORTATION ACT, 1986

MEASURE TO ENACT

Hon. John C. Crosbie (Minister of Transport) moved that Bill C-18, an Act respecting national transportation, be read the second time and referred to a legislative committee.

He said: Mr. Speaker, I rise to move the second reading of Bill C-18, and to introduce the legislation to the House. It is a distinct pleasure for me to give my maiden speech today as the Minister of Transport.

As a Minister from one of our two island provinces I have a special appreciation of the role that rural transportation plays in tying this country together economically and socially. One of those provinces may be connected to the mainland if the studies that were announced today turn out to be positive over the next few months, but that is still for the future. I have a lot of enthusiasm with respect to this job. I hope that during my term we will be able to do some important things since transportation affects the everyday lives of more Canadians in all regions of the country than I can otherwise think of. Every day in Canada about 1.4 million tonnes of freight moves by rail, truck, or water. This does not include the freight that is moved by the private trucker. Passenger traffic on Canadian airlines has more than tripled since 1967, to a total of 24 million people in 1984.

The legislation that we are now presenting to the House has as its purpose the increase of competition in air, rail, marine, and trucking. It will set out the framework for our transportation industry to provide the best possible service at the best price to shippers and air passengers throughout the country. The benefits hopefully will go beyond a more competitive transportation system. Cost efficient transportation will create opportunities for expansion and development in industries across Canada. That should mean more jobs for Canadians in primary production, resource processing, and manufacturing in all regions of the country.

These Bills, C-18, and C-19 which accompanies it, are about economic efficiency. However, as the Minister of Transport my responsibility in addition to providing an efficient transportation system is to provide a safe one. Our first priority will always be safety.

In Canada we have an excellent safety record in all modes of transportation, a record that has to be maintained and improved on wherever possible. Action on that priority has been taken or will be taken in all transportation modes during the year. Members of the House will remember that last year major amendments were passed to the Aeronautics Act. Those amendments were introduced by the learned Deputy Prime

Minister (Mr. Mazankowski) in his former role as Minister of Transport which he performed so brilliantly and capably. Those amendments gave us a thoroughly modern and effective air safety system of regulation. In addition, they provided the framework for the Civil Aviation Tribunal. Last year comprehensive regulations were introduced for the transportation of dangerous goods.

In the marine sphere, I plan to reintroduce into the House the safety amendments that were contained in the Canada Shipping Act, before the House last spring. They had reached third reading, and I am expecting to introduce the legislation again in January. I trust that with the co-operation of the members of the Opposition these important changes will be passed in the House during 1987.

In October, the provincial and territorial ministers of transport joined with me in endorsing the uniform national safety code for trucks and buses. I would like Hon. Members, including the Hon. Member for Regina North—

An Hon. Member: For Regina West.

Mr. Crosbie: I was thinking of Dorval and Mirabel.

An Hon. Member: That is a terminal case.

Mr. Crosbie: He is a terminal case, I believe, the Member for Regina West (Mr. Benjamin), and I want him to note this.

In October the provincial and territorial ministers of transport endorsed a national uniform safety code for trucks and buses, so that has been endorsed. It will be in place and operative before the three-year period has expired in connection with the trucking parts of the legislation. Work is now nearing completion on the changes that are required on the outdated safety provisions of the Railway Act. As a matter of fact, there has been passed by Cabinet the principles of the new rail safety act which is now being worked on by the lawyers and should be introduced in the House by June of this year. That will be a new rail safety act to set the stage for maintaining and improving our safety record in rail.

As Hon. Members know, we are shortly expecting to receive the report of Mr. Justice Foisey of the Supreme Court of Alberta. He has completed his investigation into the tragic accident that occurred in February, 1986. We will have that report early in the new year. From that we will see what his views are. We have already agreed in the Government on a new safety act.

• (1420)

In addition, between the Department of Transport, the Canadian Transport Commission and the Canadian Aviation Safety Board—Members may not appreciate this and I found it to be an astounding fact myself—approximately 13,000 people work to ensure the safe operation of the transportation system. I am pleased to see the chairman of the Standing Committee on Transport, the Hon. Member for Annapolis Valley—Hants (Mr. Nowlan) here today listening intently to me.

Some Hon. Members: Hear, hear!

Mr. Crosbie: Over 100 additional safety personnel are being put in place, including inspectors for air safety and dangerous goods. These actions demonstrate our commitment to safety, and for the first time this commitment to safety will be enshrined in the legislation. The new national Transportation Act states clearly in Section 3, among the policy objectives, that safety is essential. This is the first time safety has received such recognition in the legislation. That policy statement also reiterates that our transportation system has to be efficient, effective and adequate—EEA. It goes on to add two very important principles that are missing in the current legislation, principles critical to our future economic growth.

What are those two principles, Mr. Speaker? I hope that the Hon. Member for Regina West is listening. Transportation exists to serve the needs of shippers and travellers. It is often forgotten. The railway companies sometimes think that the whole system exists to serve them. The whole system happens to be there to serve the shipper and the traveller, to serve the consumer. That principle was ignored by our predecessors in Government.

Mr. Heap: And ignored by VIA right now.

Mr. Crosbie: There is a "heap" of point to what the Hon. Member is saying. He is a "heap" of a "heap", although he often gets on with a lot of heat.

Some Hon. Members: Oh, oh!

Mr. Crosbie: The fifth principle not previously in the legislation has to do with—and I am sure that Members on our side will agree with it but of course the reactionaries, the fuddy-duddies and those who would throw Canada back 100 years into the murky past will never agree with it—competition and market forces. Wherever possible they should be the prime agents of providing a viable and effective transportation service. You can see them on the other side turn green, Mr. Speaker, when they hear anyone mention competition or market forces. They do not like those words in the NDP. If looks could kill, I would be falling on the floor right now.

Some Hon. Members: Oh, oh!

Mr. Crosbie: These principles are hardly revolutionary. They represent a major shift in the philosophy of regulation of transportation in Canada. I have to admit that I am not the author of this major shift. This was introduced by somebody who was entirely—I was going to say shiftless—

Some Hon. Members: Oh, oh!

Mr. Crosbie: I am only kidding, Mr. Deputy Prime Minister.

Some Hon. Members: Oh, oh!

Mr. Crosbie: I have to admit that the author of this major shift is the Deputy Prime Minister who has had such a long career in the area of transportation during his public life.

The current regulatory regime was put in place in 1967, I believe by a gentleman elected from Newfoundland in the person of Mr. J.W. Pickersgill, that well known Newfoundland representative. Since then, of course, the world economy, our economy and the transportation industry have changed significantly, but the regulatory regime in transportation in Canada has not kept pace.

What is the result of that, Mr. Speaker? Our regulatory regime today impedes—that is the tendency—rather than supports economic development. It stifles competition in all modes of transportation. It reduces the competitiveness of our producers and the free movement of goods and people. If we do not have an efficient and effective transportation system, everyone who manufactures goods or provides services here in Canada is at a disadvantage compared with their competitors in the rest of the world. That is why these bills are known as the freedom to move legislation. They are to send a message to Canadian business and the traveller. We are freeing the transportation sector from the shackles of heavy handed economic regulation.

Some Hon. Members: Hear, hear!

Mr. Crosbie: The greatest supporters, shacklers in this House, of course, are Members of the New Democratic Party who apparently are dedicated to opposing this Bill, although I am hoping they will have a conversion before they stand up to speak. That is why I am speaking now and we are giving them a couple of weeks of sobriety over the holiday period to think about their approach to this legislation. I hope they will not blindly follow the Canadian Labour Congress and those who are opposed to this Bill without ever giving it a chance.

Mr. Benjamin: They are following me.

Mr. Crosbie: The Member for Regina West says they are following him. I hope he is right. I hope they realize that he is in existence—

Some Hon. Members: Oh, oh!

Mr. Benjamin: Two million of them.

Mr. Crosbie: —and that they do follow him.

The decisions we make on Bills C-18 and C-19 will affect consumers, businesses and air travellers throughout Canada. This is one of the principal features of this Bill and that is why there will be enthusiastic support from such as the Hon. Member for Crowfoot (Mr. Malone), I was going to say cow-wump but it is Crowfoot—

Some Hon. Members: Oh, oh!

Mr. Crosbie: —and other Members from the West. Why? Because we are going to give primary resource producers some alternatives for getting their output to market. Such a system is needed, not only for economic growth in Canada but for development in our less favoured regional economies. Real jobs will be created or maintained in all regions wherever better transportation service at a better price will make a resource producer, a manufacturer or other business more competitive in the market-place. That is why we cannot jump automatically, including those of whom we are the owners, to stop the transport companies every time, regrettably, they have to take some step to become more productive or efficient that involves the employment of some of the persons who work for them.

It is a regrettable fact of life that in the transportation system today, in just about every country, as the nature of that system changes it becomes more capital intensive and less labour intensive. One of the consequences is that some people lose their jobs, become laid off or whatever. In that circumstance, Mr. Speaker, I believe all we can do is insist that the companies we the Government own in this system treat the employees affected in as generous and as fulsome a way as is possible, otherwise they become unproductive, ineffective or inefficient and then cannot stand up with their competition. This would have the ultimate result, if that continued in any extreme way, of everybody losing his or her job because the enterprise is no longer useful for the purpose for which it exists.

We remain committed to the principles of economic development that were endorsed by the federal and provincial first Ministers in February, 1985. We are continuing to be dedicated to those principles. I only hope the leaders of those provinces remain dedicated to those principles and they do not now backslide whenever some aspect of the legislation or policy comes along that affects them in some unexpected way. These principles are a guide for the policy.

Mr. Riis: Just watch them backslide.

Mr. Crosbie: Yes, I am afraid that I am not sanguine about the prospects of solidarity forever with the 10 Premiers of Canada and ourselves, but one can always hope.

Transportation is a key to regional economic development, which is recognized in this Bill for the first time. Our predecessors never recognized it.

Some Hon. Members: Hear, hear!

Mr. Crosbie: We will hear the Official Opposition act as though this was some principle which the Opposition had put in to the legislation or enunciated when in power for the 18 years before us, 18 barren unproductive wasteful, extravagant years. Never once did the Opposition put in a transportation legislation the fact that transportation is key to regional economic development. We put that into law for the first time.

• (1430)

Mr. Malone: Do you hear that, Lloyd?

Mr. Axworthy: Words are cheap; it is action that counts.

Mr. Crosbie: As Minister of Transport and a Member from the least advantaged province in the economic sense and the most advantaged province in the sense of beauty, culture, tradition, in the virility of its people—

Some Hon. Members: Oh, oh!

Mr. Crosbie: —maturity—

Mr. Riis: British Columbia, John?

Mr. Crosbie: British Columbia is next. If I ever left Newfoundland and Labrador, my virility would impel me not to stop until I got to British Columbia.

Some Hon. Members: Hear, hear!

Mr. Crosbie: As a Minister and Member from that province I intend to ensure that transportation plays its proper role in particular initiatives for regional development. We have to recognize that this depends on a host of factors, not simply on one. There is nothing simple about it. Those factors are influenced by the federal and provincial Governments. That is why co-operation and a sense of fair play are needed. In other words, it is not just good enough to say that transportation must give way to regional development and overcoming regional disparity must be the one and only principle. It is one factor. We have achieved a much more co-operative relationship with the provinces and we will continue to consult with them on how transportation can contribute to the success of economic development plans. However, co-operation is a two-way street and I for one do not intend always to keep turning the other cheek. I am the type that runs out of cheeks fairly quickly.

Transportation assistance programs which benefit particular regions will continue. We have the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act. They benefit Atlantic Canada to the tune of more than $75 million a year. The Western Grain Transportation Act provides something like $600 million a year to help the grain-growing region. The new Bill recognizes the unique transportation needs of northern Canada as well. It introduces beneficial aspects of competition but maintains safeguards to protect essential air services and marine resupply to northern communities.

I want to pay tribute to the work done by the Standing Committee on Transport. Its members looked at the principle of freedom to move one year ago. They travelled about the country and suggested changes, including recommendations regarding the North. I am sure they are going to have a very important influence on this legislation and will leave their mark on it. I also know it will be done in a co-operative and consultative manner and the Chairman of the standing committee will not just run off on a frolic of his own every now and then and announce major changes to the legislation without at least telling the Minister what he is going to do.

Some Hon. Members: Oh, Oh!

Mr. Crosbie: We have before us now a made in Canada transportation policy.

Some Hon. Members: Hear, hear!

Mr. Crosbie: It reflects this country's special needs and concerns. It is not patterned on the U.S. It is our own. We have heard from an immense number of people and we listened to them in putting the legislation together. We know that some who work in the system feel trepidation at the prospect of change. That is natural. They are worried about what might come about as a result of changes in the status quo. We are hoping to persuade them that if they look at this with an open mind the changes are well worth any risk they feel there might be.

All of us in the transportation field are going to have to make some adjustments and display imagination and flexibility. We intend to monitor the effects of change on employees. We are not going to forget them. The offer to consult with representatives of employees and employers to identify adjustment measures which might be required above and beyond those which already exist still stands.

I met the other day with Nancy Rich, Bob White and other representatives of the Canadian Labour Congress to listen to their views. We will continue to meet with them whenever they wish to. I do not anticipate that additional adjustment measures will be necessary but it may turn out they will be. The new legislation is not just to create or preserve jobs in other sectors of the economy; it is to help create and maintain jobs in transportation itself. That can only be done if the demands of travellers and shippers increase in a growing economy.

I mentioned our Crown corporations and how they have to adapt to this system as well. I want CN, Air Canada and VIA Rail to have the greatest possible freedom to manage their business affairs in a business-like manner. They are expected to be effective, efficient, and to operate as good corporate citizens. It was the previous Liberal Government which made that principle clear with reference to CN in 1978. The company was to stand on its own feet and not receive financial assistance from the Government. Therefore, they had to be permitted to operate in the most effective and efficient manner possible.

What about the specifics? In the air mode we have a special regulatory regime in the North which includes parts of five provinces and both territories. In the rest of the country economic regulation of air services will be reduced significantly. No longer will virtually every aspect of airline operation be regulated. At the moment the setting of fares, establishing of routes, schedules and types of aircraft to be used is all regulated. The CTC has eased application of many of those regulations, but further progress is impossible without legislative reform. As a matter of fact, the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy), as Minister of Transport, started the process of deregulation in the air.

The test of public convenience and necessity has been used to limit entry and restrict competition in the airline industry, and that will be replaced. This has frustrated entrepreneurs for years. They saw a demand for service and wanted to fill it but were not allowed to. We think the air transport market should be open to competitive-minded, enterprising companies. All they will need in the future is to demonstrate that they are fit willing and able to provide air services. The new company will have to be Canadian-controlled, carry adequate liability insurance and, most important, will have to prove it can meet the safety standards of the Aeronautics Act. If they demonstrate those things, they will be granted a licence.

We think new companies will be encouraged to enter the market and existing companies will offer new services. We believe competition will benefit air cargo shippers as well as air travellers. Airlines will be able to adapt quickly to changes in the market-place. If they see an emerging demand and feel they can fill it, they will be able to do so without the delay and expense of licensing hearings and bureaucratic red tape and appeals. They will be free to change fares in response to marketing conditions without reference to regulatory agencies. We believe that for many small communities this new freedom to move will mean better service and competitive fares. Large carriers with large aircraft and inconvenient or infrequent service will increasingly be replaced by smaller entrepreneurs who know local conditions and requirements and can provide convenient and more frequent service. Jet aircraft, inefficient on short hops or half full, will be replaced by more suitable aircraft operating efficiently at affordable prices and at more convenient times. This is occurring in many parts of the country now and greater choices are available. Many of the new regional air carriers are using Canadian-made aircraft, in particular the Dash-7 and Dash-8 made by de Havilland. That is a tremendous spin-off benefit of this policy. The activity at de Havilland is quite remarkable. In Atlantic Canada we have Air Nova and Air Atlantic, both using Dash-7s and Dash-8s.

There are two important safeguards for the public in the new air provisions. The carriers will not be permitted to charge fares and rates in excess of those published or displayed. They are forbidden to do that. On routes served by only one airline, increases in regular air passenger fares will be appealable to the new national transportation agency which can order a reduction and refund if the increase is found to be unreasonable.

• (1440)

Exit from the market is also simplified under Bill C-18. A carrier will be able to discontinue or reduce a service if it provides 60 days notice to the public. That period will give other carriers the opportunity to add the route or time of service. It will also enable an airline to try out a new service without becoming rigidly locked into a money-losing proposition. With reduced risk, more innovation should follow.

To ensure that existing essential air services are not lost in any part of the country, please note that the Act empowers the Minister of Transport to authorize direct or indirect financial assistance. If it is necessary to keep existing essential air services going, the Act will permit the Minister to do this. We do not expect that to occur often.

I mentioned the additional safeguards which have been provided for the northern part of the country. Fit, willing and able will be the basic test for entry into the northern air market, but there will be an additional test for new services in the North. Any interested party which feels that a new service will jeopardize existing essential services may file an objection with the new National Transportation Agency. The objector will have to show that the proposed new service would lead to a significant negative impact on existing service. If that is demonstrated, the licence will not be issued.

The type of service to be provided in the North, the routes to be followed, and the communities and settlements to be served will continue to be regulated as well. To ensure that fares remain at reasonable levels, the National Transportation Agency will be empowered, on a complaint, to reduce any fare it finds to be unreasonable. Northern shippers, carriers and residents have all indicated they would welcome increased competition, but they want a gradual and controlled rate which this legislation is designed to provide.

Marine transport is also important to many northern communities for resupply services. The shipping season is short up there and it is very important that marine operations be reliable. Therefore, the provisions which apply to northern marine services are tailor-made with that in mind.

The ground rules for Canada's railway shippers and carriers will be significantly altered. At present, competition between the railways is limited and often nonexistent. They are now free jointly to discuss and set freight rates. All freight must be made public through the CTC. In other words, a shipper and a carrier cannot privately negotiate a contract which addresses their particular needs. They cannot make contracts in the way in which businesses ordinarily do. As a result, the railways operate below maximum efficiency and lose business to railway carriers in the U.S., where private contracts are permitted, and to trucking. Both shippers and carriers have called for the right to contract privately for rail services. This legislation provides for such contracts as part of our plan to encourage efficiency and competition in the rail sector.

With regard to branch line abandonment, the new agency and the Minister are given many more options to deal with applications. Grain dependent branch lines designated under the WGTA will remain exempt from abandonment proceedings. The options now are to order abandonment of branch lines which are losing money, or to order them retained and for Government to subsidize the losses of the railway. The most significant new option is to allow the Minister to use moneys, which otherwise would have had to be spent to subsidize the line, to help shippers and communities adjust to alternative services such as trucking.

The Bill also has three competitive access provisions: extended interswitching limits, terminal running rights, and competitive line rates. All those provisions will assist captive shippers, that is, shippers which have access to only one railway. Those shippers will now have far greater bargaining power on rates and services, and railways will, in the future, have to compete with one another for traffic from the captive shippers.

Some Hon. Members: Hear, hear!

Mr. Crosbie: Incidentally, that is the reason so many shippers are supporting this legislation. As far as I know, practically every shipper in the country has indicated support for the Bill.

Mr. Benjamin: The big shippers and the bull shippers.

Mr. Crosbie: Well I have never seen a bull shipper except in this hon. House where I have seen quite a few, many from the hon. gentleman's Party. I certainly take note of the bull shippers when they come into my office and when they leave to see what they left behind.

We believe that the financial viability of railways can be compatible with competition. We want a viable railway industry. The railways, of course, feel endangered by this legislation. The committee will have to listen to the arguments put forward by them. Provided they offer an efficient service which meets the shippers' needs, we believe the railways can compete effectively and their financial viability will not be jeopardized under this legislation. We do not believe that the railways need a monopoly to be viable or to compete with the U.S. railways.

We are also very conscious of the fact that no other effective means have yet been identified to resolve the problem of the captive shipper. It was a captive shipper, Champion Paper in Hinton, which was assisted by the CTC in the last day or so.

Some Hon. Members: Hear, hear!

Mr. Crosbie: The captive shipper and Canada need better service at better prices to meet the ever-increasing rigours of domestic and international competition. Captive shippers want, and should have, the right to bargain. That is what this legislation will give them. That is why I believe the Official Opposition will support this Bill. These rail reforms represent a balanced package, a redressing of the balance between shippers and carriers. We think that everyone can be a winner under these new rules. We know that everyone does not agree. The Bill is naturally a compromise and we hope that everyone will see that that is the case.

Canadian railways will be better able to compete with each other and with American railways for transborder traffic. Greater efficiency will help them secure existing jobs and create new ones in all the industries which depend on rail transportation. There are important regulatory reforms with regard to trucking contained in Bill C-19.

In 1954, the Government of Canada delegated its regulatory responsibilities for extra-provincial trucking to the provinces which all developed their own regulatory regimes. In different provinces there were different requirements for entry, for routes, for rates, for commodities, for safety precautions and so on.

That situation has made the job of meeting the needs of shippers more difficult than it needed to be. However, as the trucking industry grew and matured, regulation was reduced in all provinces, particularly in recent years. Truckers now have greater freedom to compete within the industry and with the railways. However, truckers remain saddled with a regime which limits growth and innovation. It is also inconsistent from province to province. It restricts services and imposes unnecessary costs on the industry, its customers, and on our economy. This is no way to meet future needs. In trucking, the task has involved federal and provincial Governments, the industry, producers and shippers in consultation over a number of years. A broad consensus developed that we need less regulation and more uniformity in regulation of trucking across Canada.

A historic agreement on regulatory reform of the trucking industry was reached in February, 1985, under the aegis of my colleague, the Deputy Prime Minister (Mr. Mazankowski), by all the provinces, the territories and the federal Government. The new Motor Vehicle Transport Act puts that agreement into law. However, some of the provinces are starting to backslide and say "but, if" and "but, what", indicating that the agreement does not contain that to which they agreed. As the pressure mounts more may attempt to take what they consider to be the safer way out. It is important to remember that everyone agreed in February, 1985, that there had to be regulatory reform of the trucking industry. The federal Government has the courage, the initiative and the guts to carry on with it no matter what the obstacles.

Some Hon. Members: Hear, hear!

Mr. Crosbie: Effective January 1, 1988, there will be a uniform, nation-wide licence standard for trucking based on a new fitness test. That will consist primarily of safety and insurance requirements. The shippers would like that to be the end of the story. They would like to have the full benefits of competition as soon as possible. The industry, however, and Governments involved are convinced that an abrupt end to strict regulation might cause too many problems of adjustment. Therefore, we are including a transition phase to ease the adjustment. It will be a three-year period during which licence applications will continue to be subject to a public interest test. Those who object to the licensing of new trucking operations can still object, but the onus will be on them to prove that public harm will result if a new licence is granted.

• (1450)

The Bill also abolishes the extra provincial tariff approvals and route restrictions. We believe this will lead to increased competition and efficiency in the trucking industry.

Shippers will have a wider choice of carriers, enabling them to get their goods to market more quickly and efficiently. This will mean greater market opportunities, expanded sales and more jobs across Canada.

I mentioned earlier that in October we reached an agreement with the provinces and the industry on a uniform national safety code for trucking. We have agreed to a joint plan of implementing the code at the same time that the new economic regulations come into force in 1988.

Let me return to Bill C-18. What about the role of the new National Transportation Agency? The Canadian Transport Commission is the current regulatory body in transportation and carries a lot of clout. Under existing legislation, it can regulate air fares and examine any rail freight rate. It stipulates where carriers can and cannot go, what kind of services they can offer and with whom they can compete. It intervenes in disputes, holds extensive hearings and controls access to new transportation markets. It is a huge albatross about the necks of those involved in the transportation industry, and has enormous authority.

With the changes I am outlining today, which put the emphasis on competition, we need an agency that better reflects the new approach of our freedom to move legislation. It will be the new National Transportation Agency.

Its functions and powers will be tailored to this more flexible approach. It will reflect its mandate to fit regulation to the needs of people, rather than fitting people to the regulation. That is something that strikes terror into the hearts of the socialists and those who believe in state authority, and that they should regulate our every breath. We heard them asking questions of the Secretary of State for External Affairs (Mr. Clark). They want us to be governed by whom we can or cannot contribute to. We should only contribute to those to whom the Member for Spadina (Mr. Heap) or the Member for New Westminster—Coquitlam (Ms. Jewett) want us to contribute to. They are leading us toward the society of Big Brother. That is not the society for which we are headed. We want the more flexible approach of the National Transportation Agency and we will fit the regulations to the needs of the people.

Mr. Tobin: What are you going to do with the Newfoundland railway in this competitive environment?

Mr. Crosbie: You have asked a good question. It deserves an answer sometime.

Unlike its predecessor, the new agency will not exercise strict economic regulatory control. As the Government that represents the people, we will set transportation policy and be responsible for it. We will not slough off responsibility to someone else because we are not involved in a Liberal slough-off regime. This is a regime of responsibility.

Mr. Tobin: What are you going to do about the Newfoundland railway?

Mr. Crosbie: From time to time we may provide policy direction to the Newfoundland railway, and to the NTA. We may ask it to conduct general inquiries, but for the most part it will administer the remaining regulations and help resolve individual shipper-carrier disputes.

There will be a process for appealing agency decisions. The new dispute resolution provisions in the legislation are especially important. They put the onus squarely on the parties involved to attempt to settle conflicts before going to the National Transportation Agency. Surely it is sensible to have the parties resolve their disputes before going to the agency. This is an absolute work of genius, I say to the Deputy Prime Minister.

Let me give an example of how it will work. Suppose a large coal producer and the railway serving it cannot agree on a price to move the coal from the company's mine to market. At the request of both parties, the National Transportation Agency will be empowered to appoint a mediator to seek to resolve the dispute.

Another alternative is final offer arbitration. It is a new concept in our transportation law. The shipper may ask the agency to appoint an arbitrator to choose between its final offer and the final offer submitted by the carrier. The decision of the arbitrator will be binding for at least one year, unless the two parties can come to an alernative agreement in the meantime. In other words, it is "put up or shut up". The Member from Prince Rupert has difficulty understanding the "put option" and the "call option". Of course, I do not blame him because he is the average NDP transportation expert. This means that "put options" and "call options" are somewhat difficult for them to understand. They have been putting it to the people for years but have not yet been called upon to answer for it.

This Bill also simplifies investigations into matters of public interest. Upon receiving a complaint from a shipper, carrier or other interested party, the National Transportation Agency will have the authority to inquire into any carrier's rates, acts or omissions where the public interest may be prejudiced.

We are trying to provide maximum flexibility in the legislation. We know that it may have to be fine tuned and that there may be unforeseen developments to which we will have to respond.

The National Transportation Agency will review the operation of the legislation on an annual basis. In addition, a comprehensive review of the legislation will be undertaken by the Government in four years. It provides for annual reports, and the four-year review will be tabled in Parliament.

This is a made-in-Canada policy which balances the interests of all and the benefits to all Canadians. We believe that it will lead to more jobs and stronger regional economies. They will be stronger because there is a more reliable, efficient transportation system serving businesses there.

We think the legislation will bring about and provide for road, rail, air and marine services that can deliver goods and people more quickly, in a way that they can afford without excessive regulation, and that it will bring about competitive fares. It will result in flexible transportation networks that can adapt to new demands for services and new market opportunities. It will protect those who need protection. Public interest will be safeguarded, including the highest public interest, which is safety. It is all part of this made-in-Canada package.

We recognize the need for change and the result is this legislation. We want to thank all those who helped us, including the shippers, carriers, provincial and territorial Governments, Members of the House and the Standing Committee on Transportation which has produced two reports. I was especially pleased to note that the members of the committee who are of the Liberal persuasion agreed with the freedom to move proposals in many respects. I presume that means they will support this Bill in principle but, of course, damn every detail in the Bill. Nevertheless, I would sooner have them inside the tent, doing this in an outward direction, rather than outside the tent doing it in an inward direction. Of course, we do not think the NDP will see the light, but they have the Christmas period in which to consider the Bill.

It is time to get on with the job of making these changes a reality. The Deputy Prime Minister and the Prime Minister (Mr. Mulroney) place a high priority, as do I, on this legislation. I invite all Members of the House to join with us in completing the job as quickly as possible.

This does not mean that we are no longer listening. We anticipate that during committee stage, Members will examine the Bills carefully and will hear from all interested groups. There will be good, workable suggestions for improvement and we will consider them seriously.

Mr. Tobin: You know that you are the Deputy Prime Minister's surrogate mother on this?

Mr. Crosbie: Absolutely. The Deputy Prime Minister, having developed these lofty concepts, has gone on to greater things, leaving me to do the dirty work and to bear the brunt of all those who come to argue about what is wrong with the Bill.

• (1500)

I believe this is an exciting era in Newfoundland, and not only in Newfoundland but in Canada as a whole. I do not believe we are following the United States route in regulatory reform. We are learning our lessons from what has happened there. Safety will continue to be our main concern, on which we will not stint. I believe the legislative committee will have a most interesting time in considering this Bill which deals with the very sinews and guts of this country. There is not one area, no matter how small, which is not affected by this Bill. I am happy to be bringing in the legislation, which is in reality the brainchild of the Deputy Prime Minister. If the House passes this Bill, it will be a monument to his experience and pertinacity in the field of transportation. I am very happy to have the job of following behind him—

Mr. Tobin: With your broom.

Mr. Crosbie: —with my broom, sweeping up behind him, and trying to see that this legislation is carried through. We hope it will be in effect by the end of this year. We intend to listen to all members of the Opposition, all interested groups and to our own back-benchers.

Mr. Tobin: By the end of this year?

Mr. Crosbie: Sorry, by the end of 1987. We hope it will be in effect by January 1, 1988. Thank you for being so patient.

Mr. Benjamin: On a point of order, Mr. Speaker. Before the Parliamentary Secretary makes the move I think he is going to make, I wanted to ask you, Sir, if I may ask the Minister of Transport (Mr. Crosbie) a question in order for him to correct the record from earlier today.

The Acting Speaker (Mr. Paproski): No, I am sorry.

Mr. Benjamin: The Minister has unlimited time and I wonder if he would permit a question.

Mr. Gauthier: No, he has 40 minutes.

The Acting Speaker (Mr. Paproski): Is there unanimous consent?

Some Hon. Members: No.

The Acting Speaker (Mr. Paproski): The Hon. Parliamentary Secretary.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, as agreed, I move:

That the debate be now adjourned.

The Acting Speaker (Mr. Paproski): Before the debate is adjourned, does the Hon. Member for Surrey—White Rock—North Delta (Mr. Friesen) have a point of order?

Mr. Friesen: No.

The Acting Speaker (Mr. Paproski): Is it the pleasure of the House to adopt the motion that the debate be now adjourned as agreed?

Some Hon. Members: Agreed.

Motion agreed to.

IMMIGRATION ACT, 1976

MEASURE TO AMEND

Hon. Don Mazankowski (for the Minister of Employment and Immigration), moved that Bill C-34, an Act to amend the Immigration Act, 1976, be read the second time and referred to a legislative committee.

Mr. Lewis: Mr. Speaker, I believe you will find a disposition in the House to have Bill C-34 referred not to the legislative committee but to Committee of the Whole and dealt with at all stages this afternoon.

Mr. Nunziata: Mr. Speaker, in the spirit of Christmas we are prepared to co-operate with the Government in that regard.

Mr. Boudria: Our usual co-operation.

Mr. Heap: The same for us, Mr. Speaker.

The Acting Speaker (Mr. Paproski): Is it agreed?

Some Hon. Members: Agreed.

[*Translation*]

Mr. G. M. Gurbin (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, I want to thank Hon. Members for agreeing to proceed expeditiously with this measure. On one hand its purpose and objective are simple, on the other hand its results and consequences are a matter of great urgency.

[*English*]

I would like to begin by quoting part of a letter from a Canadian spokesman for a parish in Hull which had sponsored a young Kampuchean. It reads:

> As a student, he is not in positon to repay this by himself, but it is only fair that this money goes back to the Government, especially in the view of helping more refugees to start a new life. In particular, our parish has undertaken to sponsor his parents, and this is another instance where funds will be required for a transportation loan.
>
> As a Canadian citizen, I am very proud and supportive of what my Government does to help refugees, and I am very satisfied—

If this Bill is not passed before the end of this calendar year, we will have to curtail the refugee movement until it is passed. This will make it most difficult for Canada to meet its international commitment to accept 12,000 refugees during 1987, and the entire refugee program would be severely disrupted. At the very least, refugees will be faced with an additional one, two or three months' wait in refugee camps. Family reunification would also be delayed as spouses and children will have to wait until new funds are available before they can be given loans to assist them to come to Canada.

The transportation loan fund was first established in 1951 to aid immigrants who could not afford the passage to Canada, to aid immigrants joining their families in Canada, refugees seeking a new life and people whose occupational skills were in demand in Canada. The fund is a revolving one and is replenished as the loans are paid back. Although the original ceiling on the loans fund was $3 million, it has been necessary over the years to increase this amount to keep pace with rising costs resulting from inflation and the number of loan applicants. The last increase to $60 million was on May 7, 1980. This means that no more than $60 million may be lent at any one time.

A $60 million fund is not adequate to provide for our ongoing immigration transportation program because a shortfall has resulted from the large amount lent to the 60,000 Vietnamese refugees admitted in the early 1980s. Put simply, a large percentage of this money remains due because a huge sum is being repaid at a very slow rate mainly due to the employment difficulties encountered by this group of refugees.

I am pleased to say that since its inception the Canadian Government has lent $177.5 million to immigrants and refugees. Of this amount, the Government has had to write off only $4.4 million or 2.48 per cent. This is over a period of 35 years. The majority of the loans are made to refugees interest free and these loan recipients are very conscious of their responsibilty to repay the loan. They fully realize that the dollars they return to the fund would be used to bring other refugees to Canada.

Since 1970, over $94 million worth of loans has been provided to refugees. To this day, only $77,000 of this amount has been written off. That is a very low percentage. Since its beginning, the fund has served Canada well. Canada has been able to respond quickly to requests from the international community to help victims of world disasters such as the British flood victims in the 1950s, the Italian earthquake victims in 1980. The request from the United Nations High Commissioner for Refugees to assist the Hungarians in 1956-57, the Czechoslovakians, the Vietnamese and, more recently, in the Polish difficulties have been responded to with assistance from the transportation loans fund.

As you know, Mr. Speaker, family reunification has always been a cornerstone of our immigration policy. There is a favourable side effect to this policy. It has been proven that a refugee or immigrant adapts at a quicker pace if the spouse and children are in Canada. The whole family adjusts to Canadian ways together and there is no cultural gap within the family unit. The loan fund has been the instrument which has enabled the refugee to have the spouse and children join him or her that much sooner.

I have already noted that we have had some response from a number of sources. I would like to end my comments today in encouraging members of the Opposition, all Hon. Members in fact, to support the quick passage of this Bill. I would like to read from two letters received by the Government with respect to the transportation loan fund. The first correspondence is from a young Vietnamese family of three living in Niagara Falls, Ontario, who sent a card which states on the cover: "Thanks so much". What really warms our hearts is the handwritten note inside which says:

• (1510)

To,

The Immigration of Canada,

Dear,

We are deeply thank to our immigration and the Canadian Government, was helping my family immigrate in Canada. Thank to this great favourite.

While the words may not be exact, the meaning is clear.

Finally, the following are extracts from a note from a young man from Poland who writes:

I would like to take this opportunity, send my last payment, to thank you for entering me the door to Canada and giving me the opportunity to live in this well established and peaceful country.

This year, in April, I became a Canadian citizen. A few months ago I got an interesting job. Very shortly, I will be continuing my education through part time courses in university. I got married in June 1986. It seems that I have adopted well in Canada.

Once more, thank you, Canada, for your help!

That concludes the Government's representation to Hon. Members with respect to extending this loan fund from $60 million to $90 million so that we may fulfil our obligations in the manner in which Canada has always done on behalf of refugees and immigrants who wish to enter our country.

Mr. John Nunziata (York South—Weston): Mr. Speaker, I appreciate this opportunity to make some very brief comments on Bill C-34. As I indicated, in keeping with the spirit of Christmas, the Official Opposition is prepared to co-operate fully with the Government to ensure the speedy passage of Bill C-34 in all stages this afternoon. I say that notwithstanding the fact that it is literally Christmas Eve and within a few hours we will adjourn for the Christmas break. Yet the Government is asking us to deal with a piece of legislation which, it says, if it is not passed by the end of the calendar year the refugee movement will be curtailed until it is passed. We must take some exception to being lectured by the Government at the eleventh hour telling us that, if we do not pass this Bill, somehow the magnanimous doors that have been flung open in the past by the Liberal Party to refugees will be shut.

We have been here for two years since the new Government took office. Why did it not bring this piece of legislation forward sooner? It is not as if there has been a material change in circumstance overnight or over the last week. The problem which this Bill addresses could have been recognized some time ago.

As you know, Mr. Speaker, this is not a lengthy Bill. Bill C-34 amends the Immigration Act. It states:

Subsection 121(3) of the *Immigration Act, 1976* is repealed and the following substituted therefor:

"(3) The total amount of outstanding advances to the Minister under this section shall not at any time exceed ninety million dollars."

As the Parliamentary Secretary has indicated, the $90 million figure replaces the $60 million figure which is in the present Act. I am pleased to note that since the inception of this fund some 35 years ago only $4.4 million has had to be written off. From this fund the Government has lent $177.5 million to immigrants and refugees to facilitate their passage to Canada. These are not grants which the Government gives but loans. The Government of 1951 which was responsible for setting up this fund ought to be congratulated for what it did back then in terms of implementing a transportation fund to assist refugees to come to Canada. It is interesting that only $4.4 million, or 2.48 per cent, of this $177 million has had to be written off.

What does that tell us? It tells us that the people who received these loans have paid them back. I challenge Hon. Members to find any other government programs in which loans are granted to students, business people or farmers who have write-off rates of 2.48 per cent. I do not imagine we could find many such programs. The point is that over this period of 35 years we have learned that the recipients of these loans are God-fearing, tax-paying citizens. And they are good ones. They recognize the obligations they have as a result of borrowing money from the Government of Canada, and they have paid that money back.

As the Parliamentary Secretary pointed out, the last increase to this transportation fund was in 1980 when it was increased to $60 million. I do not wish to repeat what the Parliamentary Secretary has said. However, it is clear that the fund must be replenished. It is clear that the Minister must have the authority to increase the fund to $90 million. We in Her Majesty's Loyal Opposition are prepared to offer our full co-operation in this regard.

In closing, as a member of the parliamentary wing of the Liberal Party of Canada I take great pride in what the Liberal Party has accomplished over the last three or four decades in terms of our immigration policy. I believe very strongly, as I am sure Members on all sides of the House do, that we have one of the finest immigration policies in the world. Canada has a record and a reputation in the world for assisting and welcoming people of all races, creeds and religions to our shores. Of course, we have been critical in the last two years with respect to some of the policies of the Government. However, today is not the day to be overly critical in view of the fact that Christmas is but six days away.

Mr. Dan Heap (Spadina): Mr. Speaker, I wish to take this opportunity to speak to Bill C-34 which will raise the total loan limit for transportation for selected refugees from $60 million to $90 million. That is to say that at no time can more than $90 million be out on loan.

The fact that there has been no increase in this amount in the last six years, a time in which transportation costs have increased by 50 per cent and the number of refugees has increased, makes it quite obvious that if we are to carry on the program this increase is necessary. As has already been pointed out, there is little danger of loss of money from this revolving loan account since less than 2.5 per cent of it has not been repaid.

I think there are very few Canadians who know about this loan fund or even why it exists. It is those who have benefited from it who know about it. I agree with the previous speakers who have said that there is great gratitude for what has been done. However, I wish to say something about the basis of this program. It has been said by a very great Canadian teacher, Rabbi Plaut, who himself came here as a refugee, that there is a price we Canadians must pay for living in a country that is wealthier and more secure than most countries in the world. Part of that price is our obligation to help people who are in serious political or similar troubles arising out of conflict and oppression. These are refugees and there are 10 million or 15 million of them in the world, mostly in Africa, Asia and Latin America. Most of them do not come to Canada. They do not want to and it would not be practical for them to do so. However, some of them do need to come here. Some have been selected from the many by our officers overseas. The problem lies in getting them and their families here. This program is designed to lend them the money to pay for their travel to Canada in the certain knowledge that the very great majority of them will, when they arrive, work to repay these loans.

• (1520)

A few months ago, I had the privilege of visiting Guatemala in Central America. I learned that our embassy there made it possible for 750 people to escape from Guatemala in 1985. They escaped because they had to escape and they convinced our embassy, case by case, that their lives were in danger. Technically they were not refugees according to the Geneva definition because they were still in their own country, but that did not make them any safer. There were death squads threatening not only political opponents of the Government but trade union officers, school teachers, priests, teachers of catechism and anyone who was independent of the military dictatorship that ruled that country so harshly.

People were not simply being killed. Sometimes the situation was worse. I spoke to a woman who, along with her husband, was engaged in asking questions about the Government. One day her husband did not come home. He has not come home since then, but no one has told her if her husband and her daughter's father is alive or dead. A body has never been identified. To this day, she does not know if she is a widow or if she is still married. It is a terrible strain.

Families like the one to which I just referred who have been threatened often find that they cannot stand it any longer and have to get out. They get out by going to our embassy and, on the basis of the facts shown and acknowledged by embassy staff, they come to Canada. One step in that process is the provision of air fare for which most of them could never come near to paying, particularly since the value of Guatemalan currency has dropped to about one-third of what it was a couple of years ago.

In 1985, 750 people were brought out of Guatemala. This loan fund provided part of the means to make that possible. I am very proud of Canada for doing this. This is the kind of thing that justifies the decision made a few weeks ago to give Canada the Nansen Medal for the work not just of the Government, not just of certain people but of the Canadian taxpayers through a fund like this.

I am very happy to support this Bill. I do not mind at all the fact that it comes before the House at the end of the year. It had to come before the House sometime, and why should it not come before the House during the Christmas season?

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

Some Hon. Members: Question.

The Acting Speaker (Mr. Paproski): Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to, Bill read the second time and, by unanimous consent, the House went into committee thereon, Mr. Paproski in the chair.

The Deputy Chairman: Order. House in Committee of the Whole on Bill C-34, an Act to amend the Immigration Act, 1976.

Shall Clause 1 carry?

On Clause 1—*Limitation*

Mr. Nunziata: Mr. Chairman, I would like to take this oportunity to ask some questions from the front row. You know how lonely it is in the back row, Mr. Chairman. You have been there.

The Deputy Chairman: I would like the Hon. Member to know that I was on the back benches but not for too long.

Mr. Nunziata: Mr. Chairman, I hope that I am not there for a lengthy period of time. Of course, after the next election, we will have the whole front row on the other side of the House to occupy.

On a more serious note, I would like to ask the Parliamentary Secretary some general questions with regard to these loans. Could he indicate, for example, how much is lent per individual family and what the interest rates and repayment periods are?

Mr. Gurbin: Mr. Chairman, I cannot give the Hon. Member the average size of the loans. I will undertake to provide that information. The majority of these loans are interest-free. Interest rates on the ones that are not interest-free are paid according to the interest rates required by the Consolidated Revenue Fund. It is a floating rate and it changes year by year. I will undertake to provide the Hon. Member with a specific figure for the average size of the loans if he wishes.

Mr. Nunziata: Mr. Chairman, is an application for this loan made overseas or is the original cost of passage paid and then reimbursed by the Government? How exactly does that work?

Would a refugee apply for loan assistance from an embassy? That might be difficult at times when a refugee would claim refugee status after arriving in Canada. Could the Parliamentary Secretary shed some light on that question?

Mr. Gurbin: Mr. Chairman, it is a little difficult for me to be specific on this. I suspect that there are a number of ways of accessing this fund. Clearly, people who already live in Canada can make direct application for the loan to bring their spouses or relatives to Canada. People in other countries may contact our embassies and the officials there would be the primary contact in applying for the loans. Again, I would have to check with our officials on that detail to be more specific.

The Deputy Chairman: Shall Clause 1 carry?

Some Hon. Members: Agreed.

Clause 1 agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Paproski): When shall the Bill be read the third time? By leave, now?

Some Hon. Members: Agreed.

Hon. Paul Dick (for the Minister of Employment and Immigration) moved that the Bill be read the third time and passed.

Motion agreed to and Bill read the third time and passed.

• (1530)

Mr. Lewis: Mr. Speaker, I rise on a point of order. I should have indicated this earlier. There have been discussions between the Parties with respect to the Bill which we are now asking leave to introduce. I think you will find that there was consent for leave to introduce the Bill, give it first reading and move it through all stages this afternoon.

Mr. Gauthier: I would like to give our consent to that procedure. Of course, we would like to see the Bill first. We agree that we should proceed with it now.

* * *

SALARIES ACT

MEASURE TO AMEND

Hon. Flora MacDonald (for the Deputy Prime Minister and President of the Privy Council) moved for leave to introduce Bill C-36, an Act to amend the Salaries Act.

The Acting Speaker (Mr. Paproski): Shall the Minister have leave to introduce the said Bill.

Some Hon. Members: Agreed.

Motion agreed to and Bill read the first time.

The Acting Speaker (Mr. Paproski): When shall the Bill be read a second time? By unanimous consent now?

Some Hon. Members: Agreed.

Hon. Flora MacDonald (for the Deputy Prime Minister and President of the Privy Council) moved that Bill C-36, an Act to amend the Salaries Act, be read the second time and referred to Committee of the Whole.

Motion agreed to, Bill read the second time and the House went into committee thereon, Mr. Paproski in the chair.

The Deputy Chairman: Order. House in Committee of the Whole on Bill C-36, an Act to amend the Salaries Act.

Shall Clause 1 carry?

On Clause 1

Mr. Nunziata: As you know, Clause 1 amends paragraph 3.1(1)(a) of the Salaries Act and substitutes the following:

> "(a) the percentage that the Industrial *Aggregate* for the first adjustment year is of the Industrial *Aggregate* for the second adjustment year;—

I would like to know from the Parliamentary Secretary exactly what salaries we are talking about here, and to whom we are paying these salaries.

Mr. Lewis: I have some information on that point. This is an Act which takes into account the fact that in 1984 Statistics Canada ceased to publish the Industrial Composite Index and instead substituted an Industrial Aggregate Index. The salaries of Lieutenant Governors across Canada are based on the lesser of the index used, or 7 per cent. Since we no longer have the Industrial Aggregate Index, we had to substitute the Industrial Composite Index by this simple one paragraph Bill.

Mr. Nunziata: What is the Government of Canada paying to the Lieutenant Governors of the provincial parliaments in Canada? Are they all paid the same? Is there a salary range? Is it according to years of experience?

Mr. Lewis: I do not have that information at my fingertips. If necessary, that information can be obtained. It is paid by the provinces, and we are simply assisting by making this change in our Act.

Clause 1 agreed to.

Title agreed to.

Bill reported.

Hon. Flora MacDonald (for the Deputy Prime Minister and President of the Privy Council) moved that the Bill be read the third time and passed.

The Acting Speaker (Mr. Paproski): Is it the pleasure of the House to adopt the motion?

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, I understand that I have unlimited time as I stand in my place on third reading debate. I wish to assure the Members of this House that, as is my right, I intend to exercise the option of not using unlimited time today. I intend to be limited in my remarks. I hear an audible sigh of relief from the benches across the way, and an audible sigh of disappointment from both the NDP and Liberal camps.

I wish to take this opportunity as this Bill flies through the House. This Bill affects the way in which the salary scales are determined for the Lieutenant Governors of the 10 provinces of Canada. This Bill affects those ordinary citizens who have been elevated to a position of ceremonial responsibility; in fact, constitutional authority when necessary—ceremonial largely and constitutional occasionally. We saw that in Ontario very recently where the Lieutenant Governor made a very wise and proper decision.

I wish to take this opportunity to indicate that at some point it would be wise for the House and the Government to produce a paper advising the people of Canada, and inviting Members of Parliament to participate in the discussion on the criteria used in choosing Lieutenant Governors. In that manner, Lieutenant Governors may arise from the relative obscurity that sometimes enshrouds the office and take their proper place within the Canadian establishment and system. That can best be utilized when Canadians have a better understanding of how it is that Governments, the Government of Canada and provincial Governments, come to a decision as to who the Lieutenant Governor of a province should be.

I believe that the Lieutenant-Governor who was recently named for the Province of Newfoundland, the former Member for St. John's East, was a long-time servant of this Parliament and an extraordinary parliamentarian. Joey Smallwood in Newfoundland holds the title of the last living Father of Confederation. It can truly be said that Jim McGrath, who is no longer a Member and I can use his name—outside this Chamber, of course, it is His Excellency—is the father of reform in this Parliament. He would endorse my suggestion today that the process by which we select Lieutenant Governors ought to be opened up and examined more closely, so that these positions are more relevant to the public at large.

Let me take this opportunity to wish all Lieutenant Governors, but in particular the Lieutenant-Governor of Newfoundland, a very Merry Christmas, all the best in the New Year, and to tell them that after only such a short period of time, a few weeks or months since he has been Lieutenant Governor, we in Newfoundland see in him a gentleman who has brought a fresh surge of energy, life, and relevance to the post. We are proud. Mr. Speaker, you know that I am a man who always speaks in a non-partisan way, so this comment will not be unusual coming from me. We are indeed proud to this date of the manner in which he has upheld his office.

• (1540)

Mr. John Nunziata (York South—Weston): Mr. Speaker, as a Member from the Province of Ontario, I would like to take this opportunity to say a few words about our Lieutenant Governor. As you know, the Hon. Lincoln Alexander is a former Member of the House of Commons. He was not from this side of the House but a Conservative Member of Parliament from the opposite side. I am very proud and honoured to have the Hon. Lincoln Alexander as our Lieutenant Governor. I had the opportunity to meet with him for the first time at a dinner in my riding some months ago. I greatly admire the work he is doing as the Liuetenant Governor of the province. He is a true gentleman and a great Canadian.

Mr. Dick: And a super Tory.

Mr. Nunziata: My colleague, the Hon. Member for Humber—Port-au-Port—St. Barbe (Mr. Tobin) rhetorically asked how Lieutenant Governors are chosen and what process is taken. The Hon. Lincoln Alexander shared his experience with us. He read in a newspaper that he was being considered for the position of Lieutenant Governor. He was deeply honoured to know that the Prime Minister (Mr. Mulroney) was considering appointing him. He waited for the phone call. He told us that his legs were shaking when the voice at the other end of the line asked whether he would like to be the next Lieutenant Governor of the Province of Ontario.

In closing, allow me as a Member from Ontario to express my personal season's greetings, on behalf of the Liberal Party of Canada and I am sure on behalf of all Members of the House of Commons and to express our sincerest best wishes to Lieutentant Governor, the Hon. Lincoln Alexander, and his family.

Some Hon. Members: Hear, hear!

Motion agreed to and Bill read the third time and passed.

* * *

ARCHIVES OF CANADA ACT

MEASURE TO AMEND

The House proceeded to the consideration of Bill C-7, an Act respecting the Archives of Canada and records of government institutions of Canada and to amend the Copyright Act, as reported (with amendments) from a legislative committee.

The Acting Speaker (Mr. Paproski): There are two report stage motions on today's Notice Paper in the name of the Hon. Member for Mount Royal (Mrs. Finestone), in amendment to Bill C-7. I regret, but I must rule that Motion No. 1 is out of order in that it seeks to amend the interpretation clause of the Bill. I refer the Hon. Member to Beauchesne's Fifth Edition, Citation 773 (10) which reads:

A substantive amendment may not be introduced by way of a modification to the interpretation clause of a bill.

Motion No. 2 is in order and shall be put to the House.

Mrs. Sheila Finestone (Mount Royal) moved:

Motion No. 2

That Clause 2 be amended by striking out lines 20 to 26 at page 1 and substituting the following therefor:

"ministerial record" means a record created or received by a member of the Queen's Privy Council for Canada who holds the office of a Minister, in the course of conducting actitities which relate to the carrying out of the statutory duties of the Minister;

She said: Mr. Speaker, I rise to speak to my amendment which would change the clause on the definition of ministerial record which presently reads:

"Ministerial record" means a record of a member of the Queen's Privy Council for Canada who holds the office of a Minister and that pertains to that office, other than a record that is of a personal or political nature or that is under the control of a Government institution.

My argument is based on the fact that the present definition defines a ministerial record by what it is not, not by what it is. It is not political, it is not personal, according to this definition, nor under the care and control of a government institution. I would suggest that that is not a very constructive way to determine what is a ministerial record. I would like to recommend my proposed amendment because I believe my definition brings into much clearer focus the kind of information and documentation we would like to hold in the Archives of Canada which would be an ongoing record for all time as to the role, accomplishment and function of the particular Minister in question.

The proposed amendment came out of a fair amount of research on our part. This was directed by the prior Minister of Communications who had suggested we look most carefully to definitions and descriptions throughout the democratic world as we know it and to those public archival institutions that exist elsewhere. As a result, the proposed amendment flows most particularly from the American definition of presidential record. The other models we looked at were the British, the American and the Australian, but this one seemed the most constructive one that I could find, and I submit that the definition of ministerial record will be much clearer. We heard considerable testimony about the lack of clarity and the breadth of documents that could escape the archival control from the Association of Manitoba Archivists, from the Manitoba Council of Archives, from *L'Institut D'Histoire de l'Amérique Française* who argued that a clearer definition of what constitutes a ministerial record be found. In their view, it should be made clear that all ministerial records stemming from Government activity or involving a Minister in the conduct of official business, including documents relating to the formulation of policy or to be deemed public records and transferred to the archives when the use for which they were orginally created ceased. The present definition is more in the nature of what it is not rather than what it is.

In light of the fact that my other amendment has been ruled out of order as beyond the interpretation of the Bill, I respectfully suggest that this amendment would allow things like royal commission studies that would fall under the Inquiries Act to be commissioned by a Minister. It would then be part and parcel of the record in our archives. It is quite surprising that the records of CN, Air Canada and CBC will not be held, as they would fall under ministerial responsibility. Therefore, they would fall under the collective memory that we would find in our archives.

I know there was much discussion in committee with the Minister present as to the definition that I have proposed. There was concern that it might be limited. I am suggesting that the original presentation of that clause is a limited one and this would be a much broader interpretation. Therefore, I strongly suggest that the Minister accept this new definition which is brought with the best of intent to make the archives Bill function in the way in which the standing committee wished to see it function. I know it was in the interests of everyone. We were pleased to see this new revision of the Public Archives Act.

• (1550)

Hon. Flora MacDonald (Minister of Communications): Mr. Speaker, I would like to make a few observations in response to the proposal put forward by the Hon. Member for Mount Royal (Mrs. Finestone) concerning the definition of ministerial record. The definition agreed to by the legislative committee on December 10 reads as follows:

"Ministerial record" means a record of a member of the Queen's Privy Council for Canada who holds the office of the Minister and that pertains to that office, other than a record that is of a personal or political nature or that is under the control of a government institution.

That definition sets out the three categories of records which can be found in the office of a Minister. The first is those records directly controlled by a Minister which pertain to his or her position as a Minister and member of the Queen's Privy Council of Canada. The second is those records under the control of a government institution which deal with the business of the institution. The third is the personal or political records of the Minister relating to his or her functions as a member of a political Party, representative of a federal constituency, or as a parliamentarian, or to his or her private life and interests. I believe that this is a very comprehensive definition and will serve Canadians well. The amendment proposed by the Hon. Member for Mount Royal is as follows:

"Ministerial record" means a record created or received by a member of the Queen's Privy Council for Canada who holds the office of a Minister, in the course of conducting activities which relate to the carrying out of the statutory duties of the Minister;"

I believe there is a serious flaw in that proposal. In referring as it does to the statutory duties of the Minister it does not cover the large class of records which relate to ministerial responsibilities and duties not based on statute. For example, the Queen's Privy Council is not a statutory body. The duties of the Minister as a member of the Cabinet are not statutory. Accordingly, the definition proposed by the Hon. Member for

Mount Royal would not apply to records relating to a Minister's duties as a member of Cabinet. I believe that would be a most unfortunate consequence of passing this amendment.

In short, I am fully satisfied with the current definition of ministerial record and it is my hope that this amendment will not be sustained.

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, I rise in support of the amendment put forward by the Hon. Member for Mount Royal (Mrs. Finestone). In doing so I want to indicate to the Minister that the argument she has made in, I believe improperly but not deliberately, interpreting this amendment sounds rather strange when the wording the Minister proposes says:

"ministerial record" means a record of a member of the Queen's Privy Council for Canada who holds the office of a Minister and that pertains to that office—

The argument she makes, wrongly, I believe, that this amendment would be limited in its effect is in fact the problem with her own interpretation of ministerial record. It is too limited. Her definition goes on, and this is the escape clause:

—other than a record that is of a personal or political nature or that is under the control of a government institution;

That is a huge escape clause with respect to what should be counted as ministerial record.

I think the Hon. Member for Mount Royal has done a great service to Parliament in taking the time to examine this matter closely. She has put forward an amendment based on the American model of ministerial records of responsibility. I would go so far as to say that if the definition she now has in the Bill were in place in the U.S. during the days of the Nixon presidency then the tapes of the conversation between the President of the U.S. and his aides concerning the cover-up of a break-in would never have been part of the official record.

Members opposite can chuckle, but the President would have said, according to the Minister's definition, that the break-in at the Democratic Party headquarters was a political matter. Therefore, the record of his conversations with Mr. Haldeman, Mr. Erlichman and Mr. Dean would never have been made available as they were ordered to be by the U.S. Supreme Court. They would not have been considered part of the record of the President's day-to-day activities. They would have been considered to be of a political or personal nature. Therefore, given the kind of interpretation contained in Bill C-7, Watergate could never have happened, not because the system is incapable of that kind of political activity but because the truth would never have been known. Neither the people of Canada, the nation's press or an independent judicial commission of inquiry, the Canadian equivalent of a U.S. special prosecutor, would have been able to get to the bottom of the matter because they would never have been able to obtain the records in the first place.

What we are saying to the Minister, who obviously has no fear about that kind of exposure, and her colleagues, who also obviously have no fear of that hypothetical situation in this country, is that the definition provided by the Minister allows for an escape hatch big enough for an 18-wheel Mack truck to drive through. That is the difficulty with this definition.

The Minister should know that this amendment is proposed with the knowledge of the kind of activities which went on during Watergate and which are going on today in what is called Irangate in the U.S. A special congressional committee and a special Senate committee in the U.S. are examining all matters relating to an activity which breaches American law. In the course of their investigation they are asking for records and transcripts of phone calls and other conversations. Let me ask the Minister this: If the President of the U.S. and his chief aides and cabinet secretaries were to say "Yes, but those conversations were of a political nature, we were trying to figure out how to avoid a political fall-out", then what is the definition of a cover-up? Is it an official responsibility? It is not part of his official responsibility to cover things up. That is political. It might be illegal. Based on such criteria, we would never have a Watergate in this country because we would never get to the bottom of the barrel and find out the truth. That is why the amendment moved by the Member for Mount Royal, who has done excellent work on behalf of Canada, ought to be accepted today.

• (1600)

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

Some Hon. Members: Question.

The Acting Speaker (Mr. Paproski): The question is on Motion No. 2 in the name of the Hon. Member for Mount Royal (Mrs. Finestone). Is it the pleasure of the House to adopt the said motion?

Some Hon. Members: Agreed

Some Hon. Members: No.

The Acting Speaker (Mr. Paproski): All those in favour please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mr. Paproski): All those opposed please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mr. Paproski): In my opinion the nays have it.

Motion No. 2 (Mrs. Finestone) negatived.

The Acting Speaker (Mr. Paproski): When shall the Bill be read the third time? By leave, now?

Some Hon. Members: Agreed.

Miss MacDonald moved that Bill C-7, an Act respecting the Archives of Canada and records of government institutions of

Canada and to amend the Copyright Act, be read the third time and passed.

She said: Mr. Speaker, it is a pleasure to address the House as Bill C-7, an Act respecting the National Archives of Canada and to amend other Acts in relation thereto, receives third reading. On this occasion I am reminded of a similar event in our nation's history. Almost 75 years ago, in January, 1912, the Conservative Government of Robert Laird Borden introduced the first archives legislation. At that time, the archives branch had already been operating for 40 years. It had been operating for those 40 years, acquiring and conserving both public and private historical records, without benefit of a legislative mandate. That legislation came before the House in 1912.

At that time Prime Minister Borden acknowledged the essential role of the Archives when he expressed the intention of his Government to take concerted and deliberate action to ensure the preservation and safeguarding of our nation's archival heritage.

The object of the Public Archives Act was that records "no longer required for the every-day purposes of public administration—should be removed to a place of security—and classified so as to be easily accessible to those who may desire to consult them".

[*Translation*]

Prime Minister Borden's proposal was supported by the Leader of the Opposition, Sir Wilfrid Laurier, and the Bill was quickly adopted. In 1912, the general consensus was that the legislation met a need and was an adequate response to the general desire to preserve the historic documents of the nation.

It therefore seems appropriate for this Government to introduce a new National Archives of Canada Act to replace the outdated Act of 1912, and it is with great pride that I take this opportunity to speak to Bill C-7 today.

[*English*]

I would like to review, for a moment, the progress of this Bill. It first came before the House during the first session of this Parliament as Bill C-95 on February 12, 1986. It received second reading on June 11 and was referred to committee for study. The committee's examination of the legislation was well under way when the first session of this Parliament was prorogued. On October 3, 1986, all Parties agreed to reinstate the Bill at committee stage. Bill C-7 was referred to the legislative committee chaired by my colleague, the Member for Argenteuil—Papineau (Mrs. Bourgault), who guided the committee adeptly through a number of hearings.

The co-operation which characterized the enactment of the 1912 Act has also been evident through the proceedings of this committee. The committee undertook its study with a view to making the Bill a better piece of legislation. It has succeeded. It listened to many Canadians representing archival associations, provincial organizations, learned societies, universities, historians and writers. Some submitted briefs and several appeared as witnesses. The views of these individuals and groups have been invaluable. So, too, have been the contributions of the committee members. It was apparent to me when I appeared before the committee that its members share a sincere interest in our nation's archival heritage and the legislation designed to preserve it.

I am particularly pleased to advise the House that at clause by clause study of this Bill on December 10 agreement was reached on seven substantive amendments. In brief, Mr. Speaker, with regard to Clause 3(1), it was unanimously agreed to change the name of the institution to the National Archives of Canada/*Archives Nationales du Canada*. Similarly, it was agreed that the title of the deputy head should be National Archivist of Canada/*Archiviste National du Canada*. Witnesses had requested these changes to ensure that the name and title reflect Canada's federal structure, and to follow international practice.

A second substantive change, also unanimously agreed to, was the deletion of the opening words of Clause 5(1) "Except as otherwise provided under an Act of Parliament". Witnesses had unanimously requested this change. The intent of Clause 5 is, as a result, much clearer. It establishes, for the first time in law, the requirement for government institutions to obtain the consent of the archivist before destroying or disposing of their records.

As a result of a consensus reached with Departments and agencies responsible for security and intelligence matters, I was able to respond to the serious concerns of witnesses about Clauses 5(6) and 6(4). I am very pleased to report that the legislative committee unanimously approved the deletion of these sections, together with Clause 6(1)(b). I am confident that existing records management practices are fully adequate to ensure that the legitimate interests of our allies in the areas of security and intelligence are respected.

Another substantive issue on which there was agreement to amend this Bill relates to the legal deposit provisions of Clause 8(3). This passage provides for the Archives to pay the actual costs of making a copy requested under this provision of the Act. The amendment excludes government institutions and their agents from the effect of this reimbursement provision. Recordings are regularly acquired from government institutions, and it was never the intention of Clause 8 that this reimbursement provision should apply within the Govenrment.

• (1610)

The final major issue on which agreement was reached in committee was the establishment and the composition of an advisory board.

Clause 9(1) had provided that the Minister might establish a board with certain ex officio members, and not more than seven members appointed by the Minister from among persons who had expertise in archival matters or who are residents of Canada.

The committee agreed that the Minister shall establish such a board. It also agreed that the seven other members shall be appointed by the Minister from among persons experienced in archival matters. I am convinced that this change will result in a stronger board, which will provide useful advice to the archivist.

In conclusion, I believe that we have responded to the concerns of witnesses. Their testimony was most helpful in the formulation of amendments. I also wish to cite the extremely co-operative role of the Member for Mount Royal (Mrs. Finestone) and the Member for Broadview-Greenwood (Ms. McDonald). Their assistance made possible significant improvements to this Bill.

It is a pleasure for me, as a Minister of the Crown, to sponsor a Bill that has received such broad support from the Members of the House. I believe this is because we all recognize that the new national Archives of Canada Act is vital to the Canadian archival community. It is now my privilege to recommend this Bill to the House for third reading.

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, I can assure the Hon. Minister of Communications (Miss MacDonald) that she will have her Bill for Christmas.

I rise today to speak at third reading of Bill C-7, an Act respecting the National Archives of Canada and records of government institutions of Canada, and to amend the Copyright Act.

[*Translation*]

The National Archives of Canada Act will replace the present Public Archives Act which goes back to 1912. Since 1912, the Public Archives of Canada have freely interpreted the unique definition, never changed since that time, of its mandate or mission to collect and preserve historical documents of every kind, nature and description—, to justify its present day activities. These activities will now be more acurately defined in a completely revised version of the Public Archives Act, reflecting not only the scope of the Archives' present collections and the methods used to preserve them, but also the other duties and activities of the Public Archives today.

The Public Archives is an institution that is essential to the preservation of our heritage and shares this purpose with the National Museums of Canada. The importance of the institution was admirably expressed in the presentation by the Public Archives to the Applebaum-Hébert Committee, and I quote:

> If the archives of a nation, a government or an organization are not preserved, then the history of that nation, government or organization will be forgotten, and the price which a people pay for the loss of their history is a misunderstanding of their roots, confusion in their identity and the misinterpretation or misrepresentation of the nature of their country.

[*English*]

"Of all our national treasures, the archives are the most precious. They are the legacy of one generation to another, and the quality of care we give them testifies to the quality of our civilization". This was said more than 50 years ago by a former Dominion Archivist, Arthur G. Daughty.

During second reading of this Bill, the previous Minister of Communications gave an eloquent explanation of the importance of the Archives. I want to quote him.

[*Translation*]

> If a people is not aware of its past, it has no identity. It suffers from amnesia. It does not know its strengths, it does not know its weaknesses and cannot build on its experience. It cannot leap forward because it lacks the starting block of history. It cannot legitimize its institutions or identify their responsibilities, anymore than it can determine the rights of individuals and groups.
>
> The original identity of our country, which we defend and strengthen, each in our own way, is partly reflected in our institutions and our present day way of life, but also in the roots of the present which we can find through the archives.
>
> These, according to Doughty, are the soul of a people, its collective memory. They are essential to a people's understanding of itself, its past, its present activity and its aspirations for the future.

[*English*]

I would like to add another dimension. Within the mission of the National Archives I want to underline how important it is to reflect the multicultural, multilingual background which is the tapestry and design that forms the background of Canada's beautiful landscape and guards and preserves for our children and our children's children the historical records of our society. It is from these very societies that we must seek to collect and preserve this historical documentation so that people see themselves reflected through their roots in our own archives. They are the archives of all the peoples of Canada, regardless of when they arrived on these shores.

That is one reason why I regret most sincerely that my first amendment was not accepted by the Government. It enlarged the interpretation of the Bill, because when we lose the history of the CNR or Air Canada, we lose a precious part of our heritage. There is a potential for loss when such preservation is not mandated.

Consultations with informed, interested and public minded citizens and other groups was absolutely key to this Bill's ability to truly fulfil its mandate. The considered opinions enabled the legislators in the House to perform our duties much more effectively. A key example of the vigilance that can be found in community based groups and by professional associations can be seen with respect to Clause 5(6) and Clause 6(4) of the original Bill.

In the original text of Bill C-7, before it was amended, documents relating to international relations or defence were to be exempted from the requirement that no documents be destroyed without the consent of the archivist. There were strong representations from such groups as the Social Science Federation, the Canadian Historical Association, and the Canadian Association of University Teachers, who felt that the reference to any record containing privileged information from a foreign state was far too broad. By exempting all such records from the National Archivist's control, irrespective of how much privileged information might be contained in them,

it was argued that too many valuable Canadian records could be destroyed on this ground and, therefore, lost forever. As a result of the strong arguments brought forth by these witnesses, this exemption was deleted.

In Clause 6(1)(b) and Clause 6(4) there were similar significant exemptions. Under its terms, records containing confidential information from a foreign Government or an international organization of states, dealing with either the conduct of international affairs, the defence of Canada or any of its allies, or the prevention or suppresion of subversive or hostile activities, were exempted from the provisions under Clauses 6(1)(b) and 6(4) unless the foreign entity in question consented to the transfer of the confidential records to the Archives. Witnesses as well were concerned about the National Archivist's ability to exercise full control over records containing valuable information. Once more, witnesses played a significant role in deletion of this clause and helped immeasurably in the improvement of this Bill.

Another significant change to the legislation was in the nomenclature. This change was proposed by the Government and myself. The former Dominion Archivist, Doctor Wilfrid Smith, the Social Science Federation of Canada, and the Association of Canadian Archivists recommended that the name given to the Archives should correspond to the existing patterns of other national cultural institutions such as the National Library, the National Arts Centre, the National Museums Corporation, and the National Film Board. We were also told during the hearings on Bill C-7 that of approximately 140 countries that are members of the International Council on Archives, approximately 130 have "National Archives" as their title. We are pleased that the Minister gave this new title to the Bill. It is now formally known as the National Archives and gives it a distinct definition from provincial archives and other municipal archives.

• (1620)

While I generally support Bill C-7 and am pleased with the changes passed by our legislative committee, there were two changes I would have liked to see incorporated into the new legislation. They involve the definitions given to "government institutions" and "ministerial records". The term "government institutions" is defined at Clause 2 to mean:

> A government institution listed in Schedule 1 to the Access to Information Act or the schedule to the Privacy Act or any institution designated by the regulations of the Governor in Council as a government institution for the purposes of this Act.

I did not find that large enough. I regret most sincerely it was ruled out of order because I really believe that boards, commissions or Crown corporations established by or under an Act of Parliament should be included along with, as I said, Air Canada, CN and CBC.

The term "ministerial record" in turn refers to:

> A record of a member of the Queen's Privy Council for Canada who holds the office of a Minister and that pertains to that office, other than a record that is of a personal or political nature or that is under the control of a government institution.

That particular definition is of great ongoing concern to me and I shall come back to that as I point out what my hon. colleague just recently underscored for us.

Of those who made written submissions or appeared before the committee, the majority felt that these definitions were too narrow and vague. They argued, and I argued, strongly that the Act should also apply to the records of Parliament, royal commissions of inquiry and Crown corporations as well as other institutions not listed in the relevant schedules of the Access to Information Act and the Privacy Act, that is, Air Canada, the Canadian National Railway and the CBC. It was suggested as well by the Association of Canadian Archivists that judicial records also be included.

It was widely held that unless the National Archives had jurisdiction over these records, an important part of Canada's heritage might be lost. Without effective control, historically valuable records might be dispersed or destroyed and research would accordingly be extremely difficult or impossible to carry out.

The Social Science Federation of Canada expressed its understanding of the desire of vital institutions such as the CBC or Parliament to preserve their independence. However, it felt that such freedom could and should be limited slightly to ensure that historical records were fully preserved. In its view, alternative arrangements could be made. For example, records scheduled for retention to the physical custody of the originating agency, should the latter not want them to be placed in the National Archives indefinitely, would be fine. It was for these reasons that I and my colleague, the Hon. Member for Broadview—Greenwood (Ms. McDonald), proposed amendments which would have addressed these very concerns and ensured access to records which now could potentially be lost forever.

Apart from the question of the too narrow definition of "government institution", some concern was also expressed in relation to the definition of "ministerial record". The *Institut d'Histoire de l'Amérique Française* pointed out the difficulty of establishing a clear distinction between records of a personal or political nature on the one hand and those which strictly relate to the office of a Minister, on the other hand. It was felt that the archivists should have the right to view all ministerial records and decide, in co-operation with the Minister, what records should be preserved. Again, this clause is not truly inclusive of all the areas which should be part of our collective memory over time.

I could not have said more eloquently than my colleague, the Hon. Member for Humber—Port-au-Port—St. Barbe (Mr. Tobin), who expressed his concern that Watergate could not be found out now as we pass this Bill into law. He points out that this is called the "cover-up" clause. The Minister may laugh all she wishes. I hope she is correct and that I am proven incorrect. As the clause now stands, it becomes a serious cover-up clause and even the findings of the Parker Inquiry would have been damaged had this present ministerial record held and the information we required from the Archives not been

recovered. I hope the Minister will pay attention to that particular reservation because it is most serious.

The Association of Manitoba Archivists and the Manitoba Council of Archives argued that a clearer definition of what constitutes a "ministerial record" should be found. I believe, and the amendment I proposed tries to make clear, that all ministerial records stemming from government activities ought to be deemed "public records" and transferred to the National Archives when the use for which they were originally created ceased. Documents relating to a Minister's private life and interests, of course, and perhaps political Party and constituency files, should be considered his or her private or personal papers and could be given to the Archives as, if and when the Minister might so desire. I really quite regret the decision taken in this area.

An enormous amount of space is required to store more than the billions of items, including 11 million photographs, maps and plans and 365 million pages of federal government documents which the Archives own. At present the Public Archives' holdings are scattered among seven different buildings throughout the National Capital region in addition to the main building which it shares with the National Library on Wellington Street. Not only are the spaces insufficient but the conditions within them, which I am sure the Minister knows, pose serious threats for the long-term preservation of the collections of the historical record, information and knowledge about our cultural heritage.

They are the background documents which define us as a distinct and proud nation. They are the record upon which we can build through film and videos our own heroes. They are key to much that is our future. Those stacks are overflowing in buidings which are not protected against humidity, theft, vandalism or water damage. As each day goes by, a lot of data, part of which is significant to our history, is being erased and is disappearing. It is not because the archivists do not care, it is because they do not have the resources to do their jobs properly.

Added to this is the fact that storage space is being shared with other organizations which all supposes control and security problems. Because holdings are spread among several locations, the records frequently have to be moved about. This repeated handling is another cause of damage, as are the changes in atmospheric conditions and contamination by insects. I sincerely hope that we can do something about this because the consequences of such a situation are disastrous.

During the last four years there have been no less than 45 emergencies. In some cases there were major floods causing irreparable damage and loss. In other cases, it was simply a leak or recurring leaks which damaged the collections. Over the long term, the documents in the Archives are attacked by mildew, oxidation, dust and unnecessary wear and tear. Now that the Government will have this new legislation, I sincerely hope a new facility will soon be announced to address these problems as I believe that successive Governments have, in the past many years, allowed this situation to arrive at such a critical state.

I would like at this moment to congratulate the Minister for bringing in this Bill. It is a fine New Year's present for Canadians as we become more sensitive to our place in world history and more appreciative of our profound cultural beauty and heritage. I hope we will have a new building to go along with the Minister's new Bill in the very new future.

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I have to concede, first, that my acquaintanceship with Archives policy has not been nearly as close as those who have sat through the excellent committee hearings that took place on this Bill. On the contrary, my role has been to use the Archives at different points in time. That is where I gleaned my knowledge of the Liberal Party in terms of its disastrous past and, hopefully, its limited future.

• (1630)

When the Bill was first introduced in the House it was a Bill which had in it a number of points that were quite seriously mistaken. This shows us how the parliamentary system by permitting input from sources outside the bureaucracy and outside the profession of archivists themselves is able to improve significantly on legislation.

When the Bill was first brought forward I recall making a speech in which I outlined some of the very considerable reservations which existed on the part of the Social Sciences Federation, for instance, with respect to the original Bill. It is a source of great pleasure to have seen this Bill referred to committee where the suggestions for change put forward by my colleague, the Hon. Member for Broadview—Greenwood (Ms. McDonald) and the Hon. Member for Mount Royal (Mrs. Finestone) were heard. It has been wonderful to see those changes and to see that the Bill before us is in a much improved form.

In view of this tremendous progress we recognize that this is an important piece of legislation. If my colleague from Broadview—Greenwood were here she would point out that there are areas in which problems remain, as with any piece of legislation. Therefore, I am pleased to be able to support this Bill on behalf of our Party for third reading.

Mr. Benno Friesen (Surrey—White Rock—North Delta): Mr. Speaker, I have but a short comment to make. The Hon. Member for Mount Royal (Mrs. Finestone) said that we needed her amendment. She said that the most glaring example which showed when we needed it was Watergate. I wish to point out to her that Watergate did not use the archives to expose the crime. It would have been a little late at that time to expose that particular incident.

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I wish to reply to the comment made by the Hon. Member for Surrey—White Rock—North Delta (Mr. Friesen). It may not have been exactly correct to use Watergate as an example. It

would be more exact if we had used the Stevens Inquiry as an example. A great deal of material used in that inquiry came from the Archives. If those documents had been judged confidential, private or political they would not have been available to that inquiry and therefore the people of Canada would not have known how this gentleman abused the system.

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

Some Hon. Members: Question.

Motion agreed to and Bill read the third time and passed.

SITTING SUSPENDED

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there have been discussions among the Parties. As the House is aware, we have passed several pieces of legislation this afternoon which are proceeding through the other place. Therefore, I believe Your Honour would find unanimous consent with respect to the passage of the following motion:

That this House suspend sitting to the call of the chair.

The Acting Speaker (Mr. Paproski): The House has heard the terms of the motion. Is it agreed?

Mr. Riis: Mr. Speaker, we are being asked to agree to adjourn the House to an unknown time. It may be an hour from now. It may be a day from now or perhaps even a week from now. We are all anxiously waiting because we have been informed that the Government plans to table a Ways and Means motion with respect to the softwood issue.

If we are being asked to co-operate and provide an open-ended invitation to recall the House whenever, perhaps in the middle of the night or early tomorrow morning, I think it is not unrealistic to expect the Government to explain just what its agenda is, if in fact the Parliamentary Secretary knows, rather than for him to ask us to buy a pig in a poke and agree to return sometime in the future. That seems a little vague.

Mr. Axworthy: Mr. Speaker, I rise on the same point of order.

The Acting Speaker (Mr. Paproski): Before I recognize the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy), I would point out that the House cannot control what goes on in the Senate. I regret that there is nothing we can do about that. I will listen to other points of order. The Hon. Member for Winnipeg—Fort Garry.

Mr. Axworthy: Mr. Speaker, I rise on the same point of order. This is a matter which is not in the normal, ordinary routine simply waiting for the Senate to dispatch its business. We have been given some advance notice that there could be a Ways and Means motion tabled. We do not know for sure if it will be. Obviously, it will have major implications for us in terms of managing the business of the House and where we go from here.

It would seem to me that, since the Deputy House Leader asks for the co-operation of members of the Opposition, we can invite some co-operation in return. In this way we would be able to receive at short order what it is that the Government plans to do and whether in fact it is its intention when the House resumes to table a Ways and Means motion. I think that is the least that we can request from the Government.

Mr. Gauthier: Mr. Speaker, I just want to add a few comments. First, we have had a rather good day today, a very profitable day as far as the Government is concerned in terms of Bills. We have operated on gentlemen's agreements all day. I would hate like heck to see the Government try to bootleg something while we are waiting somewhere for the House to be recalled. I wonder if we can have a commitment from the Parliamentary Secretary that once the Government has its act together as to whether or not it will table a Ways and Means motion we can be advised with an appropriate amount of time. Will the Chair tell us if the bells will ring to give us fairly good notice with respect to when the House will be recalled?

Mr. Lewis: Mr. Speaker, I appreciate that we have moved a great deal of legislation through the House with the co-operation of both opposition Parties. This is important legislation which requires Royal Assent, especially the Bill with respect to the Unemployment Insurance Act to ensure that the benefits are paid appropriately in the various regions. I am sure no one wants to jeopardize that particular Bill.

Mr. Riis: Or be threatened.

Mr. Lewis: I will not respond to that comment.

My colleagues have asked me on the floor of the House about something about which I have no knowledge. However, if there is concern among my colleagues with respect to any action which may take place other than that action which we have discussed, that is, a motion with respect to the sitting of the House—if that wording is precise enough for some of my colleagues—and the return of the Chair for Royal Assent, I undertake on behalf of the Government to have the necessary consultations with my colleagues in the other two Parties prior to any such action taking place.

Mr. Turner (Vancouver Quadra): With appropriate notice?

Mr. Lewis: Yes.

• (1640)

Mr. Gauthier: Mr. Speaker, I accept the commitment as I believe the hon. gentleman to be truthful. I will simply repeat my last question. Will the bells ring to give us notice of when the House is to be called back? How long will the bells ring?

The Acting Speaker (Mr. Paproski): All hon. gentlemen are truthful.

Mr. Riis: Mr. Speaker, as we have heard on a number of occasions, this has been a most productive day. There has been

co-operation on all sides of the House. It is now 20 minutes before the time at which we would normally adjourn and we are being asked to agree to adjourn the House until some time in the future.

Today is an important day. This is an extraordinary moment. We understand the government plans to introduce a Ways and Means motion which will have extremely important implications on all parts of Canada. This is not a usual Friday and it is not a usual last day before the Christmas recess.

Does the Parliamentary Secretary know approximately when we might expect to be recalled? Will it be within the hour? Will it be some time before midnight? Will it be some time tomorrow, or will we simply have to accept an open-ended invitation?

The Acting Speaker (Mr. Paproski): Order, please. I think that will be decided by the Chair. I will give the Hon. Member a half-hour bell, if that will be sufficient. We cannot determine what will happen in the other place. Does the Hon. Member for Kamloops—Shuswap (Mr. Riis) agree that a half-hour bell would be sufficient?

Mr. Riis: Mr. Speaker, I would agree that a 15-minute bell would be sufficient. Again, I would like to think that we could have some understanding that the Government will expedite its own business, other than that with which we are dealing today, and if it wants to introduce legislation, it ought to do so at an appropriate time.

The Acting Speaker (Mr. Paproski): The sitting is suspended to the call of the Chair.

At 4.43 p.m. the sitting of the House was suspended.

SITTING RESUMED

The House resumed at 5.37 p.m.

BUSINESS OF THE HOUSE

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there has been discussion with the House Leaders of the other two Parties and I think you will find acceptance to the following motion being put:

That when the House adjourns this day, it shall stand adjourned until 11 o'clock a.m. on Monday, January 19, 1987;

That, for the purposes of Standing Order 4, the first sitting day in 1987, shall be deemed to have been January 12, 1987;

That on Monday, January 19, 1987, the House shall continue to sit between the hours of 6 o'clock p.m. and 9 o'clock p.m. for the purpose of considering Government Orders;

That on Tuesday, January 20 and Thursday, January 22, 1987, the House shall continue to sit between the hours of 1 o'clock p.m. and 2 o'clock p.m., and 6 o'clock p.m. and 9 o'clock p.m. for the purpose of considering Government Orders; and

That the proceedings in relation to Standing Order 66, on those days, shall be taken up at 9.00 o'clock p.m.

The Acting Speaker (Mr. Paproski): The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

* * *

MESSAGE FROM THE SENATE

The Acting Speaker (Mr. Paproski): I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill C-35, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1987.

I also have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed the following Bills, without amendment:

Bill C-14, an Act to amend the Excise Tax Act and the Excise Act;

Bill C-16, an Act to amend the Unemployment Insurance Act, 1971;

Bill C-17, an Act to amend the Petroleum and Gas Revenue Tax Act and the Income Tax Act and to repeal the Petroleum and Gas Revenue Gas Tax Act;

• (1740)

Bill C-23, an Act to amend the Income Tax Act and a related Act;

Bill C-25, an Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith;

Bill C-34, an Act to amend the Immigration Act, 1976; and

Bill C-36, an Act to amend the Salaries Act.

THE ROYAL ASSENT

[*English*]

The Acting Speaker (Mr. Paproski): I have the honour to inform the House that a communication has been received which is as follows:

Government House,
Ottawa

December 19, 1986

Sir,

I have the honour to inform you that the Honourable Gerald Eric LeDain, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy

Governor General, will proceed to the Senate Chamber today, the 19th day of December, at 4.55 p.m., for the purpose of giving Royal Assent to certain Bills.

Yours sincerely,
Léopold H. Amyot
Secretary to the Governor General

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I would like to take this opportunity, while we still have a few minutes left, to offer the entire staff of the House of Commons and all those people who work so hard for us, our best wishes for a Merry Christmas and a Happy New Year. I admit there is a new ambience in the House, and I must say it does make it more pleasant to work with the Government, although that is not necessarily always the case. However, I would also like to wish my hon. friends opposite a Merry Christmas and a Happy and Prosperous New Year, and I hope that 1987 will be a good year for us and perhaps for them as well, if they behave.

[*English*]

Mr. Mazankowski: Mr. Speaker, I was going to make some comments before I move the motion to adjourn. However, since the opportunity has now presented itself, may I also, on behalf of our Party, express to you, Mr. Speaker, and to your colleagues, who occupy the chair at various times, our best wishes for a Merry Christmas, Happy New Year and happy holiday season. I want to thank you very much, from our standpoint, for your tremendous co-operation and support over the course of the last number of months. I also want to thank the Clerk of the House and the Table Officers for their support, as well as the Pages for the very good work they do, but most of all I appreciate the tremendous support and co-operation we received from the Table.

I wish all my hon. friends and colleagues a very happy holiday season. I know we are all extending the holiday break but I think it is well deserved. I wish you all a very happy holiday season.

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

Mr. Speaker, the Honourable Deputy to the Governor General desires the immediate attendance of this Honourable House in the Chamber of the Honourable the Senate.

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

And being returned:

• (1750)

The Acting Speaker (Mr. Paproski): Order, please. I have the honour to inform the House that when the House went up to the Senate Chamber the Deputy Governor General was pleased to give, in Her Majesty's name, the Royal Assent to the following Bills:

Royal Assent

Bill C-4, an Act to amend the Railway Act—Chapter 49.

Bill C-20, an Act to amend the Senate and House of Commons Act—Chapter 50.

Bill C-26, an Act to amend the Coastal Fisheries Protection Act—Chapter 51.

Bill C-31, an Act to amend the Farm Improvement Loans Act—Chapter 52.

Bill C-32, an Act to amend the Fisheries Improvement Loans Act—Chapter 53.

Bill C-14, an Act to amend the Excise Tax Act and the Excise Act—Chapter 54.

Bill C-23, an Act to amend the Income Tax Act and a related Act—Chapter 55.

Bill C-16, an Act to amend the Unemployment Insurance Act, 1971—Chapter 56.

Bill C-25, an Act to authorize the divestiture of Canadair Limited and to provide for other matters in connection therewith—Chapter 57.

Bill C-17, an Act to amend the Petroleum and Gas Revenue Tax Act and the Income Tax Act and to repeal the Petroleum and Gas Revenue Tax Act—Chapter 58.

Bill C-34, an Act to amend the Immigration Act, 1976—Chapter 59.

Bill C-36, an Act to amend the Salaries Act—Chapter 60.

Bill S-3, an Act to amend and repeal The Alliance Nationale Consolidated Act, 1945.

Bill C-29, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1987—Chapter 61.

Bill C-35, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1987—Chapter 62.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I move:

That the House do now adjourn.

Mr. Nickerson: Mr. Speaker, point of order—

The Acting Speaker (Mr. Paproski): I regret that I cannot hear the Hon. Member's point of order.

The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

• (1800)

Mr. Gauthier: Debate!

Mr. Turner (Vancouver Quadra): On a point of order then.

The Acting Speaker (Mr. Paproski): I regret but that is not a debatable motion. Accordingly, pursuant to order made earlier this day, the House stands adjourned until Monday, January 19, 1987, at 11 o'clock a.m., pursuant to Standing Order 3(1).

At 6.02 the House adjourned until January 19, 1987, pursuant to Special Order.

HOUSE OF COMMONS

Monday, January 19, 1987

The House met at 11 a.m.

[*English*]

HOUSE OF COMMONS

Mr. Speaker: I would like to welcome all Hon. Members back with a few words.

[*Translation*]

Before going on to Routine Proceedings, I would like to express my sincere thanks to all Hon. Members for the support they have given the Chair during the previous three months.

On this occasion I also wish to offer Hon. Members my best wishes and reiterate the commitment I made upon my election last fall.

This session's business promises to be very interesting, and I know that in the course of my duties I shall be able to count on the support of all Hon. Members.

[*English*]

I welcome all Hon. Members back. The Chair is convinced that things will be interesting. I welcome you all back in the best of fraternal amity which I hope will be extended across both sides of the House.

Some Hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

[*English*]

WAYS AND MEANS

TABLING OF NOTICE OF MOTION

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, pursuant to Standing Order 84(1), I have the honour to lay upon the table a notice of a Ways and Means motion to impose a charge on the export of certain softwood lumber products.

Pursuant to Standing Order 84(2), I ask that an Order of the Day be designated for the consideration of the said motion.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I rise on a point of order. On behalf of the Government I would like to welcome all Hon. Members back and to extend our best wishes to you, Sir. I observe from your opening comments that you are in your usual good humour. I think that will have a major bearing upon the proceedings of the House during the next while.

There have been short preliminary discussions pertaining to the notice of Ways and Means motion which the Hon. Minister of International Trade (Miss Carney) has just laid upon the table. The Bill is printed and ready for introduction. I am advised that the Bill is identical to the Ways and Means motion. We would be prepared to deal with this issue later this day. However, as you and Hon. Members know, Sir, this would require unanimous consent. I would not expect to receive an immediate response from the Opposition House Leaders, but I invite them to consider the matter. Perhaps they may want to advise us of their decision later this day.

A debate on this issue could take place at 3 o'clock this afternoon, or even at 6 o'clock inasmuch as we are on extended hours today, tomorrow and Thursday. I make that proposition to Hon. Members opposite. We are certainly prepared to try to work out arrangements which would be satisfactory to all.

Hon. Herb Gray (Windsor West): Mr. Speaker, we, of course, have not seen the Ways and Means motion on which the Bill is based. It will be understood that we will have to reserve our position until we have had an opportunity to study the motion. This is a very serious and complex matter. We will be willing to consider the proposal of the Government House Leader, but in view of our opposition to the course of action undertaken by the Government on softwood lumber as represented by the Ways and Means motion, we will have to give careful thought to the best way to deal with this.

While I reciprocate in one way the Government House Leader's wishes for the new year, I can only repeat the saying of an oriental culture, that it is either a blessing or a curse to extend the wish to people that they live in interesting times. I am sure we have begun another stage in that regard. To answer the question about how interesting they will be, we will have to consider the Government House Leader's proposal in light of our own assessment of the Ways and Means motion. I will get back to him on this as soon as possible later this day.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, there were both formal and informal discussions earlier today. Based on the content of the Bill, it would be our intention to provide total co-operation in an effort to begin debate later today. I note that the next item on the agenda is Statements by Ministers. Since the Minister for International Trade (Miss Carney) was not in the country and Parliament was not in session when the actual signing of the agreement took place, one presumes that on this the first sitting day of the new year,

the Minister will stand in her place in a few moments and make a statement to the House of Commons to clarify a variety of issues. Her comments in that statement may help us to determine whether we plan to co-operate with the Government's initiative.

• (1110)

Mr. Lewis: Mr. Speaker, I just wanted to ensure that the discussion on that matter was finished.

* * *

[*Translation*]

PETITIONS

GOVERNMENT RESPONSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 106(8), I have the honour of tabling, in both official languages, the Government's response to Petitions Nos. 332-90, 332-101, 332-106, 332-107, 332-110, 332-116, 332-122, 332-128 to 332-130 inclusive, 332-137, 332-149, 332-152, 332-160, 332-168 to 332-184 inclusive, 332-189 to 332-229 inclusive, 332-233 to 332-240 inclusive, 332-289, 332-290, 332-292, 332-316, 332-318, 332-330, 332-339, 332-340, 332-342, 332-398 and 332-439.

* * *

[*English*]

POINTS OF ORDER

REQUEST FOR STATEMENT BY MINISTER—SOFTWOOD LUMBER

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, is it the intention of the Government not to use this first opportunity back to have the Minister for International Trade (Miss Carney) make a statement on the decision of the Government to proceed with the tax proposal?

Mr. Benjamin: Somebody. Anybody.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I think that is really not in order. Secondly, we have offered to debate this issue in its fullest, its content as well as the actions taken by the Minister for International Trade (Miss Carney) and by this Government. We would like to get on with the debate on the Bill in question, which seems to be occupying a great deal of the interest of Hon. Members opposite.

An Hon. Member: And the country.

Mr. Mazankowski: That is right, indeed, the country, and the Government are only too anxious to get into the meat of the Bill. We will be very glad to do so. Of course, I have today provided the opportunity to expedite that process and I do not think we should be sidetracked by any phony points of order.

Some Hon. Members: Oh, oh!

An Hon. Member: That is no way to start off.

Mr. Gauthier: Happy new year.

Mr. Riis: Mr. Speaker, on a new point of order?

Mr. Speaker: Order, please. I think it is necessary that all Hon. Members consider carefully that at the moment, certainly as the Chair sees it, there does not seem to be any Minister rising on Statements by Ministers in this regard.

The Hon. Member for Kamloops—Shuswap (Mr. Riis) has asked specifically if at this time any statement is to be made by the Government. The Government has indicated not at this time. However, it is my understanding that what the Government is proposing is that the Right Hon. Leader of the Opposition (Mr. Turner) and the Parliamentary Leaders of the Official Opposition and the New Democratic Party consider whether it would be appropriate in their consideration to commence proceedings on the Ways and Means Motion and the legislation which goes with it which has been tabled by the announcement of the Minister this morning.

That is the situation as the Chair sees it. Unless someone has something of great pertinence to add, I think that is where the matter ought to be left until the appropriate Hon. Members and Ministers in the Chamber decide whether they have something to bring back to my attention later on today.

I am very grateful for the comments of all Hon. Members. However, I think that probably closes off this exchange. As I understand it, and I do not want any doubt about this, the Chair will be expecting some response back from the Government or the Opposition to indicate just how any discussions have gone which may well flow from the exchange of remarks this morning.

I would ask all Hon. Members, since we are back after Christmas and this is the new year, as of course I know all Hon. Members will want, to treat the interventions of all Hon. Members and Ministers with the greatest respect and dignity, gentleness and kindness.

Mr. Gauthier: May I just ask for your co-operation, Sir? I have asked for a copy of the Ways and Means Motion from the Table and I have been told just a few moments ago that a copy is not available to Members of Parliament before the next half hour or so. I wonder if the Table could accelerate the process so we can all receive copies of the so-called Ways and Means Motion.

Mr. Speaker: I thank the Hon. Member for the intervention and I will see what I can do to assist.

TRANSPORTATION—REQUEST FOR STATEMENT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, on a new point of order, I ask for some guidance. During the recess, the Prime Minister (Mr. Mulroney) saw fit to ask for the resignation of a very critical Cabinet Minister at a time when we are debating the most important piece of transportation legislation which this House has seen in many decades. Again I was assuming that under Statements by Ministers the Prime Minister (Mr. Mulroney) or the Deputy House Leader would use the opportunity to give an explanation as to why the Government decided to act on this matter during the recess.

Mr. Speaker: I thank the Hon. Member for the point he raised. However, I think clearly the Minister should not rise on that point or any other at this time. I point out to all Hon. Members, and to Canadians in general, that there will, of course, be the usual Question Period this afternoon and Hon. Members, of course, will use their own discretion as to what matters will be raised. The Minister, I am sure, will be here to respond.

* * *

PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I have the honour to present a petition under the provisions of Standing Order 106 which comes from people residing in Chatham and London and several other Ontario cities. They say the federal Government's proposal to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers and severely restrict the ability of average Canadians to buy necessary prescription drugs. Therefore, they humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

[*Translation*]

Mr. Cyril Keeper (Winnipeg North Center): Mr. Speaker, I have here a petition signed by a number of Canadians who wish to express their concerns about to the Patent Act, especially in connection with the patents on pharmaceutical products, which will increase the price of drugs for Canadian consumers and make it increasingly difficult for many people to purchase the drugs they need. These Canadians are asking Parliament to reject the proposed changes that will increase the price of drugs.

[*English*]

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, I have three different petitions to present. The first petition relates to changes to the patent law which would result in higher drug prices. The petitioners point out that this will unfairly hurt those who depend on the purchase of prescription drugs and will also create a problem for provincial drug plans.

The petitioners call upon Parliament to reject the proposals which will increase prescription drug prices for Canadians.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. Jim Manly (Cowichan—Malahat—The Islands): My second petition, Mr. Speaker, relates to the low level flight training of pilots of NATO countries at the Canadian Forces Base in Goose Bay, Labrador. The petitioners point out that this interferes with the life of the native people there and that there are other economic options which should be pursued. The petitioners call upon Parliament to ensure that the Prime Minister (Mr. Mulroney) ends all low-level flight training at the Goose Bay Canadian Forces Base and cease negotitions with NATO for a NATO base there.

UNEMPLOYMENT INSURANCE—POSSIBLE LOSS OF BENEFITS

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, my third petition relates to the question of fishermen and unemployment insurance. The petitioners fear there is a possibility that the Unemployment Insurance Program will be amended in such a way that they will lose the rights they have at present under the Unemployment Insurance Program. They point out the importance of that program to fishermen and call upon the Minister of Employment and Immigration (Mr. Bouchard) to reject any recommendations which would deprive them of their right to collect unemployment insurance.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Derek Blackburn (Brant): Mr. Speaker, I too have a petition from several people who reside in Kitchener, Waterloo, New Hamburg, St. Thomas and other cities in Ontario with respect to Bill C-22. The petitioners are extremely concerned that tampering with the Drug Patent Act will result in much higher prices for prescription medication, and they call upon the Government to withdraw the Bill.

[*Translation*]

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have the honour to present two petitions to the House of Commons. The first one bears the signatures of 50-odd Canadians from Alma, Harvey and Baie-Comeau, which happens to be the home town of the Prime Minister. They object to the statements of the Government concerning patents, especially as they relate to pharmaceutical products. They are convinced that the federal Government proposals will lead to higher provincial health insurance costs. They humbly call upon Parliament to reject these proposals which will boost drug prices paid by Canadian men and women.

• (1120)

[*English*]

Mr. Speaker, the second petition I have is signed by a number of Canadians who live in the region of Stoney Creek and the great riding of Hamilton Mountain. These citizens also object to the proposals of the federal Government with respect to changes to the Patent Act which they believe will

severely restrict the ability of average Canadians to buy necessary prescription drugs. Because they believe these changes are another example of Canadian government concessions to the United States in the free trade negotiations, at the expense of average Canadians, they call upon the Government to reject the proposals and the increases in prescription drug prices for Canadians which would result.

Ms. Copps: Mr. Speaker, I rise on a point of order. I know that the residents of the entire Hamilton area should be well represented. However, the City of Stoney Creek is in the riding of Lincoln.

Mr. Speaker: I thank the Hon. Member for Hamilton East (Ms. Copps) for pointing out that geographic fact. Perhaps the Hon. Member for Ottawa Centre (Mr. Cassidy) and the other Hon. Member would like to discuss from exactly where these petitions come. However, under the rules of the House the petition will be received and dealt with in the appropriate manner.

Mr. Les Benjamin (Regina West): Mr. Speaker, I have the honour and duty to present two petitions to the House today. The first is from an organization known as Senior Power. It is signed by a number of citizens who live in the City of Regina, the Queen City. In their petition they state that the Government's proposals to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers and severely restrict the ability of average Canadians to buy necessary prescription drugs. Therefore they petition the Parliament of Canada to reject these proposals because they will increase drug prices for all Canadians.

TRANSPORTATION—ECONOMIC REGULATORY REFORM

Mr. Les Benjamin (Regina West): Mr. Speaker, the other petition I have is signed by a number of Canadians who live in Ontario, particularly in Sault Ste Marie, Bruce Mines and a number of locations in northern Ontario. In their petition they indicate that in their opinion transportation is a natural monopoly without economic regulation and that economic regulatory reform of the dimensions proposed by the Government in Bill C-18 will create unnecessary chaos in the transportation industry. They call upon this House to have the Government withdraw Bill C-18 and to retain public convenience and necessity as a fundamental factor in the development of public transportation policy in Canada.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Rod Murphy (Churchill): Mr. Speaker, I also have the honour to present a petition on behalf of Canadian residents who express their opposition to the Government's intention to change the Patent Act as it relates to prescription drugs. In their petition they state their belief that this measure will increase drug prices for Canadian consumers and severely restrict the ability of average Canadians to buy necessary prescription drugs. They also believe that this measure is another example of Canadian government concessions to the United States in the free trade negotiations at the expense of average Canadians.

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, I have a petition from residents of the Town of Humboldt who point out that the proposed changes to the Patent Act relating to prescription drugs will increases drug prices for Canadian consumers, severely restrict the ability of the average Canadian to buy necessary prescription drugs, unfairly hurt those Canadians whose health needs require the purchase of prescription drugs on an ongoing basis, and that this measure will result in higher costs to provincial government drug plans. Therefore, they call upon Parliament to reject these proposals which will increase prescription drug costs for all Canadians.

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I have a petition which, as with those we presented last year, carries forward the objections many Canadians have to the suggested changes which are now before the House with respect to drug legislation. In this case the petition is from citizens living in the Province of Ontario. In particular they object to the considerable concessions which they see being made in this case, as in so many others, with respect to and in response to the free trade discussions with the United States.

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, I am pleased to join with my colleagues in presenting one of a number of petitions received in protest to the changes in the Patent Act which will ultimately result in higher drug prices. They also protest the fact that this legislation represents another example of obsequious concessions to the Americans to obtain a free trade agreement.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, pursuant to the provisions of Standing Order 106 I have the honour to present a petition on behalf of a number of Canadians who are concerned about the Government's proposal to change the Patent Act, which they claim will increase drug prices to Canadian consumers and severely restrict the ability of average Canadians to buy necessary prescription drugs. They call upon the Government to reject these proposals which they feel will increase prescription drug prices for Canadians.

RESEARCH—OPPOSITION TO CUT-BACKS

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I would also like to present a petition on behalf of a number of Canadians who are concerned about government cut-backs to the National Research Council which they claim is causing disruption of scientific acitivity and threatening the economic future as well as the health and safety of Canadians. The petitioners ask the Government to rescind the funding cut-backs to the National Research Council, including all the consequent terminations and cut-backs in research activities and to provide funding for the space program from sources other than the NRC budget or any existing scientific program. They ask the Government to develop a national policy for research, science and technology based upon a target of 2.5 per

cent of the GNP to be devoted to research and development in Canada.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 49, 50, 52 and 53.

[*Text*]

PERMITS AUTHORIZED UNDER EXPORT CONTROL LIST

Question No. 49—**Mr. Riis:**

For the period January 1 to November 28, 1986, did the Government authorize permits for the export of any goods falling under Section 7 of the Export Control List where the destination of the said goods was (*a*) Chile (*b*) Syria (*c*) Iran (*d*) Pakistan (*e*) Iraq (*f*) Honduras (*g*) Guatemala (*h*) Nicaragua (*i*) Indonesia (*j*) Libya (*k*) Lebanon (*l*) South Africa (*m*) Mozambique and, if so, in each case, what was the total value of these export permits?

Right Hon. Joe Clark (Secretary of State for External Affairs): Permits for export of any goods falling under Section 7 of the Export Control List. For the period January 1—November 28, 1986.

Country	Permits Issued	Total Value
Chile	yes	$11,261,150
Syria	yes	$ 441,000
Iran	no	
Pakistan	yes	$2,056,734
Iraq	no	
Honduras	no	
Guatemala	no	
Nicaragua	no	
Indonesia	yes	$2,156,107
Libya	no	
Lebanon	no	
South Africa	no	
Mozambique	no	

COMMISSION OF INQUIRY INTO UNEMPLOYMENT INSURANCE

Question No. 50—**Mr. Rodriguez:**

1. (*a*) Since its inception, what was the total cost incurred by the commission of inquiry into unemployment insurance (*b*) what was the total renumeration in salary and expenses received by the Commissioners?

2. To date, what was the number of employees employed by the Commission and how much have they been paid?

3. Did the Commission award contracts to study the unemployment insurance system and, if so (*a*) how many (*b*) at what cost (*c*) to whom?

Hon. Benoît Bouchard (Minister of Employment and Immigration): 1. (*a*) The total cost was $4,671,000 (from inception to November 30, 1986). There are approximately $530,000 in outstanding commitments.

	Honorarium	Expenses
Claude Forget	$174,937	$ 34,862
Roy Bennett	$ 36,600	$ 20,642
Mo Morgan	$ 75,800	$ 37,064
Jack Munroe	$ 40,800	$ 26,895
Guylaine Saucier	$ 34,800	$ 14,144
Frances Soboda	$ 78,400	$ 43,594
Total	$441,337	$177,201

2. There were 32 employees. Average salary of these employees is $26,520.

3. Yes. (*a*) 25. (*b*) $486,614.

c) Desmond John Byrne Canada East West Ltd. Jean David J. Davidson-Palmer and Associates Decima Research Pierre Dufour Grady Economics R.D. Hood Economics Inc. Informetrica ISMEA (Institut de Sciences Mathématiques et Economiques Appliquées) Karyo Communications Inc. Walter Nicholson Lars Osberg W. Craig Riddell Abraham Rotstein (2) St. Louis and Associates St. Louis and Shabbas Irving R. Silver Associates Monica Townson Associates Martin Weitzman Arthur Andersen and Associates Gerald Beaudoin Paul Dickinson Gardner-Pinfold Consulting Econ. Ltd.

DSS—MOVE OF MONT-JOLI OFFICE TO RIMOUSKI, QUE.

Question No. 52—**Mr. Boudria:**

1. Did the Department of Supply and Services recently move its Mont-Joli office to Rimouski, Quebec and, if so, for what reason?

2. What was the (*a*) total cost (*b*) cost for (i) moving (ii) leasing new offices (iii) purchase or lease of new furniture (iv) relocation of employees (v) rental on the vacated location (vi) legal fees?

3. Where there other costs involved with this move and, if so, what were they?

Hon. Monique Vézina (Minister of Supply and Services): 1. The Mont-Joli office was moved on November 28, 1986. The recommendation to transfer the operations of our office from Mont-Joli to Rimouski was proposed in a study which was done by the Quebec Region Supply Centre on May 26, 1986.

This recommendation noted the following: (i) Rimouski is the largest commercial and industrial centre of the region; consequently, it allows us to get closer to our most important suppliers.

(ii) It is preferable to operate in the same area as our principal suppliers, since this facilitates our contacts with them, and permits us to accomplish more efficiently our objectives related to: (a) Suppliers awareness program (b) Identification of new sources of supply (c) Activities aimed at the development of businesses

(iii) The suppliers of the Mont-Joli region will not be affected, since they still will have access, as in the past, to the federal government contracts.

2. (a) See answer to 2(b).

(b) (i) Cost related to the moving: $1,985.20. This amount will be the responsibility of Public Works Canada.

(ii) Leasing cost of the new offices: $6,650 from December 1, 1986 to March 31, 1987.

(iii) Purchasing of leasing cost of new furniture: None. (No purchasing or leasing of furniture).

(iv) Relocation of two employees: Real cost estimated at $3,200.

(v) In the event that Public Works Canada cannot find new tenants for the space at the Mont-Joli office (120.8 square meters), Public Works Canada estimates that it would cost Supply and Services Canada, $975. a month for the remainder of the 18 month lease.

(vi) No legal fees were incurred.

3. Reinstallation of telephone lines. This cost if $457.80.

COMMISSION OF INQUIRY INTO UNEMPLOYMENT INSURANCE

Question No. 53—**Mr. Rodriguez:**

Since the inception of the commission of inquiry into unemployment insurance what was the total renumeration in salary and expenses received by each Commissioner?

Hon. Benoît Bouchard (Minister of Employment and Immigration): See reply to Question No. 50 answered this day.

[*Translation*]

Mr. Lewis: Mr. Speaker, I ask that the remaining questions be allowed to stand.

Mr. Speaker: The questions enumerated by the Parliamentary Secretary have been answered. Shall the remaining questions stand?

Some Hon. Members: Agreed.

* * *

[*English*]

MOTION TO ADJOURN UNDER S.O. 29

TRADE—PROPOSED EXPORT TAX ON CANADIAN SOFTWOOD LUMBER

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, pursuant to the provisions of Standing Order 29 I ask leave to move a motion to adjourn the House for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the signing and implementing of an agreement with the United States to impose a 15 per cent export tax on certain Canadian softwood lumber products being shipped to the United States.

This agreement deprives the Canadian industry of up to $600 million annually, throws thousands of forestry workers out of work, imperils Canadian sovereignty, allows the U.S. Government the power to veto actions of the federal and provincial levels of Government to assist Canadians in the industry, thereby invading our sovereignty, imposes a retroactive tax on Canadians without parliamentary approval, or even parliamentary debate, and sets an unwelcome and dangerous precedent on Canada's ability to establish its own natural resource policy and its own export potential.

Some Hon. Members: Oh, oh!

• (1130)

Mr. Speaker: I advise Hon. Members that I have received notice of the application that has just been made to the Chamber by the Right Hon. Leader of the Opposition (Mr. Turner). I have also received an application for an emergency debate on the same subject matter.

I think that the Hon. Member for Fundy—Royal (Mr. Corbett) wishes to make some comments, and I welcome those comments at this time.

Mr. Bob Corbett (Fundy—Royal): I was delighted this morning to hear the Government make the offer of introducing the legislation at the earliest possible convenience. I was also pleased to hear the response from the NDP that they were in agreement with that. I also hope that the Liberals will give their consideration to that offer by the Government. If debate is entered into today on the Bill, this would make my application redundant. I will await your decision, and the decision of the Official Opposition.

My request under Standing Order 29 is based on the recent decision to impose a 15 per cent export tax on softwood lumber which has caused grave concern among Maritime lumber producers. Many producers fear for the economic viability of their operations, and the jobs dependent upon their competitiveness.

The agreement imposes the tax upon all but five Maritime softwood producers that previously enjoyed exemptions from such action. The consequence of such a decision creates a situation whereby the livelihood of Maritime softwood producers is threatened by an action designed to resolve a problem created by extremely low stumpage fees in British Columbia, Alberta, Ontario, and Quebec.

Many lumber producers fear that they will not survive if they are required to pay not only the highest stumpage fees in Canada, but also an additional 15 per cent tax on their exported products. There is also a very real concern that the lumber market within the Maritime provinces may be swamped by western lumber seeking refuge from the tax.

Mr. Speaker: Order, please. The Hon. Member is referring to the letter that he has sent to the Speaker, which I have read. In view of the fact that the Right Hon. Leader of the Opposition (Mr. Turner) was very succinct on the basis of the

application, I am sure that the Hon. Member would perhaps feel that the point has been made. All Hon. Members, and the voters that he represents, will know that that matter is receiving the attention of the Chair. I thank the Hon. Member for his intervention.

* * *

MOTION TO ADJOURN UNDER S.O. 29

FREE TRADE NEGOTIATIONS—CANADA-U.S. AUTO PACT

Hon. Herb Gray (Windsor West): Mr. Speaker, pursuant to Standing Order 29, I ask leave to propose a motion to adjourn the House for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the new American demands, as expressed by Chief Negotiator Murphy, that the Canada-U.S. Auto Pact be made an integral part of the free trade negotiations with the United States. This serious development demands immediate parliamentary discussion because of the importance of the continuation of the Pact and its safeguards for the preservation of thousands of Canadian jobs, and the well-being of the entire Canadian economy.

[*Translation*]

Mr. Speaker: I am very grateful to the Right Hon. the Leader of the Opposition (Mr. Turner (Vancouver Quadra)), the Hon. Member for Windsor West (Mr. Gray), and the Hon. Member for Fundy—Royal (Mr. Corbett) for their interventions. Both issues are very important to all Canadians but, especially in view of statements made earlier in this House by the Deputy Prime Minister (Mr. Mazankowski) and other Hon. Members, I think that the best thing I can do now is defer my ruling until 3 o'clock this afternoon.

* * *

[*English*]

POINT OF ORDER

ROYAL ASSENT—DIGNITY OF PROCESSION

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, I rise on a point of order which relates to an occurrence that took place immediately prior to adjournment on December 19, 1986. This is the first opportunity I have had to bring it to your attention.

At that time Members of this House were proceeding, in accordance with the desire of His Honour, the Deputy Excellency the Governor General, from the Commons to the Senate Chamber to witness the Royal Assent to Bills. The traditional and solemn procession was invaded by TV cameras and boom microphones. I believe at the time they were after the Deputy Prime Minister (Mr. Mazankowski). The operators literally became part of the procession. Because many of them were walking backwards, they physically impeded the Members who were participating in this procession. There is no objection to the taking of pictures from the sidelines. But to become part of the procession is surely contrary to the rules that we have in effect.

Is it possible, Your Honour, that action be taken so that this is not repeated, and so that in future this procession can take place with all due decorum?

Mr. Ouellet: Mr. Speaker, I rise on the same point of order.

I would like to indicate to you, Mr. Speaker, that if the House implemented the specific recommendation that the McGrath Report made in this regard, that is, to abolish this practice, the incident the Hon. Member talks about would not have occurred. I hope that the new Government House Leader (Mr. Mazankowski) in his wisdom will make sure that this one small recommendation of the report is implemented as quickly as possible.

Mr. Speaker: I wish to advise the Hon. Member for Western Arctic (Mr. Nickerson), and the Hon. Member for Papineau (Mr. Ouellet), that the Chair will take with some concern the representations that have been made. We will consider what can be done to maintain the dignity of these proceedings, if indeed it is appropriate to continue these proceedings in the manner in which they are presently done. It is a matter which is before the board of internal inquiry. I know that the Hon. Member for Papineau will ensure that the matter will be on the agenda this week. I thank the Hon. Member for the intervention.

Orders of the Day.

• (1140)

GOVERNMENT ORDERS

[*Translation*]

NATIONAL TRANSPORTATION ACT, 1986

MEASURE TO ESTABLISH

The House resumed from December 19, 1986, consideration of the motion of Mr. Crosbie (St. John's West) that Bill C-18, an Act respecting national transportation, be read the second time and referred to a legislative committee.

Hon. André Ouellet (Papineau): Mr. Speaker, today the House is about to continue debate on Bill C-18, also known as the National Transportation Act, 1986. The purpose of this Bill is to revise the existing National Transportation Act introduced by the Hon. Jack Pickersgill in 1967, legislation that has served the Canadian economy very well during the past twenty years.

Now, it is perfectly normal to want to make certain changes to improve a piece of legislation, but this attempt by the government to turn the whole legislation upside down and

question every single aspect in the transportation sector is quite frankly nothing short of absurd. The previous Government admitted there was a case for amending the National Transportation Act and that there was room for improvement. In May 1984, my colleague, the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy), then Minister of Transport, was the first to suggest gradual deregulation of the transportation industry. At the time, our Government was thinking of a more flexible regulatory framework that would be better adapted to new economic configurations and the changing realities of the transportation sector.

We wanted a framework with less regulation that would enhance the development of Canada's transportation industry. At the same time, we wanted to ensure that guarantees would be provided for greater economic competitiveness.

Our policy not only had vision, it was firmly anchored in the realities of the day. Unlike the extremely bulky Bill we are considering today, my colleague, the former Minister of Transport, proposed a strategy for regulatory flexibility that could be defined as a step-by-step policy. At first, the strategy would basically deal with the air transportation sector and, in this respect, the Government at the time had provided a series of guarantees and specific conditions for deregulation in this sector.

However, by deciding to change everything at the same time, the present Government has raised a veritable wave of panic in many areas of the transportation industry, including air, trucking and railway transportation.

In fact, if we look at the alarming number of takeovers by large carriers of small airlines during the past two years, it is clear that the latter are very uneasy about this Bill.

In the trucking industry, for instance, people say there is a very real danger that the Canadian industry will be completely taken over by American interests. In the railway sector, CP Rail is afraid it will have to close down by 1992 if this Bill becomes law.

Although we endorse the principle of orderly deregulation, Mr. Speaker, our Party cannot accept the way this Bill has been brought forward nor the expediency of the legislative procedure chosen by the Government. We are strongly opposed to a series of measures contained in this Bill which, we believe, will be very harmful to the Canadian economy for years to come.

We also deplore the fact that this Bill does not contain the regulations required to establish, among other things, definite and credible safety standards for air passengers, as well as measures to guarantee adequate services for handicapped travelers and other provisions to protect jobs in the transport industry. There is nothing to assure us that deregulation will not entail widespread lay-offs, particularly in the air trasnsport sector. We oppose this Bill for its failure to offer guarantees to those who work in this major Canadian industry. Absolutely nothing tells us that our national transportation system will continue to be—as it has been in the past and must indeed remain in future—the cornerstone of regional expansion in Canada.

What I am saying is more than my own personal conviction, more than the opinion of my colleagues of the Liberal Party of Canada who have examined this matter, for it reflects as well the views of a great many organizations, associations, and interest groups which have made it quite clear to the Government that this Bill has to be amended.

Regretfully I must say to the Minister of Transport (Mr. Crosbie) that between June 26 last when the Bill—then C-126—was first tabled and November 4, 1986, when this Bill C-18 was introduced for first reading in this new session, the Government has turned a deaf ear to the quite legitimate representations made by a good many organizations representing thousands of Canadians—proof positive that this Government cares precious little about consultation as a democratic process. Worse still, the transport industry and Canadian consumers will bear the dire consequences of the Conservative Government's indifference or stubborness.

Mr. Speaker, the review of a blueprint act of such basic importance for the social and economic equilibrium of the country would have deserved a more balanced approach by the Government. It should have called for a great deal of caution in measuring the impact of such a de-regulation exercise, first, on passenger safety; second, on consumers, especially as concerns air fares; third, on jobs in the industry, as I mentioned earlier; fourth, on what is an acceptable level of foreign control; and finally, on regional development.

Unfortunately, the position of the Government seems to be set in concrete. Nothing has changed since publication of the paper "Freedom to Move".

You will recall that the Standing House of Commons Committee on Transport held public hearings throughout the country to collect the views of the public on the paper "Freedom to Move".

My colleague for Regina West (Mr. Benjamin) is quite right to remind me that this Parliamentary Committee should normally have held hearings in all provinces and not only in major centers, but also in rural areas and the remote regions of our country since tranport in such a vast land as Canada has to meet the needs not only of urban dwellers, but perhaps even more so of people in remote areas.

However, the Committee held hearings only in four cities. In addition what I found was that the great majority if not all of those who made submissions to the committee or expressed their views about this initiative of the Conservative Government were opposed to it and to the Government's wish to deregulate transport in Canada so quickly and completely. The only witnesses we heard who supported the Government initiative were the shippers, the large shipping companies who see in this initiative a possibility of lowering the cost of moving their goods and products.

Of course, we recognize the need to develop a more effective and less costly transport service in Canada, but we maintain that this should not be done at the cost of other considerations and factors which are just as important. There must remain a fair balance in transport otherwise there will be very serious dangers and even the risk of a disaster in Canadian transport. I fear that some of the effects of implementing such a piece of legislation will not bring about lower transport prices as hoped by Canadian shippers but will probably mean higher rates for them in the middle- or long-term. What they want in the short-term could in the long-term provide more disadvantages than advantages. Yet, this Government has refused to listen not only to the comments made before the Committee, but also to what was said when Bill C-126 was introduced. Indeed, at the Standing Transport Committee, the Conservative Members themselves expressed certain reservations about the Government initiative. Since they did not go far enough, the Liberal Party and the New Democratic Party had to present minority reports to object to the majority report supported exclusively by Conservative Members of the Committee, even though many of these Members recognized several of the dangers inherent in the Government initiative. We would have expected at the very least that the Government would have taken into account the recommendations of its own Members, which it did not do in introducing Bill C-126.

I must say that Bill C-18 now under consideration is essentially a carbon copy of Bill C-126.

At a press conference, when the Minister of Transport was asked by a reporter what difference there was between the two Bills, the Minister did not know himself. He simply replied that there had been only a few technical changes. It is obvious that the Government has been deaf to the many representations made by the public and organizations opposed to its first Bill, for instance the Canadian Trucking Association.

• (1150)

[*English*]

The Canadian Trucking Association, following the presentation of Bills C-126 and C-127, wrote to the Minister indicating its opposition. In writing to me, the Executive Director had this to say concerning the Government:

> Hopefully they will start over, but in their present form, these Bills are a disaster for the private sector common carrier transportation industry and truckers especially. In addition they have done nothing to even the playing field. U.S. truckers enjoy huge tax advantages and so forth. One would almost think that the future viability of the common carrier concept is no longer considered important in some respects.

That is the view of the Canadian Trucking Association about Bill C-126. As this legislation has been tabled again without amendment, the view of the Association will be the same.

Second, I have received a confidential representation from a federal public servant. He is very much concerned about the doing away of the air transport committee which has a responsibility to monitor the entrance and the exit of airlines. He talks about the potential pitfalls of totally eliminating economic entry control in abolishing the test of public convenience and necessity, or the ignoring of certain elements of the test which has been carried out by the air transport committee, since May, 1984. This federal public servant has told me that he has been speaking not only on his own behalf but on behalf of a number of people who have spent their lives and careers working in this area.

Mr. Crosbie: Malarky, junk.

Mr. Ouellet: The Government not only does not want to listen to them but it is totally ignoring their advice and point of view.

Mr. Crosbie: Give us his name.

Mr. Ouellet: Also, the opposition to the rail deregulation as it is contemplated by the Government has been very much opposed by the two railways, the CPR and the CNR. The following is CP Rail's position on Bill C-126:

> If Bill C-126 were adopted in its present form, its plausible consequence as they relate to CP Rail are predictable.
>
> Strong downward pressure will be exerted on rates. Given the unlikelihood of increased traffic volume and that there is little, if anything, in the Bill that will produce significant cost reductions, net income will fall. The resultant deteriorating financial condition of the railway enterprise and the increased risk of railway investments will limit the availability and raise the cost of external financing.
>
> These factors, in combination with the decline in internally generated funds, will impair the ability of the private enterprise railway to finance the capital and maintenance expenditures essential for a safe, efficient and reliable railway system.

The Minister has totally ignored these representations. He also ignores the view of a senior official of the CNR who spoke on regulatory reform and railway viability at a conference in Vancouver last October. He was speaking about Bill C-126 which had not passed in previous sessions but was to be re-introduced in the new session. He said:

> I am hopeful that when the Bill is reintroduced into the House, our legislators will carefully assess the long-term impact it could have on Canadian shippers.
>
> Quite frankly, I believe that unless significant changes are made to the content of that Bill, we can expect results that will be unsettling to the transportation industry and, in the end, will not give shippers what they need.

That is the view of a senior vice-president of CN Rail and the Minister and the Government have totally ignored that point of view.

[*Translation*]

People are ignored not only in the transportation industry: even provincial Premiers are. Indeed, the Premier of New Brunswick, on behalf of the Council of Maritime Premiers, wrote to the Minister of Transport asking him to amend his legislation. He also wrote my colleague, the Hon. Member for Westmorland—Kent (Mr. Robichaud), in December 1986, saying how much he was concerned and disappointed with the attitude of the Canadian Minister of Transport, who had failed to amend Bill C-18 as suggested by the Atlantic Premiers in

the representations they made when Bill C-126 was originally introduced.

Once again, the Minister remained stone deaf to the representations asking for amendments to the Bill.

Union lobbying against transport deregulation is well known.

The Canadian Labour Congress held a press conference to indicate how much it opposed the kind of deregulation proposed by this Conservative Government, and to ask for amendments to the legislation if the Governement intended to proceed with the Bill, on the subject especially of job security for transportation workers.

Once more, the Minister remained totally unyielding on the representations that were made.

I am therefore forced to conclude, Mr. Speaker, that the Government has already cast its position in concrete, and that Mr. Keith Thompson, the official who has been acting on behalf of the Government since the beginning, who has met with all the parties concerned, who has had discussions with all those in the area of transportation who have a position to defend or interests to represent, has politely given the brush off to all those who met him and were told that the Bill is already drafted, and is not subject to change.

I would therefore like to tell the Minister it would be wiser to listen to the various parties involved in transportation who have amendments to suggest, rather than listen to Mr. Keith Thompson who apparently has decided the Bill was his baby and has to remain unchanged is spite of everything. Indeed Conservatives Members should remember that not so long ago they opposed the previous Government when we insisted on putting through the Bill amending the National Energy Program, and I would remind him of what a representative of a major Canadian association opposing the legislation was telling me recently. I would like to quote him, just to give the Minister food for thought:

• (1200)

[*English*]

"Keith Thompson will be to the transportation legislation what Ed Clark was to the national energy policy". I hope the Minister will reflect on this statement made by a representative of a national organization who is very much afraid that this official will play such a role that the Minister will have no chance at all to put his own imprimatur on the legislation.

Mr. Crosbie: Should we send him to Paris?

Mr. Ouellet: He is afraid that this official has already decided what will be in the legislation which was first drafted in the document entitled *Freedom to Move* and then introduced in Bill C-126. Obviously the current Minister did not have very much to say because he tabled Bill C-18, a Bill which is almost identical to the previous legislation.

According to the people to whom I have talked, Mr. Thompson is running the show. He has already decided what the legislation will contain. No matter what the Minister, Conservative back-benchers, the public at large, the various associations or the Opposition think, this is the way Mr. Thompson thinks it should be. I do not know if it is true—

Mr. Crosbie: It's not. Let me reassure you.

Mr. Ouellet: So far there is no evidence to the contrary. When we begin studying this legislation in committee, we will know who is running the show. If the Minister is present, accepting or moving amendments, then we will know that he is the one who is carrying the ball on behalf of the Government. Until then, the impression will be that he is not running his own Department and that he does not know what the legislation he has submitted to the House is all about. I do hope that he will come forward with great interest and a sense of understanding for the various representations for amendments to this legislation.

[*Translation*]

It is with this in mind that we in the Liberal Party are preparing to discuss the Bill. As I said earlier, the principle of deregulation by itself, to promote stronger, more useful competition in transportation, is something that we certainly look forward to. We have no objection whatsoever to an orderly deregulation that would lead to greater competition in Canada's transportation industry. But our view is that, currently, the Government is totally insensitive to the representations that were made and we believe there are nefarious ramifications to that kind of roughshod deregulation as proposed by the Minister.

We thus want to be to a certain extent the spokespeople of all those Canadians whose views were not considered by the Minister when this Bill was drafted and we want to join them to denounce a legislation which we now feel to be inadequate.

We are specifically thinking of the safety area. We regret that the Bill does not contain any provision to prevent conditions which could effectively reduce air safety. The American experience teaches us that this is a real danger and that it is absolutely necessary to make sure that safety will not be jeopardized. The facts are as follows: In his report to the House of Commons for the fiscal year ended March 31 1985, the Auditor General, Kenneth Dye, stated that Transport Canada had been unable to check all carriers under its jurisdiction at least once a year. We cannot maintain that such safety standards are high and deregulation should in no way be introduced before strict and non-equivocal safety measures are implemented. The Liberal Party of Canada for sure will strongly object to any policy threatening the safety of airplane passengers in Canada.

In the United States, air travel is not as safe as before deregulation came into effect. The rate of fatal accidents and casualties has increased. Ronald Cape, President of the American company CETUS, states and I quote: "Commercial

flights are not as safe as before deregulation". And the President of Bache-Prudential, Mr. Harry Jacobs Jr. says: "To travel by plane is now much more dangerous." We merely want to make sure that what happened in the United States will not happen in Canada.

The tendency of this Tory Government to copy the Americans is really annoying. Why is it that every time something happens in the United States, a Conservative minister or Prime Minister always tries immediately to copy the Americans? I have nothing against the Government copying them when they do something good, but I certainly do not want us to copy what they have done in the United States in the area of air transport deregulation.

I have just mentioned that there is a major deficiency in the United States in the area of safety, an area that the Minister's bill has not provided for and that should be clearly stated with solid guarantees for air transport users in Canada. We know also that since deregulation was implemented, the number of employees in the air transport industry in the United States has greatly decreased.

And we are now witnessing a major concentration of American airlines. Due to deregulation, the concentration in the United States has been such recently that six airline companies now control as much as 80 per cent of the market in that country.

We have been quite concerned ever since the Government announced its desire to move forward with an urgent, quick and complete deregulation. A similar situation now exists in Canada: Since CP Air was bought by Pacific Western Airlines, two companies, Pacific Western Airlines and Air Canada, now control over 90 per cent of the Canadian market.

In my opinion, this is quite the opposite of what the Minister of Transport (Mr. Crosbie) himself said in the House when he introduced his Bill. On December 19, the Minister stated, and I quote:

> The legislation that we are now presenting to the House has as its purpose the increase of competition in air—

It is the Minister of Transport himself, as reported in *Hansard* on page 2318, who said so. But the fact is that the Government has done nothing since the Minister announced its deregulation project to stop take-overs in the air transportation industry; not only has it done nothing to oppose these take-overs and prevent a greater concentration in Canada, but it has even encouraged it through remarks made recently in Parliament in reply to the question of an Opposition member.

Under the previous administration, before the Conservatives came to power, we had not only the two major national companies, Air Canada and CP Air, but also several important and profitable regional companies, like Pacific Western Airlines and Nordair which were doing very well, and others like Eastern Provincial, Quebecair, Air Ontario which were hanging on quite well to their shares of the market.

It is becoming obvious that deregulation is bringing a greater concentration in the air transportation industry, whereas the Government was saying, when it introduced the Bill, that one the three basic principles of deregulation was increased competition among air carriers. What is happening is just the opposite. The Government will have to show us how all these take-overs will translate into increased competition.

Principles and rules of economics tell us that the greater the concentration, the less competition there is. It seems that the Government does not understand that since, as I said earlier, it did not chose to reject any of the nine take-overs which took place since it came to power.

In our opinion, this cannot continue. At the present time, Mr. Speaker, the transportation sector is in a state of chaos. I was talking a moment ago about uncertainty in the trucking industry, about the deep and understandable concerns of owners of trucking companies who feel they have been abandoned in an untenable situation.

Secondly, the two main railway companies in the country, CP Rail and CN Rail, are opposed to the Bill as proposed by the Minister while air transportation companies are changing ownership at a frantic rate.

It is clear that this Government has lost control of the situation in the transportation industry. Because of the Government's desire to deregulate too fast and too soon, this particular sector of our economy which has always been prosperous and provided steady and well-paid employment for thousands of workers across Canada, may be in for a very difficult time and fall prey to foreign interests.

What we cannot accept in this Bill is that it fails to put any restrictions on foreign control. Is this Government going to leave the sector wide open to anyone who wants to buy? In the United States, foreign control in the transportation industry is limited to 25 per cent. A foreign company cannot own more than 25 per cent of a transportation enterprise in the United States. Members of the Standing Committee on Transport and many intervenors who gave their comments on the Bill suggested this kind of restriction, but the Government, through its Minister, has never been willing to state, in no uncertain terms, that the transportation sector was one industry that had to remain Canadian. At no time did the Minister formally state that he would take steps to ensure that our major airlines and major trucking companies would remain in Canadian hands and that the transportation sector in general would remain in the hands of Canadian companies.

We are afraid that sudden deregulation will enable foreign interests, and especially U.S. interests, to take over the many trucking companies and airlines that would be unable to compete as a result of concentration of the industry among a few large companies, companies that will become far too powerful and thus be in a position to compete unfairly with the few small entrepreneurs that survive or try to survive in the transportation sector.

In concluding, I may say this Bill will need some thorough changes if it is to be at all useful to Canada's transportation sector. I hope that, in future, the Government will be more

receptive than it has been up to now to proposals for change with respect to this important legislation.

• (1210)

[*English*]

Mr. Les Benjamin (Regina West): Mr. Speaker, if and when passed, Bill C-18 is to be called a National Transportation Act. It is in the main a copy of the practices in the U.S. and results from their practices. I think the Bill should be known as a Bill to jeopardize safety in transportation. It should be known as an anti-service Bill. It should be known as an anti-competitive Bill. It should be known as an anti-sovereignty Bill.

Mr. Hees: Make up your mind.

Mr. Benjamin: It should be known as an anti-regional economic development Bill, which is mentioned in the preamble to the legislation. This Bill enhances discrimination in transportation. We need a Bill which embodies good regulation, which is the real choice.

At the outset I would like to say that if, as, and when this Bill receives second reading, it must go to the Standing Committee on Transportat and hearings must be held all across Canada. The exercise carried out by the Government in its White Paper, *Freedom to Move*, was totally inadequate. It took a great deal of arguing, persuading and fighting by myself and my colleagues, the Member for Thunder Bay—Atikokan (Mr. Angus) and the Member for Winnipeg—Birds Hill (Mr. Blaikie) among others, to finally persuade the Government to allow the committee to travel. However, we were limited to three locations outside of Ottawa; we went to Vancouver, Winnipeg and Halifax. We missed seven provinces and both territories. As well, we left out the villages of Montreal and Toronto. That was a most inadequate opportunity for the people of Canada to present their views on a major government policy. That is why Canadians from all parts of the country must have the opportunity to express their views on this legislation.

The New Democratic Party is not arguing against up-dating the National Transportation Act. We believe that legislation of this magnitude must be up-dated from time to time. Twenty years have passed since the present Act was put in place. We believe that all regulations should be reviewed almost annually. Obsolete regulations should be gotten rid of, valid ones should be up-dated, and new ones to deal with new developments, practices and technology in transportation should be devised.

• (1220)

We also believe that the Canadian Transport Commission, or under any other name, should be streamlined to allow it to act more quickly and be more responsive. It must be more conscious of the needs of transportation consumers from the various regions of Canada as well as the needs of the transporters.

We believe that the Bill should not be dealt with until all the safety provisions and inspection facilities are in place and functioning. We know that the Government has proposed a railway safety board and that it is in the process of putting into place a national air safety board. We agree with that. However, it will take quite a while to get these boards established and functioning. We know that the Government has increased, to a certain degree, the number of inspectors. However, that is not nearly enough. Even without new legislation it would take many months, if not years, to obtain, train, and put in place the number of inspectors required. Once all of these items are in place and functioning we could consider an up-dated regime for national transportation legislation.

This legislation flies in the face of the very declaration of national transportation policy outlined in the Bill. The ramifications of this legislation and the eventual effects of it, if passed in its present form, will not provide a "safe, economic, efficient and adequate network of viable and effective transportation services" for most of the people and regions of Canada. The Bill ignores the economic imperative for the provision of equitable transportation services, rates, and fares for all of Canada. In fact, it will return this country to the situation of many decades ago; travellers, shippers and receivers will again be discriminated against because of where they happen to live, or where they happen to manufacture, grow, produce or process their products.

That inevitable discrimination will increase alienation felt by many Canadians in many parts of Canada. It will weaken our confederation and destroy our decades of effort for nationhood and co-operative federalism. It will further jeopardize our sovereignty and independence. I will have more to say about that later.

This legislation will provide access and advantage for United States railway and trucking companies in Canada which will not be available to Canadian railroads and trucking companies in the United States. That is a blatant betrayal of our independence. It is another example of the supine sell-out of our nationhood which is so evident in the free trade negotiations and the softwood lumber episode.

Earlier I mentioned discrimination in transportation against certain producers because of where they happen to be located. This Bill would have us make a 180 degree turn in what Canada has been trying to achieve for over 100 years. The Bill ignores Canadian history and, even worse, ignores the present Canadian reality. Historically transportation legislation and regulation have attempted, albeit not always successfully, to give each part of the country a reasonably equal opportunity to compete in far away domestic and foreign markets. It has attempted to require all Canadians to share in the cost of the various means of transporting goods right across our nation and to the rest of the world. Thus, it was no accident and no quirk of some contemporary political ideology that over the decades many transportation measures evolved within the framework of national transportation policy which were efforts

to achieve as large a degree of equity of treatment in the costs of transportation as was possible in our vast land.

I would like to remind the House of some efforts which have been made by this nation since the late 1800s. Recall the Crows Nest Pass Agreement of 1897, the statutory grain rates of the 1920s, and, presently, the Western Grain Transportation Act. As bad as it is, it is at least an effort to share in the costs of moving grain to export positions. There were the "at and east" rates, the Bridge rates, the Maritime Freight Assistance Act and the Atlantic Provinces Freight Assistance Act. There were special rates on settlers effects and on the products which settlers produced which were, in effect, in place and being used right up to the late 1950s. In addition, there was a system of agreed charges, which is still in place, which are negotiated among shippers, receivers and transporters. There have been many other arrangements which show the lengths that were gone to by this country to achieve a goal of reasonable equity of treatment in transportation.

This Bill ignores the Canadian reality. It fails miserably to take into account our geography, our sparse, widely-scattered population, our harsh climate and our sovereignty and independence. It returns us to the jungle of the so-called market forces, the myth that competition alone will provide for all of our country. The legislation would have us go back to the 18th and 19th centuries. It would leave us to the "invisible hand" of the market forces.

I would like to remind my Conservative friends that even the Conservatives in the early 1900s finally realized that that does not work. It particularly does not work in a nation as large as this, with our small population and our climate and geography. That has been shown through our experience historically and through the experience of many other countries over the last hundred years.

• (1230)

The legislation makes less effective and endangers the many programs now in place. We should be doing the opposite and strengthening those kinds of measures and devising new programs which take into account our nation and our economy as they are now. The legislation attempts to be an imitation, pale or otherwise, of American practices and incorporates much of its regime in the law and practices of transportation in Canada. The Government fails to realize that Canada is not the same as the United States of America, thank God. The Government fails to recognize that what we have in place now, as imperfect as it is with mistakes made in the past, is Canadian and meant for Canada. It suits Canada. It incorporates the fundamental principle of providing service as an equal if not greater priority to the obtaining of profit in transportation.

When I said the legislation is anti-competitive and anti-regional and economic development, I did so partly because of who is the Minister of Transport (Mr. Crosbie) and where he comes from.

An Hon. Member: And where is he?

Mr. Benjamin: And where is he? If there is any Member of Parliament who should know about economic and regional disparity, about the requirements of different regions of Canada for extra provisions in the law and in the regulations which gives them at least some kind of equal treatment and opportunity to get into the markets of central Canada and the world, and in many cases the United States, it is the present Minister of Transport. But he is sponsoring legislation which flies in the face of real regional and economic expansion.

If we throw this wide open to the jungle of the so-called free market, free enterprise and competitive systems, the transporters will automatically—and one cannot blame them—gravitate to the largest and most lucrative markets. That means that the outlying regions, the isolated areas in the northern parts of Canada, will receive less service and less opportunity for economic development. If one had $100 million to invest in a new plant and was faced with discriminatory treatment in transportation costs if he located in Atlantic Canada, the Prairies, northern Ontario or northern Quebec, he would be crazy to build a plant in any of those places, no matter what temporary one-shot incentives might be offered by provincial and national Governments. One would be smart to build that plant next to or between Toronto and Montreal, somewhere in the so-called golden triangle.

The provision for confidential rates is not only anti-competitive, it flies in the face of what limited anti-competition law we have. It enhances the anti-competition in transportation. Let me illustrate how it does so. A railroad or consortium of trucking companies, or one major trucking company, can go to a large manufacturer or processor who moves 5,000 or 10,000 carloads a year and negotiate a confidential rate. Because it is confidential, the smaller manufacturer or processor not only cannot find out what the rate is but will not be able to get as good a rate because of the varying economies of scale, the size and volume of goods to be moved.

If I were a small farm implement manufacturer or food processor in the Prairie Provinces, I would be terrified of this legislation. Can you, Mr. Speaker, see either of the railroads or the larger trucking companies giving the same kind of rate to a small farm implement manufacturer in the Prairies who might ship 50 or 100 carloads a year as they would give to Massey-Ferguson, John Deere, J. I. Case or International Harvester Company who ship thousands of carloads a year? Anyone who believes they would is dreaming in technicolour. That is the kind of thing this legislation allows. It will discriminate against the development of manufacturing and processing capability in regions of Canada other than central Canada.

I mentioned earlier that this legislation is an attack on our sovereignty and independence. I would like to talk for a moment about the transborder implications of this legislation on transportation in Canada. The legislation will allow American railroads and trucking companies to do in Canada what Canadian railroads and trucking companies cannot do in the United States. The Bill is a fundamental reformulation of

the economic regulations of federal transportation undertakings. Of course the legislation would re-regulate the railroads intensively. It would place Canadian carriers at an unnecessary competitive disadvantage to American carriers in the competition for both transborder traffic and traffic which could be routed through the United States, although it originates or terminates in Canada.

• (1240)

I will illustrate the magnitude of the problem. Canadian Pacific alone earns $700 million annually from this type of traffic. If one adds to that figure the revenues earned by Canadian National and those earned by Canadian truckers one is looking at billions of dollar of traffic revenue.

The Canadian regulatory regime in respect of railways cannot be out of step with the American regime if Canadian railways are to compete effectively with their American counter-parts. This Bill contains a series of measures which would deny Canadian carriers the ability to compete on equal regulatory terms. Specifically, this Bill would enable American carriers to access traffic originating or terminating in Canada on terms and conditions which they are not required to grant to competitors in respect of their own traffic base. This Bill is an invitation for American incursions into the Canadian traffic base without fear that Canadian railways and truckers can retaliate in kind.

I am not known as one who has a great deal of love and affection for Canadian Pacific. I like to tell anti-CPR stories from the Prairies, and they are legion. However, it is still a Canadian company in which the Canadian taxpayers have invested billions of dollars since 1881. If we add to those billions of dollars private investment we will see that a Canadian railway company is jeopardized because of this blind following of Reaganomics, this myopic vision which Americans have that Canada is nothing more than the fifty-first state, an extension of the great U.S.A. Canada is much more than that. We in this Party will not hold still for the supine acquiescence which is contained in this legislation.

Some Hon. Members: Hear, hear!

Mr. Benjamin: As if we are not having enough troubles with our friends south of the 49th parallel, not to mention our friends across the way, I could construct a list as long as my arm of the troubles we are having, including such matters as shakes and shingles, cattle, hogs, dressed beef and pork, softwood lumber, steel products, saltfish, groundfish, fresh fish, natural gas, and raspberries. It is about time to give not only the Government and this legislation the raspberry, it is time to give our friends to the south the raspberry as well. We must stand up for the right of Canada and Canadian transporters to have the same access in the United States as we provide the Americans in Canada, or else not provide that access.

Some Hon. Members: Hear, hear!

Mr. Benjamin: Unless and until that equity of access is made available to Canadian railroads and the Canadian trucking industry, then this legislation must not pass. That part of the legislation must be deleted.

I would now like to illustrate my point with respect to that access. Let us consider pulp products which originate in northern Ontario, northern Manitoba, Saskatchewan or even in British Columbia. At the present time these products travel via Canadian railways to Montreal. They then connect with Conrail to the northeastern United States and the American eastern seaboard. Under the provisions of this legislation American railroads can access that wood pulp for paper inside the Canadian border, take it back across the American border and haul it to the eastern seaboard, and all Conrail has to do is cancel the connecting rates it presently has between Montreal and the eastern seaboard of the United States. That is all Conrail has to do. The transportation of thousands of carloads a year of pulp would then be moved mainly on American transportation lines. An American railroad or trucking company can come into southern Ontario and obtain the products of manufacturing and processing plants destined for western Canada and the Pacific and take them down across the borders between Ontario and New York, Ohio, Windsor or the Sault and haul it by Conrail to Minneapolis and then on Burlington Northern to Seattle and Tacoma. That immediately places at risk traffic which would otherwise have gone through the Ports of Vancouver and Prince Rupert. My colleagues will have much more to say about that point as this debate continues.

On their way to Seattle and Tacoma cars carrying product manufactured and processed in Quebec or Ontario and destined for Manitoba can be taken off and brought up through Emerson and then to Manitoba. Cars destined for Saskatchewan can be taken off a train on the Burlington Northern and taken up to Portal. In the case of Alberta cars can be taken off Burlington Northern lines, run through Coutts and then into Alberta. The same situation applies to trucking.

Surely no self-respecting Canadian would hold still for that type of action. Surely no self-respecting Government would even contemplate such legislation which would jeopardize our sovereignty. Under this legislation, when, we feel that we are agrieved and require redress in our dealings with the United States in terms of transportation, we cannot go to a Canadian Government or a Canadian regulatory agency. What we will have to do is go on our hands and knees to the administration and regulatory bodies of the United States. It is demeaning and embarrassing. We will not stand quietly by and watch this Government, or any other Government, bring those types of provisions into transportation law in Canada.

• (1250)

In its blind efforts to copy and imitate the United States, no matter how inappropriate it is for Canada, the Government could take a good look at the U.S. experience. Probably there

is some validity to a massive deregulated regime in a country with a large, dense population and a lesser geography; then competition would work better, and there would not be discriminatory practices to isolated locations.

The United States has a smaller geography, 10 times the population, more than 10 times the volume of traffic, and a climate that is not nearly as harsh. The scale and volume of transportation movement provides it with the ability to move its goods at lower cost. The Government fails to recognize in this legislation that because of the nature of this country our costs in transportation will always be higher than those of the United States, Western Europe, or Australia. I suppose you could class the Scandinavian countries, the Soviet Union, and Northern Japan in a similar category as Canada. But the practices of the United States cannot be applied in Canada because of those differences.

The largest trucking company in Canada would rank about number 35 or 40 in the United States. We have a good trucking industry. There are some excellent Canadian companies operating and competing with rail, air, and marine, both here and in the United States. Under this legislation the incursions of large American trucking companies into Canada will do irreparable harm to the Canadian trucking industry.

In looking at the American experience and the hundreds of bankruptcies, mergers, acquisitions, and takeovers under its transportation regime, it has now reached the point where a handful of the major truckers directly and indirectly control some 75 or 80 per cent of truck traffic in the United States. So much for great competition.

Mr. Blackburn (Brant): That's Reaganomics.

Mr. Benjamin: In the airline industry the six major U.S. carriers that have evolved out of their regime since 1978 handle and control some 80 per cent of the traffic in the United States.

We have all seen the deregulation that has already taken place in the airline industry in Canada. There have been mergers, takeovers, and friendly agreements between a major carrier and small commuters and regional carriers, and the bankruptcies or near bankruptcies.

The matter of freedom of entry and exit in the trucking or airline industry means that a small or large reputable airline or trucking company that over the years has built up its routes, services, and customers, can be raided by a fly-by-nighter—if you will pardon the expression—in the airline or the trucking business that can move in at the peak of the market, cream the gravy off the top, and in the bad season pull out. That is not free enterprise. That is piracy.

What would happen to Bradley Air Services which operates an excellent air service into northern Canada when fly-by-nighters and two-bit charters move in on its efforts that serves communities as small as 300 people in the high Arctic? What would happen to its business? It would have no choice but to move its airline infrastructure and facilities out of the Arctic and down into the Ottawa valley. That is the choice with which it would be faced.

Yet anybody who can con some banker into giving them a loan, lease two or three second-hand aircraft, hire some crews at less than half the pay because they have been laid off from some other airline, can get into business. If there was ever an appeal for a return to mediocrity it is this legislation.

The experience in the United States has not been all that great, but that is its business and its problem. Mark my words, because of the difference between that country and this one, the experience here will be magnified 10 times in terms of the impact, not only on our railways and trucking industry and airlines but on our ports and our shippers and receivers. The Government says that the intention of this Bill is to give them a better deal. The mythology that this will mean cheaper freight rates for everybody, cheaper airline service for everybody is just that, a myth.

Prices go down for a while in the big markets. Seat sales that apply to Toronto, Vancouver, Calgary, Edmonton, Halifax, and maybe Winnipeg, but leave out Moncton, Thunder Bay, and the Windsors of this world, mean that those people in those cities are discriminated against. The fares will be lowered and discounted, and we do not want to regulate that. If an airline, trucking company, or railway is dumb enough to charge less than what it costs, that is its problem. But all Canadians in every region should have the same opportunity for those types of benefits. They do not get them. That is another area where this Bill is discriminatory.

I wish to close by saying to the Government that the New Democratic Party wishes good regulation, because that is the real choice. The New Democratic Party wishes a viable, economic transportation industry in Canada that meets and serves the needs of the people in the regions of all of this nation, not just where the good, lucrative markets are.

Therefore, Mr. Speaker, I wish to move, seconded by the Hon. Member for Thunder Bay—Atikokan (Mr. Angus):

That the motion be amended by deleting all the words after the word "That" and substituting the following therefor:

"Bill C-18, An Act Respecting National Transportation, be not now read a second time but that the Order for Second Reading be discharged, the Bill withdrawn and the subject-matter thereof be referred to the Standing Committee on Transport."

The Acting Speaker (Mr. Paproski): I will look at the motion and rule on it after two o'clock.

Before I call it one o'clock, I wish to recognize the Hon. Member for Bonaventure—Îles-de-la-Madeleine (Mr. Gray) as the next speaker for the government Party.

It being one o'clock, I do now leave the Chair until 2 o'clock this day.

At 1 p.m. the House took recess.

S.O. 21

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

FISHERIES

OVERFISHING BY FRENCH TRAWLERS

Mr. George Henderson (Egmont): Mr. Speaker, recent polls show that Canadians have a very low opinion of the Government. Apparently foreign countries share the same feeling.

Witness these results: the United States has a headlock on our softwood lumber sector, and its veto could spread to the management policies of other resource sectors. In a case of selective amnesia, the President forgets his commitments to combating the acid rain problem.

Meanwhile, eight French factory freezer trawlers are raping the fisheries stocks off Newfoundland's south coast. While Newfoundland's inshore fishermen suffer because of poor catches, the French vessels are catching over four times their proper quota. This blatant overfishing threatens the stocks and livelihood of many fishermen.

It is now high time for the Government to take action and bring this nonsense to a stop. Constructive internationalism has become a cruel joke to these fishermen.

* * *

HUMAN RIGHTS

RAOUL WALLENBERG—ANNIVERSARY OF DISAPPEARANCE

Mr. John Oostrom (Willowdale): Mr. Speaker, during World War II, Raoul Wallenberg, a Swedish diplomat, worked relentlessly to save the Jewish community of Budapest from extermination by the Nazis, by setting up houses to protect refugees under the Swedish flag, and negotiated tirelessly with Hungarian and Nazi authorities to save hundreds of Jewish lives.

Forty-two years ago, on January 17, 1945, Wallenberg, was last seen in the presence of Soviet armed forces. Although the Soviets claim that Wallenberg died of natural causes in 1947, a number of people have reported seeing him since. It has been suggested that he may still be alive. The Canadian Government has asked for an explanation from Soviet authorities, but the response given is unsatisfactory.

On December 9, 1985, Raoul Wallenberg became the first person to be named an honorary Canadian citizen. He has also been made an honorary citizen of Israel and, together with Winston Churchill, became the only other person to be awarded in his lifetime the title of honorary citizen of the United States.

It is only fitting that we remember this most distinguished citizen of Canada who risked his own life to save others. I call upon the Government to continue pressing Soviet authorities for a satisfactory answer to the whereabouts of Raoul Wallenberg and to secure his freedom.

* * *

THE LATE MARGARET LAURENCE

TRIBUTE TO WRITER'S WORK

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, Margaret Laurence's death on January 5 should remind all Canadians how much we owe to our artists.

Through her characters, Margaret Laurence helped us to understand what it means to be Canadian, whether as an expatriate working in Africa, a single schoolteacher in a small prairie town, or an old woman coming to terms with death. Characters such as Hagar in *The Stone Angel* or Morag in *The Diviners* show Laurence's awareness both of the strength of women and of their vulnerability as humans.

They struggled to find purpose, integrity, and love, in a landscape and a society which were often harsh and unyielding. In her own struggle against the threat of nuclear war, Margaret Laurence took seriously her responsibility as a citizen of Canada and of the world.

Canada will survive as a nation to the extent that we keep our cultural sovereignty and adopt policies which allow writers like Margaret Laurence to flourish and to be widely read.

* * *

TRAGEDIES

FATAL ACCIDENT INVOLVING SWIFT CURRENT JUNIOR HOCKEY TEAM

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, on the afternoon of December 30, 1986, the Swift Current Bronco Junior Hockey Club left on a routine trip to Regina. Minutes later, the team bus slid on ice and overturned.

Killed were four outstanding young players: Trent Kresse, 20 of Kindersley, Saskatchewan; Chris Mantyka, 19 of Saskatoon, Saskatchewan; Brent Ruff, 16 of Warburg, Alberta; and home town favourite, Scott Kruger, 19.

As word of the tragic accident spread quickly across Canada and the world, the hockey fraternity everywhere reached out to Swift Current, a community left in shock and disbelief.

In the words of local writer, Brian Costello:

> The four brave men who died should be remembered for the way there were, pleasant and special; just like their surviving team mates who struggle with courage to overcome the tragedy.

I am sure all Hon. Members will join with me in extending the sympathies of the House to the families and friends of these four young men.

* * *

• (1405)

TOURISM

POTENTIAL FOR JOB CREATION—NEED FOR INVESTMENT

Miss Aideen Nicholson (Trinity): Mr. Speaker, as one of the top three industries in every region of Canada, the $22 billion tourism industry could become a real force for economic growth and job creation. An increase of just 1 per cent in tourism can generate about 8,000 jobs.

For tourism to reach its full potential, co-operation from the federal Government is needed to attract the investment dollars that will help to create world-class tourism facilities in Canada.

Since the growth of tourism in Canada depends on how Canada is promoted in foreign markets, the Government should discontinue its practice of hiring local people overseas, and put the delivery of its tourism program back into the hands of experienced and knowledgeable Canadian tourism experts. Measures such as these, as well as an increase in the federal tourism marketing budget, will go a long way toward helping the tourism industry to meet its goal of creating 600,000 new jobs by the year 2000.

* * *

TRADE

SOFTWOOD LUMBER EXPORT DUTY—EFFECT ON MARITIMES

Mr. Bob Corbett (Fundy—Royal): Mr. Speaker, the decision of the Government to impose a 15 per cent export duty on Canadian softwood lumber has caused concern among wood producers in the Maritime provinces. Many producers feel their viability and the jobs they provide are in jeopardy.

Although five mills in New Brunswick were exempted from the duty, 125 mills are now hit with a provision that was installed to correct difficulties caused by extremely low stumpage rates in British Columbia, Alberta, Ontario and Quebec. This action could affect many mills, the jobs those mills provide, and the economic livelihood of many communities in a distressed region.

I urge the Government to undertake two initiatives. First, negotiate the entire Maritime region to an exempted status. Second, cause the effect of an increase to the stumpage rates in the four offending provinces, therefore removing the need for the 15 per cent export duty.

Some 22,000 jobs in the Maritimes are dependent upon a healthy and competitive lumber industry. We must ensure the policies we put in place affecting this sector will not result in job loss, greater unemployment, and continued regional disparity.

* * *

NATIONAL HERITAGE

AID SOUGHT FOR COMPLETION OF NEWFOUNDLAND ENCYCLOPEDIA

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, I am rising to urge the Government to act quickly to help out Canada's only living Father of Confederation, Joey Smallwood. Mr. Smallwood, now in his eighties, is being financially hounded owing to his failure to complete his beloved project, a Newfoundland and Labrador encyclopaedia, because he is not well.

I would suggest that the Government pick up the cost of the completion of the valuable project started by Mr. Smallwood. This encyclopaedia is an invaluable resource not only for the people of Newfoundland and Labrador but for all Canadians and, as such, would be well worth the federal Government's investment.

It is a great travesty to see one of Canada's living legends being forced to deal with sheriffs at his advanced age and in his poor state of health. Surely the Government can find it in its heart to act now.

* * *

PHARMACEUTICAL INDUSTRY

CALL FOR WITHDRAWAL OF PATENT AMENDING LEGISLATION

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, the amendments proposed in Bill C-22 by the Government amount to nothing more than a complete capitulation by the Government to the pressures of the American multinational drug manufacturers. The Canadian generic drug industry has been sacrificed on the altar of free trade negotiations, a victim of the Prime Minister's (Mr. Mulroney) insatiable need to surrender Canada's sovereignty to the United States.

I call upon the Minister of Consumer and Corporate Affairs (Mr. Andre) to withdraw this legislation immediately, which is an unjustified and unethical attack on the people of this country who have the misfortune to be ill. The sick or elderly should not be expected to pay the price for the Government's mistakes.

In 1983 Canadians saved approximately $200 million as a result of the Bill's amendment in 1969. What the Progressive Conservative Party wants to do is to change its name to the

Regressive Conservative Party because it wishes to go back to the pre-1969 days to give the multinationals a clear windfall profit.

* * *

[*Translation*]

FORESTRY

QUEBEC'S NEW FORESTRY POLICY—INITIATIVE TAKEN BY CERTAIN COMPANIES

Mr. Guy St. Julien (Abitibi): Mr. Speaker, considering that Quebec's new forestry policy will be implemented as of next April 1, several pulp and paper companies in Quebec, particularly Domtar and CIP, have been carrying out excessive wood cutting operations for a number of weeks in the Abitibi-Témiscamingue region and in Quebec generally so as to produce more chips to show the Government of Quebec they are maintaining their five-year average wood cutting operations.

As a result of such excessive cutting these Quebec pulp and paper companies are endangering saw mills in Abitibi-Témiscamingue. Some 105,000 tons of wood chips worth $7 million are now piled up on the ground and more will be added in the coming weeks, enough to represent a value of $15 million.

Mr. Speaker, the Government of Quebec will have to look into this problem. There is room in Abitibi for two additional pulp and paper mills.

* * *

THE ECONOMY

GOVERNMENT'S PERFORMANCE

Mr. Albert Girard (Restigouche): Mr. Speaker, after two years of Conservative administration I rise today in this House to highlight the positive aftermath of decisions made by our Government.

As a former businessman I vividly remember that, under a Liberal Government, I paid as much as 19 per cent on small business loans. The current rate is 10.75 per cent. I bought a house in 1983 and had to pay as much as 15 per cent in mortgage interests. Today I would be paying only 10 per cent. This is a major improvement, is it not?

Several economic indicators point to positive results throughout Canada. Consider the number of unemployed workers who have rejoined the labour market thanks to the dynamic and progressive policy of this Government. More than 600,000 jobs have been created in the past two years. One must be aware of and appreciate these facts which have made it possible for many of our fellow citizens to earn an honest living.

All these constructive measures taken by the Government will certainly not be headlined in the *Star* or the *Enquirer*, but such indeed is the new climate since our Government was elected. A number of improvements have been made and we can now see the beneficial results. You may rest assured that, in spite of all the obstacles it has to get over, our Government will continue to work towards better living conditions for all Canadians.

* * *

• (1410)

[*English*]

ENVIRONMENTAL AFFAIRS

ACID RAIN—CALL FOR GOVERNMENT ACTION

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, U.S. Senator George Mitchell is reported as saying:

> We have, in all candor, been somewhat disappointed by the willingness of the Canadian Government to accept what I think are less than significant steps by the administration—I would hope that Canada's Prime Minister in the meeting this year will take a strong stand requesting meaningful action by the administration.

We have also learned that Senator Mitchell's frustration is widely shared by U.S. environmental groups that feel Canada let the administration off the hook by endorsing the envoys' report which contained no specific targets for acid rain reductions.

When will the Prime Minister (Mr. Mulroney) wake up to the reality that acid rain cannot be tackled by way of a special relationship with President Reagan? When will the Prime Minister realize that the envoys' report has not reduced acid in Canada by one ounce? The Government has wasted two years. The cost of this inaction is staggering. It is high time the Prime Minister dealt with the substance of the issue and not just with smoke and mirrors.

* * *

TRADE

TAX ON SOFTWOOD LUMBER MANUFACTURED PRODUCTS

Mr. Derek Blackburn (Brant): Mr. Speaker, the Conservative Government is protecting Americans from their own softwood lumber. Not only has it levied a 15 per cent tax on softwood exports to the U.S. but the Government has also put this tax on Canadian products made from American softwood.

A manufacturer in my riding imports American lumber and sells his finished products back in the United States. However, the Conservative Government charges him 15 per cent when the American softwood goes back over the border. That is not all. The Government is not charging 15 per cent of the sawmill price but is putting the tax on the full price of the finished

product. Even if the manufacturer buys lumber that is exempt from the export tax from a Canadian mill, he has to pay 15 per cent on any finished goods produced by Canadian workers. This ensures that our manufacturers cannot compete and that Canadian jobs will be lost. Conservatives are exporting jobs to the United States and are ensuring that Canadians remain simple hewers of wood.

* * *

TRADE

EFFECT OF SOFTWOOD LUMBER EXPORT DUTY

Mr. Ted Schellenberg (Nanaimo—Alberni): Mr. Speaker, in 1983 our nation was faced with the threat of a countervailing duty against softwood lumber. We then had 19 per cent of the market and we won that decision.

In 1986 we were confronted with another CVD petition. The Canadian dollar value was lower and American protectionist sentiment stronger. Our share of the U.S. market had grown to well over 30 per cent. Last October we lost that decision and a 15 per cent CVD was imposed.

Now it is January, 1987. Through negotiations, the duty has been removed. Canadian lumber producers no longer have to post bonds at the border. Over $600 million in reforestation funds will pour into provincial coffers. We British Columbians know that we have not been replanting all that we cut. Now we will.

What a fascinating debate we will have on this issue in the House. The NDP will be fighting for the corporate forest interests and the Ontario Premier, while the Tories will be defending the position of the forest unions, the IWA, and the B.C. NDP. We do live in interesting times.

* * *

HISTORIC EVENTS

UKRAINIAN INDEPENDENCE DAY

Mr. Joe Reid (St. Catharines): Mr. Speaker, on January 22 Ukrainian-Canadian communities will be raising the Ukrainian flag across the country commemorating Ukrainian Independence Day. The emergence of Ukraine as a free state, though for a brief time only, symbolizes the spirit of freedom which continues to live in the hearts of the 35 million Ukrainians now living under Soviet oppression. Although it is the largest non-Russian, eastern European state, Ukraine is denied the freedom of determining its own fate.

• (1415)

In 1975 a 35-nation conference signed an accord in Helsinki which linked human rights, culture, and education with security and co-operation, which includes the right of self-determination. Over one-half of Soviet Russia is made up of non-Russian nations. Those nations will ultimately have the right to define their destiny and shape their own identity. World pressure should make it so.

* * *

COINAGE

ALGOMA ARTISTS' DESIGN SELECTED FOR DOLLAR COIN

Mr. Maurice Foster (Algoma): Mr. Speaker, the Government's incompetence usually draws strong criticism and such was the case when it lost the master dies for the new Canadian dollar coin a few weeks ago. However, it is an ill wind that does not blow good for someone. The loss of the original dies has resulted in the selection of the loon design, the work of Robert Carmichael, an artist from Sylvan Valley near Echo Bay in Algoma district, which is in my constituency.

Mr. Carmichael, who was born in Sault Ste. Marie, is a graduate of Carleton University and of the Ontario College of Art. He is an outstanding artist who often paints landscapes of northern scenes. The loon design reminds us of our rich Canadian heritage of northern lakes and waterways, which are the loon's natural habitat. This design will be used on some $450 million worth of Canadian coins and will bring historic renown to one of Algoma's most talented artists.

ORAL QUESTION PERIOD

[*English*]

THE ADMINISTRATION

RESIGNATION OF MINISTER OF STATE (TRANSPORT)—AWARDING OF LOW LEVEL AIR DEFENCE CONTRACT

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, just preceding the reassembly of Parliament the Government spent a desperate weekend on damage control. The United States Vice-President and Secretary of the Treasury are coming up here to see what they can do to help the Government in the trade negotiations which have gone off the rails. Then the Prime Minister—

Some Hon. Members: Question!

Mr. Turner (Vancouver Quadra): —accepted the resignation of a cabinet Minister.

Like every other Member of the House I have had a chance to look at the press release concerning the resignation of the Hon. Member for Saint-Jean as Minister of State for Transport, but it is pathetically incomplete. When did the Prime Minister personally, or any member of his staff, or any current minister of his Government, learn of the alleged irregularities in the awarding of the Low Level Air Defence contract to Oerlikon, or the unusual land transactions involved?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the answer to that question is contained in the statement issued yesterday. As I indicated, the information was brought to my attention. I did what a Prime Minister ought to do, acted quickly and in the public interest.

SCOPE OF INVESTIGATION BY ROYAL CANADIAN MOUNTED POLICE

Right Hon. John N. Turner (Leader of the Opposition): The Prime Minister thereby sticks by the date found in the press release. Because the release also relates to an investigation by the RCMP, may I ask him the scope of that investigation? Will it include all the circumstances surrounding the letting of the Low Level Air Defence contract to Oerlikon, and will the RCMP have access to cabinet minutes and cabinet documents and all information in the possession of the Government at the time the contract was awarded?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the Right Hon. Leader of the Opposition asks about the scope of the RCMP inquiry. That, too, was referred to in my press release where I said I have asked the RCMP:

—to conduct a complete investigation into the matter.

It means exactly that, total and complete.

[*Translation*]

REQUEST FOR INQUIRY INTO CONTRACT AWARDING PROCEDURES

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the Prime Minister did not answer the questions and his broadcast did not answer them either. I am therefore going to ask the Prime Minister when he is going to set up a real inquiry, either a royal commission or a judicial commission, so that we can be in a position to restore public confidence in the Government's adjudication of contracts and in its ministers in this respect.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, unlike what was said, I did answer both questions my honourable friend asked initially, notwithstanding his final comments.

The Leader of the Opposition is now saying: When are we going to have a real inquiry? I say quite frankly and without hesitation that a real inquiry is one conducted by the RCMP with instructions to conduct a total and complete inquiry.

• (1420)

[*English*]

ACQUISITION OF LAND BY OERLIKON COMPANY—REPORTED REQUEST FOR RETURN OF MONEYS

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, my question is directed to the Prime Minister as well. Is he aware that lawyers representing Oerlikon have sent a demand letter to the President of the Progressive Conservative riding association of Saint-Jean, one Normand Ouellette, requesting the return of $970,000 which Oerlikon alleges Mr. Ouellette improperly received from the land transaction? Is that the reason for the request of the resignation of the Minister of State for Transport?

Right Hon. Brian Mulroney (Prime Minister): No, Mr. Speaker, I am not aware of any specific letter sent in that regard. However, no doubt the RCMP will make that very much a part of their investigation. If my hon. friend or any other members of his Party have any information of any kind, I invite them to give it to the RCMP immediately.

Some Hon. Members: Hear, hear!

Mr. Frith: Mr. Speaker, for the record, that information has been given to the Commissioner of the RCMP. I have indicated to the Commissioner that I am quite prepared to relay to him information I have received.

USE OF MONEYS PAID FOR LAND

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, I gather from the Prime Minister's response that he is not aware of this letter. Would he at least indicate to the House that he is prepared to give assurances that none of the $970,000 which was paid to the President of the Progressive Conservative riding association of Saint-Jean has found its way, directly or indirectly, into other people's hands, in order to ensure that the integrity of the political system is kept intact?

Mr. Clark (Yellowhead): That's out of order.

Mr. Speaker: This is an important matter. Ordinarily the Chair might have interrupted the question of the Hon. Member for Sudbury. However, I think all Hon. Members understand the importance of this matter. Because it is important, and because an examination has apparently been commenced by the Royal Canadian Mounted Police, it is important that questions be carefully phrased. Since no charges have been laid in this very serious matter, I ask all Members to be very careful in phrasing their questions in order that allegations are not made which may not be appropriate on the facts known at the present time.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I think the question was as to whether I had knowledge of that. If that was the question, the answer is no. However, I ask my hon. friend to impart that information and any other information he might have to the RCMP. They will conduct the fullest of inquiries and, in a non-partisan way, bring down whatever judgments and recommendations are appropriate.

I just mention *en passant* that the Leader of the Opposition asked for an independent inquiry. I cannot imagine a more independent and distinguished force than the RCMP to conduct an inquiry into these matters. I think we should let them do their work.

[*Translation*]

REQUEST FOR EXPLANATION OF MINISTER'S RESIGNATION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Right Hon. Prime Minister.

In his press release yesterday, the Prime Minister did not indicate the reasons for the Minister's resignation. My question is simply this: Since the Prime Minister said on television last night that the Minister was a good Canadian, why did he ask for the resignation of this good Canadian?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, a parliamentarian, a Canadian, may be an excellent person, but if he is a member of Cabinet, he is subject to various regulations and requirements which, depending on the circumstances, may demand his withdrawal for a period of time while an inquiry is being held.

I said yesterday that a number of facts were brought to my attention which led me to decide the way I did. I also said, however, that the decision in itself did not mean that Mr. Bissonnette was not to benefit from a presumption of innocence like any other Canadian.

• (1425)

[*English*]

MINISTER'S CONDUCT

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I have a supplementary question for the Prime Minister on the same subject matter.

Considering there is an important distinction to be made, which all Hon. Members recognize, between the possibility of legal wrongdoing—the Prime Minister has clearly taken the correct action, it would seem, in having the RCMP conduct an inquiry if he thought there was some possibility of criminal wrongdoing somewhere—and, on the other hand, wrongdoing of a ministerial nature, and considering we have had five or six other Ministers resign, not for criminal wrongdoing but for ministerial wrongdoing, did the Prime Minister have any reasons to believe that the Minister in question was improperly conducting himself as a Minister of the Crown?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the information which was brought to my attention indicated, in my judgment, that the public interest could be best served by my asking for the Minister to step aside. That is what I did. The public interest would be best served as well by an independent agency such as the RCM Police investigating this matter completely and thoroughly and making its report to the proper authorities. The matter was resolved. Any doubt which existed, I believe, was very much resolved in favour of the public interest, and that is the way it should be.

INFORMATION PROVIDED TO PRIME MINISTER

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I say with respect that the Prime Minister has not helped the situation by leaving the possible implication that there was criminal wrongdoing. Considering that Mr. Masse when he resigned made it very—

Mr. Hnatyshyn: Order.

Mr. Clark (Yellowhead): Order.

Mr. Broadbent: Considering that the former Minister of Communications when he resigned made it very clear that he was doing it for proper reasons and claimed his own innocence, but we have had no such claim in this instance—

Mr. Hnatyshyn: Order.

Mr. Clark (Yellowhead): Good Lord, such gutter scraping.

Mr. Broadbent: Calm down, Secretary of State.

Mr. Hnatyshyn: The NDP thinks you are guilty until proven innocent.

An Hon. Member: They are getting testy over there.

An Hon. Member: Take a Valium.

Mr. Broadbent: Did the Prime Minister—

Mr. Speaker: Order. I think all Hon. Members know that under all the cirumstances there is a certain concern that both questions and answers be very, very fair. I would hope that all Hon. Members would try to adhere to the common sense of that general approach.

I also want to say to all Hon. Members, please, it is an important and proper matter upon which appropriate questions are asked, and I would ask all Hon. Members to co-operate.

Mr. Broadbent: Mr. Speaker, I am not asking about any legal matter. My question to the Prime Minister is this. Did he have any information brought to his attention which caused him to believe that the Minister in question had improperly acted as a Minister, that he was not carrying out his ministerial responsibilities in a correct manner? If so, will the Prime Minister tell us what question of that kind did he put to the Minister?

• (1430)

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I ordered a full and complete inquiry by the RCM Police because of information that was brought to my attention in regard to this matter. I believed, and still believe, that that is of course the proper way to go. When I was asked by the press about it yesterday I indicated that the presumption of innocence is the most fundamental precept in our democracy. I am surprised at the questions of the Leader of the New Democratic Party which suggest anything to the contrary. Surely this is the type of concept that must be protected and respected by all parliamentarians irrespective of Party.

Some Hon. Members: Hear, hear!

Oral Questions

[*Translation*]

OERLIKON CONTRACT TRANSACTIONS—EXTENT OF PRIME MINISTER'S INFORMATION

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is also directed to the Prime Minister and concerns the Oerlikon contract transactions.

Given the fact that the media as well as certain Members and many Canadians have been at least partly aware of these transactions for two months already, I would ask the Prime Minister whether he still maintains that he did not know anything about this matter before last Wednesday. I remind him that his press release of yesterday does not make it clear and avoids stating whether or not he was aware of this matter. Is he still prepared to say that today?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, this is an astonishing statement on the part of the Hon. Member. He solemnly affirms that several people have been aware of this case for a number of months, for two months.

I should like to know who was aware of it and, if the Hon. Member knew about it, why did he not bring it to my attention or to the attention of the RCMP? Indeed, it was his responsibility to do so.

[*English*]

SENATOR'S APPOINTMENT—REQUEST FOR POSTPONEMENT OF SWEARING IN CEREMONY

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I am glad to ask a supplementary question of the Prime Minister in which I remind him that it is our role to ask questions and his to answer them. Given the fact that the Prime Minister saw fit to remove temporarily one of his colleagues in regard to the Oerlikon affair will he now ask his friend, Jean Bazin, to delay voluntarily his own swearing in as a Senator of Canada? Will the Prime Minister commit himself here and now to asking Mr. Bazin to do this?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I just mentioned that quite an astonishing statement has been made on the floor of the House of Commons. The Liberal Member of Parliament says that many Canadians, and by implication himself, have been aware of important facts for some months in regard to an alleged serious matter that involves morals, perhaps public ethics, criminal law and so on. I ask him today to rise in his place in the House of Commons and tell the House who had that information and what it was. If he has had that information for some months why did he not bring it to the attention of the RCMP since his failure to do so could result in the obstruction of justice?

Some Hon. Members: Hear, hear!

[*Translation*]

INQUIRY WHETHER PRIME MINISTER WAS INFORMED OF MUNICIPALITY'S RESOLUTION

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, my question is directed to the Prime Minister.

Was the Prime Minister informed of a decision by the Municipal Council of Saint-Jean-sur-Richelieu, made on October 7, 1985, in the riding of the Minister of State for Transport, by which the Council repealed a resolution to declare the municipality a non-nuclear zone, so as not to compromise the town's chances of attracting major investment in one of the defence industries?

Will the circumstances of this decision by a municipal council in the Minister's riding be part of the inquiry by the RCMP?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the Hon. Member asked me whether I was informed of a decision by a municipal council in Saint-Jean-sur-Richelieu in October 1985. The answer is no.

If pertinent facts or allegations are concerned, I imagine the Hon. Member will want to bring all this to the attention of the RCMP which is conducting a complete inquiry into the matter.

[*English*]

CABINET CONFIDENTIALITY

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have a supplementary question—

Mr. Speaker: I hesitate to interrupt more than is absolutely necessary. However, I want to point out to all Hon. Members that questions ought to be confined to areas of ministerial responsibility or areas of the Prime Minister's responsibility. I certainly do not want in any way to make a ruling or suggest something which would do anything to close off the fullest appropriate questions and answers, and debate, if necessary. I ask Hon. Members in this delicate matter to try mightily to be very careful. The Hon. Member for Ottawa Centre (Mr. Cassidy).

Mr. Cassidy: Mr. Speaker, I would certainly say to you that the Minister has resigned and that there were some rather curious circumstances in his riding in which a municipality reversed a resolution on its being a non-nuclear zone. Will the Prime Minister assure the House that in fact there was no breach of cabinet confidentiality? Will that question in fact form part of the Royal Canadian Mounted Police investigation since it appears possible that people in the municipality knew as early as October, 1985, that something major was afoot relative to a major defence investment?

[*Translation*]

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I said that I was not aware of the terms of a decision made at the municipal level in October 1985 in one of the

ridings of this country. I repeat what I said. One of the reasons for having the RCMP conduct a complete inquiry into the matter is so that it can find out about such claims and judge whether they have a bearing on the ultimate outcome of the inquiry. It will be up to the RCMP to establish the parameters of its inquiry. We want it to be full and complete.

* * *

[*English*]

NATIONAL DEFENCE

AWARDING OF CONTRACT TO OERLIKON

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, the Prime Minister is the only Prime Minister in history who would attempt to turn another Tory scandal into something to be blamed on the Opposition.

Some Hon. Members: Oh, oh!

Mr. Speaker: While trying as much as I can to offer the fullest opportunity to express themselves, I would ask all Hon. Members to be careful not to make accusations which are not relevant to the questions being asked here. I know the Hon. Member would not want to do that.

Mr. Tobin: Mr. Speaker, I take your words of advice. At the risk of being charged with obstructing justice I ask the Minister of National Defence to explain to the House why Oerlikon received an important Canadian defence contract when in fact its weapons guidance system fails to meet DND specifications for an all-weather system, exceeds DND's original budget estimates by $400 million, and contrary to DND requirements, is not a technologically mature system?

Hon. Paul Dick (Associate Minister of National Defence): Mr. Speaker, I would like to inform the Hon. Member that in fact the system does comply with DND requirements as to being an all-weather system. It was within budget. Quite frankly, the Hon. Member's questions are without foundation.

REQUEST FOR PRODUCTION OF DOCUMENTS

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, I remind the Minister that we are in the land of Canada and not in Disneyland. He ought to come to the point in answering the question.

Is the Minister prepared to provide the House of Commons with a complete and detailed analysis of DND's assessment of Oerlikon's bid for the Canadian weapons guidance system? Would he also provide the House with documents outlining DND's rationale for accepting Oerlikon's bid over that of all other defence contractors?

• (1440)

Hon. Paul Dick (Associate Minister of National Defence): Mr. Speaker, if the Hon. Member, like other Hon. Members, had shown up at the Defence Committee, he would have found out a number of these things, and would have been entitled to a private briefing.

* * *

TRADE

SOFTWOOD LUMBER EXPORT TAX—ASSISTANCE FOR WORKERS AND COMMUNITIES

Mr. Jim Fulton (Skeena): Mr. Speaker, my question is directed to the Right Hon. Prime Minister. Everyone recognizes that the 15 per cent export tax on softwood exports to the United States will cost thousands of jobs, and our sovereign control over forest policy. Will the Prime Minister give us his assurance that there will be full and complete assistance to those workers, mills, and communities that will be hurt by the tax?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, it is because of the agreement that we negotiated with the U.S. that we will, in fact, have the money and the revenues available to Canada which the provinces can use for that type of activity, should they so choose.

May I also take this opportunity to remind the Hon. Member and his Party that the people who have been most supportive of the jobs involved, and the protection of the jobs involved, have been the International Woodworkers of America, the union responsible for the workers?

I would like to read for the record of the House the statement made by the IWA:

> We therefore strongly believe that it was absolutely essential to conclude a negotiated settlement with the United States which will guarantee that the increased taxes on softwood lumber shipments to the United States be kept in Canada.

Mr. Speaker: Order, please.

REQUEST FOR FEDERAL COMPENSATION PROGRAM

Mr. Jim Fulton (Skeena): My supplementary question is directed to the Prime Minister. It is the federal Government that negotiated this agreement. Article 6 is a very difficult one for the provincial Governments to get around. There are fears in many communities of a Scheffervile solution. I would like to ask the Prime Minister to end the confusion surrounding this issue and clearly state that there will be a federal program which will fully compensate and assist those workers, mills, and communities that will be hurt by the 15 per cent export tax.

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I believe I have already covered that in my answer to

the previous Member's question by pointing out that in our settlement we keep about half a billion dollars in Canada which will be returned to the provinces for use in reforestation, in retraining of workers, or as they wish. Without the agreement we have the problem and no money. With the agreement we still have the problem but we have the funds to meet it.

UNITED STATES OFFICIALS' LETTER

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I have a question for the Prime Minister. His colleague, the Minister of International Trade, has stated that the moneys that will be obtained by the export tax will be used for reforestation and other means to assist the industry. That point was confirmed yesterday in an interview given by the Deputy Prime Minister.

At the same time we have a letter which was put forward by Mr. Yeutter and Mr. Baldrige which clearly stated that those actions on behalf of any Canadian Government are not permissible under the agreement.

When the Prime Minister meets with the Vice-President of the United States on Wednesday will he gain from the Vice-President a clear repudiation of the Yeutter-Baldrige interpretation that infringes our sovereign right to decide for ourselves what to do with our industry? If we do not get that repudiation, will the Prime Minister revoke the agreement that we have signed that limits our sovereign right to decide what to do for the workers in the lumber industry?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I am happy to answer the question from my hon. friend. The deal concluded by the Minister of International Trade was a properly constituted one and very much, in difficult circumstances, in the national interest. Any suggestion by anyone that there is a word, a paragraph, or an adjective in that agreement that is at variance with the strong promotion of our national interests and sovereignty is false.

Some Hon. Members: Oh, oh!

Mr. Mulroney: I have heard no suggestion at all. I make allowances for those people who like throwing verbal hand-grenades at the United States every day. I believe that it is a challenging—

An Hon. Member: Why are you calling Bush up here?

Mr. Mulroney: I am calling Bush up because he wanted to meet with you.

Mr. Axworthy: We wish he would.

Mr. Speaker: Perhaps the Chair should call upon the Hon. Member for Winnipeg—Fort Garry.

Mr. Axworthy: Mr. Speaker, the Prime Minister is trying to throw verbal hand-grenades.

GOVERNMENT'S POSITION

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Has the Prime Minister not just accused the Secretary of Commerce and the U.S. trade representative of falsifying the agreement by the letter that they have written to their own industry which clearly states that the actions by the governmental bodies in Canada are not allowable? These include rebates and remissions, reforestation, and direct assistance to the industry.

I am asking if the Prime Minister of this country, and the Minister for International Trade, are prepared to disregard totally this type of written statement by senior officials of the U.S. Government and not attempt to get a clarification on Wednesday, or repudiate the agreement that will limit our rights according to the American interpretation of that agreement? Why does the Prime Minister refuse to do that?

Right Hon. Brian Mulroney (Prime Minister): I do not refuse to do anything. The agreement speaks for itself. It is the agreement that speaks for itself. I cannot be held responsible for an interpretation that someone in the United States would place on it, any more than any reasonable Canadian would want to be held responsible for the interpretation placed on it by the Hon. Member for Winnipeg—Fort Garry.

The fact of the matter is that when the sovereignty of the nation is involved every Government of Canada, irrespective of political Party, has at all times defended the interests of Canada, no less so than this Government which is formed by a political Party that founded Canada. It was our Party, the Conservative Party, that built this country, and we will continue to defend and enhance Canadian sovereignty at all times.

Mr. Axworthy: Why give up on it now? You are selling out and you know it.

An Hon. Member: You are down to fourth place now.

* * *

[*Translation*]

AUTOMOTIVE INDUSTRY

REQUEST FOR CLARIFICATION OF AUTO PACT STATEMENT MADE BY PETER MURPHY

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, my question is also directed to the Prime Minister. Considering the confusion created by Peter Murphy's statement on the Auto Pact safeguards, could the Prime Minister make it clear that these safeguards will not be abandoned in the course of the free trade talks?

[*English*]

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I can only repeat what we have said in this House and what our negotiator, Mr. Reisman, has said. We are not

proposing to put the Auto Pact into these talks. Should the Americans wish to do that, we will consider any suggestions that they have to improve it.

But may I say, Mr. Speaker, that this is a very odd question coming from the Hon. Member of the NDP considering the remarks made by his own Leader in the House as reported by *Hansard* on July 8, 1977:

First of all, in order to protect the parts industry, which has been losing billions of dollars annually in terms of trade deficit, major modification of the pact is required.

Some Hon. Members: Oh, oh!

Miss Carney: Further in the same speech, Mr. Speaker, he also stated:

There have been some positive benefits from the pact, and anyone who denies it would be crazy; but there are also a number of severe liabilities in it for Canada—

Mr. Speaker: Order, please. The Hon. Member for Essex—Windsor.

Mr. Langdon: I can see that the Minister has been reading speeches over the holidays on the beaches of Hawaii.

Mr. Speaker: Order, please. The Minister may well have been reading speeches on the beaches of Hawaii, but I am quite sure that the Hon. Member would not want to repeat them all here. Would the Hon. Member ask his question?

SAFEGUARDS IN AUTO PACT

Mr. Steven W. Langdon (Essex—Windsor): My question deals directly with the question of safeguards which my Leader sought to increase, not decrease. I wish to ask the Minister if she will guarantee Canadians that the safeguards will not be reduced in any way in the free trade talks that are taking place?

• (1450)

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, again I would like to look at the words of the Hon. Leader of the NDP who, on April 17, 1980, asked the then Liberal Government:

—will the Minister not now seize the opportunity of this genuine crisis in the industry to arrange a meeting at the top level, including the Canadian Secretary of State for External Affairs and himself, to get a renegotiated pact in place by the end of this year?

Some Hon. Members: Oh, oh!

Miss Carney: Those were the words of the Leader of the NDP.

Mr. La Salle: Give him the quotation.

Mr. Mazankowski: You are blushing, Ed.

Mr. Crosbie: You have a short memory, Ed.

Some Hon. Members: Order, order!

Mr. Speaker: The Hon. Member for Don Valley East.

* * *

HUMAN RIGHTS

U.S.S.R.—PLIGHT OF IOFFE FAMILY

Mr. Bill Attewell (Don Valley East): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. On January 8 I telephoned Dr. Alexander Ioffe in Moscow who, a few hours earlier, had started a hunger strike, not for himself—and he has been refused an exit visa for 10 years—but for his son and his family who were refused an exit visa in November. Over last weekend we understand that the Soviet authorities have not made any contact with Dr. Ioffe. Would the Secretary of State have someone in our Embassy in Moscow visit Dr. Ioffe to see the state of his health and to see whether we could be of some help? More particularly, would he exert the pressure of his office to see that an exit visa is granted for Dr. Ioffe's son, Dimitri, so that Dr. Ioffe's health does not deteriorate further?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, on January 14 a representative of the Canadian Embassy in Moscow visited Mr. Ioffe. We have made representations to the Government of the Soviet—

An Hon. Member: How is he?

Mr. Clark (Yellowhead): I am asked how he is. I hope that is a serious question; certainly it is to us, if not to the Liberal Member who raised it. He appears to be in reasonably good health. We are continuing to make representations to the Soviet Union to seek the possibility for Mr. Ioffe to come to Canada. I should simply make the point that it is precisely on individual cases like that that we will find the real test of the intention of the Soviet Union with regard to people in that country who might want to move to freedom.

* * *

THE ADMINISTRATION

OERLIKON CONTRACT—ROYAL CANADIAN MOUNTED POLICE INVESTIGATION

Hon. Bob Kaplan (York Centre): Mr. Speaker, I should like to return to the Prime Minister with a question on the Oerlikon contract. When the Prime Minister says that the RCMP investigation will be complete, he knows of course that the RCMP only investigates law-breaking. It does not investigate standards of behaviour required of Ministers, conflict of interest, maintenance of cabinet confidentiality, or integrity on the job. Is the law-breaking question the end of it, or will there be an investigation or a royal commission, such as my Leader suggested, to look into the larger questions of how

the Government conducts business and what is expected of Ministers?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I think that the word "complete" is a precise one which indicates the openness of the Government. As my hon. friend knows, as a former Solicitor General, once the matter is placed in the hands of the Police, it is not up to the Government or the Solicitor General to try to impose any parameters of any kind on the inquiry. This inquiry by the RCM Police will be conducted fully and completely in a manner that it determines, and its inquiry shall lead it wherever. My responsibility, when confronted with some facts, was to deal with a member of my Government, and I did so and, I think, properly.

PROPRIETY OF CONTRACT NEGOTIATION

Hon. Bob Kaplan (York Centre): Mr. Speaker, there are larger questions. I want to ask the Prime Minister whether he considers it proper for the Government to enter a contract with a bidder where his friend, Jean Bazin, is a director and legal counsel; where his friend, Roger Nantel, is a paid lobbyist; where his ex-staffer, Peter Ohrt from the Prime Minister's Office, is hired as project manager; and where two officials involved in examining those bids are involved now and working for the bidder. Is this the kind of deal which Canadians can expect the Government to enter into, or will there be an investigation of the propriety of it?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the Hon. Member makes allegations of impropriety which no doubt will be immediately and urgently considered by the RCM Police. That is the objective of giving it to the independent police force in Canada for its analysis, consideration, and determination. I point out, because I know as a lawyer—and I was just about to say something, that I was the classmate of an Hon. Member here who would confirm it, the Hon. Member for Papineau—that it was Mr. Bazin and Mr. Nantel who brought to the attention of the Government, pursuant to a meeting with their client, the facts that permitted this inquiry to get under way—that these are not the acts of guilty people. These are innocent people, and my friend should give them the presumption of innocence.

* * *

TRADE

COST OF ESTABLISHING DEPARTMENTAL COMMUNICATIONS UNIT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is directed to the Minister for International Trade who, during the recess, announced that she plans to spend $12 million telling Canadians what a great job she is doing in shoring up her failing reputation. Should the Minister not be blushing a little, considering that in her first speech given in the House of Commons on October 23, 1980, she condemned the then Liberal Government for doing exactly the same thing—using taxpayers' money to tell the people of Canada what a wonderful job they were doing?

Hon. Pat Carney (Minister for International Trade): I will assume, Mr. Speaker, that there is a question in that. I can assure the Hon. Member that the establishment of a communications unit is wholly consistent with normal government operations and responsible to the Deputy Minister. It will provide our Department with the capability to handle communications programs both at home and abroad on all trade issues. Specifically, it will answer the question the Hon. Member for Kamloops—Shuswap asked me in the House on October 27, which was: "How would she suggest I respond to my constituents when they ask me what are the implications of these talks on the Okanagan fruit industry and our fledgling breweries and wineries in British Columbia?" I have put in place a unit which will answer the questions which he and his Party raise.

Mr. Riis: Mr. Speaker, it is the Minister's job to explain that, not that of the taxpayers of Canada. Where was she at 11 o'clock when she should have stood in her place as a Minister and made those explanations under a Minister's Statement?

Some Hon. Members: On the beach.

GOVERNMENT ADVERTISING EXPENDITURES

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my suplementary question is directed to the Right Hon. Prime Minister who indicated that he would give the Minister the free trade ball; he did not realize that it was going to cost Canadian taxpayers $12 million for that ball. When his present Minister of National Defence was in opposition, he put forward the following motion:

> That this House condemns the Government for its increasing use of Canadian taxpayers' dollars for self-serving advertising—at a time when it demands financial sacrifices from ordinary Canadians.

How does the situation today differ from that condemnation which his Party put forth back in 1982?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I want to apologize to the House for any confusion. I stumbled momentarily into the NDP policy meeting on the weekend, and anything which comes out will obviously reflect on that. They, too, are serious matters, very serious matters, with which we are going to be dealing. With regard to the advertising or the public information campaigns, they are not in any way, nor will they be, the kinds of partisan advocacy campaigns that would have applied in the past. These will be—

Some Hon. Members: Oh, oh!

Mr. Mulroney: To the extent—

An Hon. Member: Quit smiling.

Mr. Mulroney: These will meet with the objective—

Mr. Broadbent: Can I write the ad?

• (1500)

Mr. Mulroney: I could even go back and get the speeches of the NDP from 1980 and put them in that—

Mr. Speaker: Order. The Hon. Member for Saint-Jacques.

* * *

[*Translation*]

CONFLICTS OF INTEREST

INQUIRY ABOUT WHO DECIDED TO INSTITUTE INVESTIGATION TO DISCOVER WHETHER GUIDELINES WERE FOLLOWED OR TRANSGRESSED IN OERLIKON CASE

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, my question is directed to the Prime Minister and has to do with the Oerlikon case. The statement made yesterday by the Prime Minister is quite short, only 18 lines. It is rather brief to explain the dismissal of a Minister. I should like to ask the Prime Minister if it was his decision to institute an investigation to discover whether the conflicts of interest guidelines were followed or whether they were transgressed because, under the terms of these guidelines, it is up to him as Prime Minister to make sure that the guidelines were followed. Is the Prime Minister now making an investigation into this matter?

Right Hon. Brian Mulroney (Prime Minister): Yes, Mr. Speaker, it is indeed my responsibility as Prime Minister to make value judgments, and I made the judgment required under the circumstances. In addition, we have launched a full investigation into this matter and I know that my colleague will want to wait for the findings before making further comments on this.

REQUEST THAT PRIME MINISTER MAKE COMPLETE STATEMENT CONCERNING EVENTS WHICH LED TO HIS DISMISSAL OF MINISTER

Mr. Jacques Guilbault (Saint-Jacques): As I just said, Mr. Speaker, 18 lines make a rather brief statement. I want to ask the Prime Minister whether he is prepared to make a complete statement before the House, at the earliest opportunity, concerning the events as he uncovered them and which led to his decision to dismiss a Minister of the Crown.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my friend will see in the same statement that all the information I had was passed on to the RCMP. It is up to our national and independent police force to complete their investigation. And of course we will live not only with the results but also with the conclusions and recommendations of this investigation, as we should.

[*English*]

REFUGEES

INFLUX OF PERSONS FROM CENTRAL AMERICA VIA THE UNITED STATES

Mr. Ross Belsher (Fraser Valley East): Mr. Speaker, my question is for the Minister of Employment and Immigration. Canadians from all parts of our country are very angry with the apparent abuses of our refugee policy. In light of the media news last week indicating that there is a possible influx of people of central American extraction by way of the United States, what steps are being taken to help prevent this possible influx and abuse of our policy?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Over the past three weeks, Mr. Speaker, I have had many opportunities to say that indeed the Government is concerned about the problem of refugees now seeking to enter this country. As to the Latin Americans, certainly we are monitoring the situation very closely on a daily basis and, depending on the number of refugees who want to be admitted here, should the situation force us to take other measures besides those we have already taken we will do so. For the time being, however, we are satisfied with closely monitoring the situation.

[*English*]

Mr. Speaker: I think Hon. Members will realize that there have been some interruptions during Question Period. I will take one question from the Hon. Member for York South—Weston.

* * *

THE ADMINISTRATION

FRANK MAJEAU—LACK OF SECURITY CHECK

Mr. John Nunziata (York South—Weston): Mr. Speaker, my question is for the Prime Minister. It concerns the conduct of two other Ministers, the Solicitor General and the Minister without portfolio, the Hon. Member for Joliette, in the Frank Majeau affair. Why was a routine security check not done on Mr. Majeau in view of the fact that the RCMP were notified in May of the matter and in view of the fact that the Solicitor General was notified in October? In view of these facts, will the Prime Minister also initiate an RCMP investigation into the conduct of those two particular Ministers to determine whether they, in effect, stopped a security check into Mr. Majeau's background?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, it is true that the strict security procedures were not followed in this particular case. We regret that very much. There has been a full examination by PCO officials into all other matters

affecting security clearances on the staffs of all Ministers. I am informed that that review is pretty well completed. I want to assure the House that any members of cabinet Ministers' staff who have not been security cleared who are handling sensitive information will be subject to that procedure. For those who have not cleared security, appropriate action will be taken.

Mr. Speaker: I must advise Hon. Members that Question Period is running a little late. There have been interruptions. I will recognize the Hon. Member for Vancouver East on one question and then we will have to close out Question Period. I thank Hon. Members.

* * *

DAY CARE

GOVERNMENT POLICY

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, my question is for the Prime Minister and it concerns the credibility of his child care statements. He said to the First Ministers "the federal Government wants to ensure that affordable quality child care is available to Canadian women", and, "we are prepared to allocate substantial resources". The Minister of National Health and Welfare recently expressed an opposite view and revealed his bias against day care which is urgently needed by the majority of families with young children.

Mr. Clark (Yellowhead): That is a falsehood.

Ms. Mitchell: Which person can Canadians believe, the Minister of National Health and Welfare or the Prime Minister, regarding the Government's child care policy?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, I do not have any bias against child care and day-care centres. I said in an interview that the Government had committed itself to an expansion of the day-care system, that I fully endorsed it, and that I have the responsibility to bring forward a system at the end of this week to other Ministers as was confirmed by the Prime Minister in Vancouver.

The area of controversy, if, in fact, there is any—I was asked the question as well—concerns the only exclusive model that all Canadian children should be exposed to, but it varies from one family to another. One family is a single-parent family while another has both parents working outside the home.

Ms. Mitchell: Biased.

Mr. Epp (Provencher): It is a not a bias. In fact it is a much better view of the family than the Hon. Member's narrow view.

BUSINESS OF THE HOUSE

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, as you are aware, discussions have been going on between the Government and the House Leaders of the other two Parties. That was alluded to this morning. I think you will find unanimous consent, Sir, to allow the order for the concurrence of the Ways and Means Motion to be tabled this afternoon as the first order of business so that we could get on with the debate on the softwood lumber issue which would implement the export tax.

Hon. Herb Gray (Windsor West): Mr. Speaker, the Official Opposition is willing to expedite the procedure of debate on second reading of the Government's measure to impose an export tax on softwood lumber—

Mr. Speaker: It seems to the Chair that after there has been a brisk Question Period, while there are clear signs of co-operation among all Parties to get on with other business in the House, it is appropriate that all Hon. Members let the House Leaders and others comment on the arrangement that is being made. The Hon. Member for Windsor West (Mr. Gray).

Mr. Gray (Windsor West): Mr. Speaker, I want to say that in order to allow the debate on second reading of the Government's measure to impose an export tax on softwood lumber to begin today, we are willing to agree to expediting the various steps leading up to that point. However, I want to make it clear that this does not in any way change our opposition to this measure. Therefore, no one should be surprised that when the motion for concurrence is put, we will be voting against it. I am talking about a motion to concur in the Ways and Means motion which was tabled earlier today.

Mr. Speaker: Order. The Chair understands perfectly the position faced by the Hon. Opposition House Leader. I now recognize the Hon. Member for Kamloops—Shuswap (Mr. Riis).

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is our intention, as we indicated earlier this morning, to co-operate with the Government to facilitate the immediate debate of the 15 per cent tax. Again, just to make the point very clear, our intention is to support the motion so that the process can get under way, but it is to be interpreted in no way as supporting the Government's initiative in terms of its agreement signed at the end of 1986.

• (1510)

Mr. Speaker: I want to thank Hon. Members for making that clear and I also want to thank them for their co-operation with the Chair. It has been a brisk Question Period and questions and answers were put vividly, but I think it is to the credit of the House that co-operation can be obtained and given freely to move on with the business. I want to advise all

Hon. Members that I understand the basis upon which the co-operation has been given.

ROUTINE PROCEEDINGS

[*English*]

WAYS AND MEANS

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE

Hon. Pat Carney (Minister for International Trade) moved that a Ways and Means motion to impose a charge on the export of certain softwood lumber products laid upon the Table earlier this day be concurred in.

Mr. Speaker: Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

Mr. Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five Members having risen:

Mr. Speaker: Call in the Members.

The House divided on the motion (Miss Carney) which was agreed to on the following division:

(Division No. 46)

YEAS

Members

Attewell
Belsher
Bernier
Blais
Blenkarn
Bosley
Bourgault
Bradley
Brisco
Cadieux
Caldwell
Cardiff
Carney
Chartrand
Clark
(Yellowhead)
Clinch
Coates
Cochrane
Collins
Comeau
Cook
Cooper
Corbett
Cossitt
Côté
(Lac-Saint-Jean)
Crofton
Darling
Daubney
Della Noce
Desjardins
Dick
Domm
Dorin
Duplessis
Edwards
Fennell
Ferland
Fontaine
Forrestall
Fraleigh
Fretz
Friesen
Gass
Gérin
Gervais
Girard
Gormley
Graham
Gray
(Bonaventure—Îles-de-la-Madeleine)
Greenaway
Grisé
Guilbault
(Drummond)
Gustafson
Halliday
Hamelin
Hamilton
Hardey
Hawkes
Holtmann
Horner
Howie
Jardine
Jelinek
Johnson
(Bonavista—Trinity—Conception)
Joncas
Jourdenais
Kelleher
Kempling
Kilgour
Ladouceur
Landry
Lanthier
La Salle
Layton
Lesick
Lewis
MacDonald
(Kingston and the Islands)
MacDougall
(Timiskaming)
Malone
Mantha
Marin
Mayer
Mazankowski
McCain
McCrossan
McDermid
McInnes
McKinnon
McMillan
Merrithew
Minaker
Mitges
Murta
Nicholson
(Niagara Falls)
Nickerson
Nowlan
Oberle
Oostrom
Pietz
Plourde
Porter
Price
Ravis
Redway
Reid
Ricard
St. Germain
St-Julien
Schellenberg
(Nanaimo—Alberni)
Schellenberger
(Wetaskiwin)
Scott
(Victoria—Haliburton)
Scott
(Hamilton—Wentworth)
Scowen
Shields
Siddon
Sparrow
Speyer
Stackhouse
Stevens
Stewart
Suluk
Tardif
(Charlesbourg)
Thacker
Towers
Tremblay
(Lotbinière)
Tupper
Turner
(Ottawa—Carleton)
Van De Walle
Vankoughnet
Vézina
Vincent
Warner
Wenman
White
Wilson
(Swift Current—Maple Creek)
Winegard
Witer—137

NAYS

Members

Allmand
Althouse
Angus
Axworthy
Benjamin
Blackburn
(Brant)
Blaikie
Boudria
Broadbent
Caccia
Cassidy
de Corneille
de Jong
Dingwall
Foster
Fulton
Gagliano
Garneau
Gauthier
Gray
(Windsor West)
Guilbault
(Saint-Jacques)
Henderson
Hovdebo
Isabelle
Johnston
(Saint-Henri—Westmount)
Kaplan
Keeper
Langdon
Lapierre
MacLellan
Malépart
Manly
Marchi
McCurdy
Mitchell
Murphy
Nicholson
(Trinity)
Nunziata
Nystrom
Orlikow
Ouellet
Parry
Pépin
Prud'homme
Riis
Robichaud
Robinson
Rodriguez
Rompkey
Rossi
Skelly
Tardif
(Richmond—Wolfe)
Tobin
Toupin
Turner
(Vancouver Quadra)
Waddell
Young —57

● (1550)

The Acting Speaker (Mr. Paproski): I declare the motion carried.

Motion agreed to.

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

Hon. Pat Carney (Minister for International Trade) moved that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be now read the first time and be printed.

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

The Acting Speaker (Mr. Paproski): When shall the Bill be read the second time? By unanimous consent, now?

Some Hon. Members: Agreed.

Miss Carney moved that the Bill be read the second time and referred to a legislative committee.

Hon. Herb Gray (Windsor West): Mr. Speaker, I rise on a point of order.

The Acting Speaker (Mr. Paproski): Order, please. Before I entertain points of order Mr. Speaker will take the chair to make a ruling. The Hon. Member for Windsor West (Mr. Gray).

Mr. Gray (Windsor West): Mr. Speaker, with your amazing skill at these matters you actually anticipated and answered my point of order.

* * *

MOTION TO ADJOURN UNDER S.O. 29

FREE TRADE NEGOTIATIONS—CANADA-U.S. AUTO PACT

Mr. Speaker: As Hon. Members know, there was an application for an emergency debate by the Right Hon. Leader of the Opposition (Mr. Turner) with respect to which the Chair received notice some days ago and upon which the Chair heard discussion this morning. In view of the arrangements which have been made in the Chamber, there is no need for me to make any comment upon that particular application. However, there is another request for an emergency debate in the name of the Hon. Member for Windsor West (Mr. Gray). The Chair would like to deal with that request now.

The Hon. Member for Windsor West has given due notice of his intention to propose under Standing Order 29 a motion to adjourn the House for the purpose of considering an important matter relating to the Canada-United States free trade negotiations and, more particularly, issues relating to the Canada-United States Auto Pact.

[*Translation*]

The Chair is well aware that the Auto Pact and the free trade talks are a very important subjects of public debate. It also recognizes how important these matters are to the Hon. Member for Windsor West (Mr. Gray).

It is clear that the matter comes within the scope of ministerial action and is part of the Government's administrative responsibilities.

[*English*]

However, the terms of Standing Order 29 require that the matter proposed to be discussed be specific and that a genuine emergency be at least anticipated if not be fact. The Chair has some difficulty in establishing, on the basis of public statements made to date, whether the Auto Pact will or will not be part of the free trade negotiations and is therefore not convinced that a specific and genuine emergency exists at this time.

Mr. Turner (Vancouver Quadra): That is our problem too.

Some Hon. Members: Right on!

Mr. Speaker: The Chair is conscious of the fact that, as some Hon. Members have just volunteered, the Chair's problem is also a problem for the House.

Some Hon. Members: Hear, hear!

Mr. Speaker: Furthermore, there must be urgency of debate for the Chair to acquiesce to such an application. The Hon. Member for Windsor West may wish to seek other opportunities to debate this matter and there are other avenues which he may want to explore in order to get his views on the record. However, and I emphasize this, for the time being the Chair must rule that his application does not satisfy the exigencies of Standing Order 29. I wish to thank the Hon. Member for Windsor West for his intervention and other Hon. Members for their attention to the ruling of the Chair.

* * *

HOUSE OF COMMONS

RESIGNATION OF HON. MEMBER FOR YUKON

Mr. Speaker: It is my obligation as Speaker to bring to the attention of Hon. Members the fact that I have received today a facsimile of a letter dated January 16 from the Hon. Eric Nielsen, Member of Parliament for Yukon. The facsimile reads as follows:

Whitehorse, Yukon
V1A 2A7

January 16, 1987

The Honourable John Fraser,
The Speaker of the House,
Room 222, North, Centre Block,
House of Commons,
Ottawa, Ontario
K1A 0A6

Dear Mr. Speaker:

This is to officially notify the House of Commons through you, that I hereby resign as Member of Parliament for Yukon effective January 16, 1987 and ask that you convey this to the House on Monday.

Sincerely,
Erik Nielsen,
Member of Parliament for Yukon

There are witnesses duly noted on the letter.

I wish to bring to the attention of all Hon. Members the fact that the Chair has sought the advice of parliamentary counsel on this matter. While this is a facsimile and it is in my view clearly a matter of importance, it should be brought to the House at the first opportunity. I have discussed with the Hon. Member for Yukon the fact that the obligation on the Speaker to refer the matter to the Chief Electoral Officer cannot take place until the original of this document is actually received.

I am advised by the Hon. Member, and have no reason to doubt him, that that particular document has been sent by the usual means to this place.

Some Hon. Members: Oh, oh!

Mr. Speaker: That may well be the reason that the Hon. Member for Yukon wished me to make this announcement to Hon. Members this afternoon. In any event, when the original document is received—and I think the Chair is bound by the statute to wait until it is received—the appropriate steps will be taken.

I know that all Hon. Members, especially those of us who have known the Hon. Member for Yukon for many years in different capacities and on different sides of the House, would want me to express to him in the Chamber the accord, the affection and the admiration in which he has been held for many years by all Hon. Members, and perhaps to remember how vividly and vigorously he fought for that which he thought was right and proper in the service of our country.

Some Hon. Members: Hear, hear!

GOVERNMENT ORDERS

[*English*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I rise on a point of order. In order to facilitate debate it is the desire of the two opposition Parties to ask for the consent of the House to defer Private Members' Hour until the lead-off speakers of all three Parties have had an opportunity to complete their remarks. I do not wish to put that forward in a formal motion, but if there could be an understanding that we complete the first three speeches, and then go on to Private Member's Hour?

• (1600)

Mr. Speaker: The House has heard the request of the Hon. Deputy Prime Minister (Mr. Mazankowski). Is there agreement?

Some Hon. Members: Agreed.

Mr. Speaker: Members have indicated agreement.

On debate, the Hon. Minister for International Trade (Miss Carney).

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, you are aware that we have finally reached an agreement with the United States on the issue of softwood lumber, after months of intense effort on behalf of the Government, and after a study of the many complex issues that this matter brought before us.

I wish to remind you that one of the reasons why this is so important, and the measures we are taking are so vital, is that Canada is very much a forest nation. Including our northern territories, all of Canada in some way is involved with forestry, as is all of Canada involved in some way with trade.

I wish to assure the House that in bringing forward this measure we have acted in the national interest, we have acted consistent with our GATT obligations, and we have acted in a way that is infinitely better than the alternative before us, which was to accept a countervailing duty.

In terms of the national interest, I would like to review with you that we in our agreement moved to protect our sovereignty. The Opposition would allow the U.S. to overrun our forests. We acted to protect our revenues. The Opposition would pay these revenues to the U.S. We acted to protect our industries. The Opposition would expose those industries to other countervails. We acted to protect jobs. The Opposition's preferred option, countervail, would cost jobs.

In terms of dealing with our GATT obligations, I would like to remind the House that Canada is an international trader. We are in the big leagues in trade. Canada, along with the European Community, the U.S., and Japan, are the four big trading interests which account for 40 per cent of the world trade. The Opposition would take us out of the big leagues. The Liberals would send us down to the minors. The NDP would leave us on the bench.

In terms of the countervail, I can only quote the Prime Minister (Mr. Mulroney). As the Prime Minister has stated, in terms of the countervail if we had a choice between this agreement and perfection, we would have taken perfection. But we had a choice between this negotiated agreement on our terms, and a countervail. In this agreement we have the best settlement possible, given the alternatives which we faced.

I would like to briefly outline the options, the process, the demands, and the results achieved in this agreement. First, I wish to remind the House that this is not a new issue. Our research shows that the earliest attempts to block softwood lumber exports to the U.S. were in 1892.

In 1983, faced with a similar countervail threat, we won the preliminary determination. However, in 1986 we lost the preliminary determination, and a 15 per cent duty was declared. Therefore, under international law, and under U.S. trade law, we faced three options. We could fight and risk losing the case and paying countervail duties to the U.S. Treasury. We could plead guilty that our stumpage programs were subsidies. This is a position that Canada has always maintained is not the case. Our second option was to plead guilty that our stumpage programs were subsidies and enter into a suspension agreement to keep the additional moneys in Canada. The third option open to us was to negotiate a settlement in order to protect the thousands of Canadians who work in the industry, while protecting the right of the provinces to manage their resources, and to keep forest revenues in Canada.

The Canadian Government engaged in full consultations with the provinces, labour, and industry. We explored all the options consistent with our duty to protect Canada's interest.

A split developed between the provinces as to what approach we should take. This is important, because this Government has always maintained the constitutional right of the provinces to their natural resources, a right that the Liberal Government has ignored in the past.

Ontario wished to proceed to the final decision in the hopes of reversing it, or if that failed, challenging it in the U.S. courts. British Columbia and Quebec are the major owners with 80 per cent of the forests. They favoured negotiating a suspension agreement to keep the money in Canada.

In discussion with the U.S. Commerce officials we became increasingly convinced that notwithstanding our strong case, we would lose the final determination. Such a final determination would have been an open invitation for any special interest group in the U.S. to file a petition against our other resource exports, because that would have put on the books, through the final determination, a precedent which could be used against our other export industries. Thus, in November, I concluded that fighting the case through to the finish would almost certainly entrench a dangerous legal precedent, and see the resulting countervail duties flow to the U.S. Treasury. I may remind the opposition Parties that the duties could well have been higher than 15 per cent. The U.S. industry was asking for 36 per cent. We had no reason to believe that it would be safe to assume that we would only have a 15 per cent duty.

It is our position that we do not fight to lose cases. We fight to win cases. On the other hand, the suspension agreement approach which was favoured by B.C. and Quebec was equally unpalatable. That would have surrendered our forest management policies to the U.S. Government. That was totally unacceptable to the Government of Canada.

The proposal that I developed with Secretary Baldrige came the closest to meeting the objectives of all parties. It was presented to the First Ministers' Conference in November. The Premiers agreed to see if we could explore it. The benefits of seeking a negotiated settlement were very clear. It would meet both national and provincial objectives, increased revenues would be kept in Canada, and these could be used to replenish the forests. These revenues will be returned to the provinces and the provinces have the right to use them for silvaculture, reforestation, worker retraining, or other things within their constitutional jurisdiction.

The provinces would retain their flexibility in determining stumpage pricing, which is very important to the two provinces that had stumpage increases in their systems planned and were caught in the vice of the threatened countervail.

It would avoid the dangerous development in U.S. countervail policy by having the petition withdrawn, because it was central to this negotiation that in return for a negotiated settlement the actual petition that was brought by the U.S. intra groups, the U.S. coalition of lumber, would be withdrawn, and further conflict between the provinces on how they determine their natural resource management policies would remain unimpaired. Unlike a suspension agreement, the U.S. authorities could not infringe Canadian sovereignty by policing provincial management practices.

The agreement we reached with the United States meets all of these objectives. It is important to stress that it is supported by the nine provinces that own the resource, the union that represents the forestry workers, and important elements of the industry. For our B.C. Members of Parliament, it may be useful to note that the B.C. NDP critic, Bob Williams, was reported in the media as saying that the softwood accord was "a pretty good deal". It was the best that could be obtained in difficult circumstances. Moreover, it was reached on our terms, because the key clauses that were on the table at the start of the negotiations were on the table at the end of the negotiations.

Much has been made by the critics about the alleged infringement of Canadian sovereignty. This is really a phoney issue. All countries regularly conclude international agreements in which they agree to restrict their freedom of action, even in the Auto Pact that the NDP is so worried about.

• (1610)

All agreements between countries is an exercise of sovereignty, by the very willingness and ability of countries to enter

into them. Our sovereignty is undiminished and, if at some future date we were to decide to terminate the agreement, that too would be an exercise of sovereignty.

What has Canada agreed to do in this agreement? During the course of the negotiations the U.S. coalition made many demands upon Canada. It is fundamental to understand that under existing U.S. trade law any interest group in the United States can bring this kind of action against any Canadian export. This is why we are seeking to negotiate a new trade treaty with the U.S.—to change these rules so that we avoid these kinds of border disputes.

One of the demands which the U.S. coalition sought was to establish a floor price regardless of market conditions. It sought to dictate how Canadian stumpage policies would operate. It demanded specific changes in provincial systems within a defined time frame, with a joint supervisory committee to oversee the changes.

The opposition Parties forget that what the U.S. coalition was asking for was a $1.1 billion increase in stumpage in one year. That is what they were seeking, and that is what they did not get. That is almost three times the existing levels of stumpage collected in the country.

If the idea of the joint board had been accepted, the U.S. Government would be able to dictate how our policies should be made and implemented. That was totally unacceptable to Canada, and we rejected it out of hand.

The U.S. administration has expressly recognized Canadian sovereignty in its statement of January 2, wherein it said that "The United States Government will not be concerned with how Canadian authorities make changes in their forest management practices. When they do so or what form these changes take. These are matters for Canadians to decide."

I also assure the Opposition that I personally telephoned Mr. Yeutter, the U.S. trade representative, to make it clear, in terms of the letter which was quoted, that the U.S. had a choice—either we had an agreement on the terms that the U.S. accepted with the statement I have just read from Ambassador Niles, or the U.S. would be in contradiction of the agreement it had just signed. These are all the essential qualities—

Mr. Axworthy: What did he say?

Miss Carney: The Opposition asks: "What did he say?" They issued the statement; that is what they did. They issued the statement which said: "These are matters for Canadians to decide".

The Hon. Member has been spreading misleading information about this matter in a way which is detrimental to the national interest.

Some Hon. Members: Hear, hear!

Miss Carney: The only item which is the subject of consultation and agreement is the calculation of the value of any changes in the export tax, because the export tax is a 15 per cent tax at the border. At some point in time it is planned to phase it, in whole or in part, into increased stumpage, if that is what the provinces wish to do, and the U.S. has the reasonable right to ensure that the conversion from an export tax to stumpage meets the criterion of 15 per cent.

It must not be forgotten that if the countervail had been imposed, Commerce officials would have been coming into Canada, as they did on the preliminary determination, and would have verified provincial and industry books. They would be in the forest services records, they would be in the forests, and they would decide unilaterally how we were going about this method. That unacceptable practice has been avoided.

Under the agreement the information we will provide to the U.S. is essentially in the public domain and does not involve U.S. officials entering Canada to audit and verify it. Reaching this agreement is a major accomplishment. When compared with a suspension agreement, the settlement is infinitely preferable. Like a suspension agreement the money stays in Canada but, more important, the intrusive policing of provincial management practices which a suspension agreement entails has been avoided.

What the Opposition also fails to realize is that if the countervail had gone into effect as expected—and I hope every B.C. Member is conscious of this—the Canadian forest industry would have been faced with a double whammy of both a duty and an increase in stumpage, because the only way one can get rid of a countervail is to increase stumpage to the point where the Commerce Department in the U.S. unilaterally decides that the alleged subsidy was offset.

Here we have an industry which now has a 15 per cent tax that with a countervail would have had both the tax and increases in stumpage to offset it—a 30 per cent plus double whammy. We knew that the Canadian forestry industry could not sustain it. We negotiated the settlement because we knew the double hit of 30 per cent plus would break the industry.

In this we were supported by the IWA which said that the negotiated settlement was absolutely essential. I would like to read the particular paragraph where the IWA said: "We would suggest that many negative comments have been both ill-informed and ill-founded". The IWA also told us: "We . . . strongly believe that it was absolutely essential to conclude a negotiated settlement with the United States which will guarantee that the increased taxes on softwood lumber shipments to the United States be kept in Canada".

I am really looking forward to British Columbia NDP Members of Parliament returning to their ridings, because the IWA has stood by this even when the NDP asked them to back off. The NDP asked them to back off, and the IWA would not. The IWA has been barnstorming around, saying: "This is the letter which we sent the Minister and this is the letter we stand by".

Some Hon. Members: Hear, hear!

Miss Carney: Some critics have predicted massive job losses resulting from our agreement.

As a federal Minister of course I am always concerned about the employment effects of government actions, but we must recognize a few points. First, the forest industry has always been a cyclical one with ups and downs. Second, as the shakes and shingles tariff has shown, the effects of a tariff or charge are difficult to predict. The NDP were maintaining that thousands of people would be laid off and that terror would reign in the woods. As a matter of record, that industry, although it has suffered, has in no way experienced nearly the catastrophe which the NDP suggested.

I can also say that the IWA has made the following clear, in terms of job loss in its letter to me:

> The second assumption is that the Canadian sawmilling industry will be unable to compete under the burden of a 15 per cent export levy. We regret the fact that not all Canadian sawmills will survive, and that some jobs will be lost.

As of course does the Government. It continues:

> It should not be assumed, however, that a substantial portion of the Canadian sawmilling industry will disappear.

In its letter it gives some well reasoned arguments why.

Where do we go from here? Last week I, along with my colleague, the very able Minister of State for Forestry and Mines (Mr. Merrithew), met with the provincial Ministers. We reviewed the agreement. A federal-provincial task force has been established to review all aspects relating to the implementation of the agreement. We will have a subgroup of forest Ministers, headed by the Hon. Len Simms of Newfoundland, which will study the matter of replacement measures. We will work together to ensure that we iron out the problems which the industry faces.

Before closing, I want to deal with some side issues which have been raised today in debate or in the newspapers. First, one of our colleagues from New Brunswick is worried about the impact on his province. I want to point out that the Government of Canada maintained for his province the 92 per cent exemption on lumber exports contained in the preliminary. In the preliminary decision, 20 firms won an exemption, and 92 per cent of New Brunswick's exports were thus protected. In the negotiations and in the final determination mechanism, the U.S. was moving to take away those exemptions and to expose the New Brunswick industry. We fought for New Brunswick and we maintained the exemption.

In the so-called Dennison letter, which is a self-serving letter, the U.S. told lumber producers, in effect, all the things they could not win at the bargaining table. It is a side letter which has no standing in Canada. It is a side letter which the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) is trotting around as some sort of legal document. He knows that the negotiator for the U.S. side told him that it was a letter for Americans, that it had no standing. He was told that personally by the U.S. negotiator in Washington last week. Knowing that, and having been told that it has no standing for Canadians, he still purports that this is some kind of legal document, and that is misleading the public.

Some Hon. Members: Shame, shame!

• (1620)

Miss Carney: The NDP today in, I hope, an innocent error suggested that the export tax would apply to the added value of manufactured products. That is not true. We negotiated very hard.

Mr. Blackburn (Brant): I checked half an hour ago.

Miss Carney: The Hon. Member said he checked. He did not check with us.

Mr. Blackburn (Brant): A half an hour ago.

Miss Carney: He did not check with the Government of Canada because we negotiated an arrangement where the tax applies only to the lumber inputs, not to the added value.

Mr. Blackburn (Brant): Phone your people in London, Ontario.

Miss Carney: I refer the Hon. Member to the agreement. That was the second last clause that we dealt with. This too is better than a countervail because a countervail would have been applied to the whole product, as the New Democratic Party was suggesting.

In terms of jobs, I want to point out that the Members of the NDP travelled around this country with a task force and, as the media reported, they could not find any lay-offs directly attributable to the export tax, which is quite proper. This is a period of cyclical downturn for some mills and employment is related to the market.

Just one final point, Mr. Speaker. There were suggestions during these discussions that this agreement would be so bad for the industry that it would be paralysed. After seeing some of the statements, I thought people would be leaping out of windows and that terrible things would be happening to the forestry industry. It is worth noting that the market says differently. Stocks of those companies have gone up dramatically since this agreement.

Some Hon. Members: Hear, hear!

Miss Carney: The Chairman of MacMillan Bloedel said that this agreement would paralyse us and that thousands of people would be laid off, but his stock market price at December 29 was $41-7/8 while on January 18 it was $49.50, a 21 per cent increase. That is not bad. I know the stock. It is probably the best increase it has ever achieved in anything like that time frame.

Some Hon. Members: Hear, hear!

Miss Carney: Canfor stocks are up. That company has had problems, but its stock is up 21.8 per cent. Abitibi's stock is up 7.2 per cent. West Fraser, a smaller operation, is up 5.73 per cent. The forestry index went up a total of 8.6 per cent since December 29, before the agreement was signed, and last Friday when the market closed. The Hon. Member opposite says the Tories measure things by the stock market. That is not the point. This is the way the market operates. This is what investors think. Investors think that this industry is better off after the agreement than before. That is important because it is investors who will put up money for jobs.

Some Hon. Members: Hear, hear!

Mr. McDermid: The NDP don't understand it.

Miss Carney: In closing, Mr. Speaker, let me refer to one more paragraph from the letter from the IWA. It is an important paragraph:

> The International Woodworkers of America recognize that the negotiated settlement of the softwood lumber dispute does impose an additional burden on the Canadian sawmilling industry. However, given the fact that the U.S. government would have imposed such a burden in any case, the current solution represents the lesser of two evils. We believe that in time adjustments can be made which will permit the Canadian industry to survive and to prosper in the future.
>
> Those adjustments will require a high degree of co-operation between industry, government and labour. It is important to proceed as soon as possible with the search for these solutions.

I concur with the IWA. It is time for us to put this matter behind us, time for us to work out the agreement, implement it, and time to get on with the job of negotiating a new trade treaty.

Some Hon. Members: Hear, hear!

* * *

BUSINESS OF THE HOUSE

RESIGNATION OF HON. MEMBER FOR YUKON

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I rise on a point of order. Perhaps I could take a minute before the Leader of the Opposition (Mr. Turner) makes his speech. We heard earlier from you, Sir, that the Hon. Member for Yukon (Mr. Nielsen) has given notice, although by means of a fascimile of a letter that you have received, of his intention to resign. A date is on that letter. I simply want to know if it is possible for the usual kinds of statements to be made in the House.

I found it very surprising that, for a Member who had been here some 25 years, an announcement of this kind could be made in the House of Commons without any response at all about a man, need I say, with whom I disagreed on most political matters, but who nonetheless made a great contribution as he saw it to the people of Canada in Parliament and before that as a member of our armed services. I found it, frankly, a little surprising that we did not get some initiative from the Government to make comments about a man who was Deputy Prime Minister of Canada. Maybe we could do that.

Mr. Speaker: The point the Hon. Member for Oshawa (Mr. Broadbent) makes is an act of benevolence and friendship which is properly suited to this place. Perhaps the fault lay with me and, if so, I regret that. Perhaps in making the announcement I should have called on Hon. Members to make comments. The reason that was not done this afternoon is that we have not yet received, according to the statute, the official document.

Perhaps some consultation could take place among the Parties and the Chair would be very, very pleased tomorrow if proper tribute could be given. I see the Prime Minister (Mr. Mulroney) nodding. If there were some agreement to that, I am sure the Chair could make those arrangements tomorrow at the appropriate time. Would the Hon. Member for Oshawa accept that as the appropriate way to conduct ourselves?

Mr. Broadbent: Mr. Speaker, first, my comments did not indicate any criticism of you. What you have now suggested is a procedure which seems to be sensible for Members on all sides of the House.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I think the comments of my hon. friend have been helpful as have yours. We will initiate discussions to find an appropriate time when this procedure can take place.

Mr. Speaker: I thank the Hon. Member for Oshawa for bringing this matter to the attention of the House. It was concerning the Chair. I felt that in view of the statute perhaps some discussion should take place before the proper things were said by all Hon. Members.

Mr. Prud'homme: As Winston Churchill once said: "Are you sure he really resigned?"

An Hon. Member: Are you talking about Pierre?

Mr. Speaker: The Right Hon. Leader of the Opposition.

* * *

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee.

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the Bill before the House incorporates an agreement,

which presumably in due course will be tabled, between the United States and Canada affecting our exports of softwood lumber into the U.S. market. I am glad that the Minister, although she has claimed on several occasions that this was a great victory for Canada, did not go one step farther and claim it was historic. I can assure you, Mr. Speaker, that it will go down in history as the greatest sell-out in the history of our negotiations with the United States and the greatest betrayal of a major industry of Canada by a Minister who should be responsible for export potential.

Our industry, with very few exceptions, will pay a 15 per cent export tax on every bit of softwood lumber going into the United States. It will cost the lumber industry on the basis of this tax about $600 million, maybe more. As I will attempt to portray to the House, as this tax is converted into a timber-cutting fee or a stumpage fee at the provincial level, it may well amount to a tax of $950 million to $1 billion against the industry, not just for one year but year after year. Mills will close. Thousands of Canadian workers will lose their jobs and all the Minister has to say to this House, and said earlier, is that "by limiting the Americans only to the arithmetic we kept them out of our forests, out of our books and out of our hair." She made that argument in an interview with a reporter from *The Globe and Mail* on January 6. She repeated it here today. I want to tell the Minister and the Government,—the Prime Minister (Mr. Mulroney) has just left—that this country surrendered more sovereignty than I can remember in any individual transaction.

• (1630)

The United States now has the right to set the price of our exports of lumber, to set the tax against it, to review how that tax is converted into a fee and to reach into all the documentation necessary to buttress that position. It was a complete sell-out.

What is even more astounding about the Minister's characterization of the agreement is that, to use her words, "it was reached on our terms". She said that in a statement made on January 5. She also said that Canadian sovereignty has been and will be maintained. She added that had the Government accepted the American arguments, "the U.S. Government would be able to dictate how our policies should be made and implemented; and . . . that it was totally unacceptable to Canada and we rejected it out of hand." Then she added that the only item that is the subject of consultation and agreement is the calculation of the value of changes in the export charge. That is not a minor side issue. That is the central point of the entire agreement.

The charges that will be imposed under the agreement which the Minister will eventually table cannot be altered or converted in any way into a provincial levy by us without the complete consent and supervision of the United States.

Miss Carney: That's not true.

Mr. Turner (Vancouver Quadra): That is what the documents reveal. Not only does the agreement bear that out but the interpretation placed upon the agreement by the Secretary of Commerce and the chief American trade representative in a joint letter to the U.S. Coalition of Lumber is that "the U.S. Government would have to approve any changes in the export charge or any calculation of the value of any replacement measures. Any changes made without U.S. Government approval would be considered a violation of the understanding". That is how the Americans interpret the agreement. If Canada or the provinces operate counter to that understanding, then the Americans will exercise the 30-day clause that will bring the agreement to a termination. If that happens, our Government will have waived its rights before the Inter-State Trade Commission of the United States and before the international tribunals under GATT. Because of this agreement, under Section 301 of the U.S. Trade Act, the President can unilaterally impose a 15 per cent duty right off the bat. As a result of the brilliant negotiations of this Government—

Mr. Clark (Yellowhead): An absolute falsehood.

Mr. Turner (Vancouver Quadra): I see that the Secretary of State for External Affairs (Mr. Clark) is here. We are in a no-win situation for Canada.

Mr. McDermid: John, you're absolutely wrong.

The Acting Speaker (Mr. Paproski): Order, please.

Mr. Turner (Vancouver Quadra): I can understand the apoplexy on the other side of the House. The Government threw away Canada's bargaining position. If this agreement is terminated by the Americans, they have a unilateral right to proceed by presidential decree under Section 301 of the U.S. Trade Act.

Mr. McDermid: They have anyway.

Mr. Turner (Vancouver Quadra): Not while those petitions were before the International Trade Commission. I say to government Members that they had better start getting proper advice.

The final paragraph of the letter written by the Secretary of Commerce and the U.S. trade representative to the U.S. industry, goes on to state exactly what actions on the part of either level of Government will be considered by them to be violations. Let us recite some of those actions: "one, rebate, remission, deferral or non-collection of the export charge except as provided in the understanding; two, the provision of grants, low-cost loans and other benefits; three, exemption from obligations otherwise imposed by the Government of Canada and other governmental bodies in Canada; four, assumption of obligations currently borne by the producers or exporters of certain softwood lumber products; five, reduction in the price of stumpage or other charges on softwood timber harvested from provincial Crown lands; six, changes in log

scaling or lumber measurement rules or procedures which affect volume determination; seven, awarding contracts for silvaculture, road building, recreational and other forestry activities on a non-competitive basis."

In other words, the Americans interpret this agreement as saying that if any provincial or federal Government gives an incentive to anyone in the forest industry by way of a road, reforestation, stumpage relief or regional development grants, it can be considered a breach or violation of the understanding subjecting us to the 30-day cancellation clause and leaving us at presidential discretion under the U.S. Trade Act. That is what the Government has done to the industry, the workers and the provinces.

I gather the agreement will ultimately be tabled because the Bill indicates that it will be tabled and it is part of the legislation. The agreement indicates that there will be an exchange of information and monitoring between the two Governments. However, it is not an exchange, it is a one-way flow from us to them. Not one log will move without the Americans knowing every detail.

I would like to quote from Section 7(a) of the agreement which is part of this Bill:

> The Government of Canada will provide the Government of the United States of America with data concerning the level of Provincial and Federal softwood and total stumpage harvest, the total revenue collected from the sale of Provincial and Federal softwood and total timber, total export charge collected, total shipments of certain softwood products to the United States of America, total lumber production by province and total softwood lumber production by province, for each fiscal year within three months of the close of the fiscal year—

The United States Government will be receiving more information than our Government currently receives. If the Americans become concerned in any way with any perceived problem of evasion of the tax, all they have to do is demand all the data they need and we are obliged to provide it.

The agreement states as well that that information will be held "in the strictest confidence" and will be made "available only to those government employees directly involved in the review of the identified problem". The American Government gets all the information it needs and promises to hold it in confidence in accordance with the agreement but here again, I would like to turn to the letter from the Secretary of Commerce and the chief trade representative of the United States to the American lumber industry. Mr. Baldrige and Mr. Yeutter state that "the U.S. Government will consult closely with the petitioner, the Coalition for Fair Lumber Imports, concerning the implementation and operation of this agreement and will provide information to assist the Coalition to evaluate the operation and enforcement of this agreement." That does not sound like much of a guarantee of confidentiality to me. Every aspect of the industry will be opened up to inspection, comment and evaluation by its American competitors. Yet the Minister calls this a victory.

Using the currently fashionable vocabulary of the United States to describe the super-power arms negotiations, the Minister has said that the other side blinked. The Yankee trader did not blink at all. He looked the Minister straight in the eye, took a swing and scored a TKO. It is our lumber industry which is being carried out of the ring on a stretcher. Our industry will be hobbled by the necessity to report to the Americans every tree that is cut down, every log that is brought to a mill, every board that is sawed up. Whether it is rough, dressed or worked, whether it is sideboard or clapboard, whether it is flooring in strips, planks, blocks or assembled units, the United States will now have a complete inventory of our forest products.

The Minister claimed victory. Napoleon could have used her at Waterloo. At least Napoleon got to the battle. Our Minister was slicing up pineapples on a beach in Hawaii when this agreement was finally negotiated and the industry was being sliced up piece by piece and given chunk by chunk to Washington.

If the Minister had been advising Napoleon, she could have reached him before he got to Elba and said: "Look, I have a little $12-million fund. You were not defeated at Waterloo. I have $12 million to convert that into a victory. We will go across Europe telling people that we scored a great victory". This would have eliminated the need for Napoleon to go into exile and would have given him a second career. Who knows.

Mind you, I believe that that is a corruption of history. However, the Canadian people will remember the truth and they will make the proper judgment about this particular agreement. They will remember that the Minister and the Government met their own Waterloo by signing this deplorable agreement. No flock of geese, no matter how majestic or beautifully photographed, is going to change that fact.

• (1640)

Mr. Clark (Yellowhead): Whose geese are those?

Mr. Turner (Vancouver Quadra): This agreement determines the price, the tax, and the profits of our industry, and monitors its every aspect. It sets a dangerous precedent for every other resource export. What is going to happen to our pulp and paper now? Or, our potash? Or, our oil and gas? Now that the American Government knows the Minister has no guts in negotiations, every industry in the U.S. will be tempted to get a similar deal. They will look the Minister and the Government in the eye and we will see more of this style of negotiation.

Mr. McDermid: Your old law firm will probably represent them.

Mr. Turner (Vancouver Quadra): When the Prime Minister appointed that Minister he said: "Now, you watch Pat Carney go. She has the ball, just watch her run. Hang on to your hats." We watched her run with the ball. She ran the wrong way. She scored on our team. I know your preferences on Saturday, Mr. Speaker, but I doubt whether either Denver or New York are going to want that Minister's particular talent in the Super Bowl.

Mr. McDermid: You have that wrong, too. It is on Sunday.

Mr. Turner (Vancouver Quadra): It is on Sunday, that is right. The Prime Minister said "Watch Pat Carney go". Canadians are asking one question: When?

[*Translation*]

Mr. Speaker, once again the Government has bowed down to the U.S. administration and the big U.S. companies.

The Government has offered to put restrictions on our lumber industry. Why? Because the Americans complained. Those bad Canadians had an undue advantage, according to them. Our workers in the softwood lumber industry are the villains of the story. They need a lesson. They have to be punished. For what? What terrible crime did they commit? They worked so efficiently and their products were so competitive, so good in fact too good, that the Americans had to set themselves up as defenders of the private sector and restrict exports of our products to their country.

And did the Government defend those workers? Did it point out to the Americans that they were wrong and that the problem was not us but them? Did it tell them they were the ones who should put their house in order and become more competitive?

Mr. Speaker, we have analyzed the costs that determine the price of our forest products. With adjustments, a given piece of lumber costs practically the same in Canada as in the United States. The problem is not provincial tariffs or stumpage fees. The problem is the value of the Canadian dollar.

That is why our forestry industry was so confident it would be able to repeat its success before the U.S. courts in 1983, since neither the facts nor the legislation have changed. The only thing that has changed is the determination, courage, persistance and negotiating skills of our Minister and the Government of Canada.

[*English*]

When the U.S. Vice-President and Secretary of the Treasury come here on Wednesday, I would think the first question the Prime Minister would want to put to those two eminent gentlemen is: Are you really looking toward a free trade agreement with Canada, or are you really looking toward managed trade? Is it not a fact that these negotiations are being used by the U.S. to set up an umbrella of so-called free trade negotiations while they use it as a lever to pick us apart commodity by commodity and impose unilateral countervailing duties on us? They know our Government is so anxious politically to get an over-all agreement that it will surrender control over any particular commodity until the agreement is concluded and sell those groups right down the river as has happened here.

Are we dealing with free trade or managed trade? As far as the U.S. is concerned, this is an ideal example of how to manage their trading problem. What the U.S. appears to be doing in London, in addition to looking for other items to attack because of the negotiating ineptness of this Government, is to reduce its trade deficit item by item, country by country, product by product. It has used these trade negotiations with Canada to achieve just that.

The negotiations were pathetically weak. The Minister's position was one of continual vacillation. On behalf of our lumber industry, and without its consent, she gave in. She gave in without a fight even though we won the case in 1983 and nothing changed since then. She pleaded guilty on behalf of our industry before the dispute had been settled. This was despite the fact that in a statement by the Minister of State for Forestry (Mr. Merrithew) and the President of the Treasury Board (Mr. de Cotret) it was the Canadian Government's view that the preliminary countervailing duty decision in October, which she says worried her so much, was "flawed in law, inconsistent with established U.S. practice, and in some important respects based on erroneous assumptions."

If the Government of Canada believed that, why did it not press the case instead of entering negotiations? We have yet to hear a satisfactory explanation as to why the Minister, in her own words on January 5, "became increasingly convinced that notwithstanding our strong case we would lose the final determination." We have yet to hear any convincing explanation from her as to why that was so. How does she know what the U.S. tribunal would have decided? How does she know what the U.S. International Trade Commission would have decided?

There is another important question. Why did the U.S. industry agree to only 15 per cent if everyone was so sure it would get that much and more from its own Government through a decision to impose countervailing duties? As the Minister said again today, the U.S. industry was asking for nearly double the 15 per cent. Surely it would have been in their interest to go for the highest countervailing duty possible. The fact that the American coalition, in a very short space of time, went for a lower rate is a clear indication that they were not at all certain their case would succeed.

Miss Carney: Not true.

Mr. Turner (Vancouver Quadra): What is clear is that they became more and more confident. Every time our Minister came in with final offer after final offer after final offer, they said "This is just too good to be true. Let's press them and get this deal because it is probably better than anything we can get before our own tribunal and we got nothing in 1983, so why not take the deal?" What the Americans saw was a Minister and a Government desperate for any deal that would salvage the free trade talks.

As our Minister presented the humiliating spectacle of making final offer after final offer, they had an admirable opportunity to get what they wanted without going through a prolonged legal process. Thanks to the Government we will never know what the outcome of that process might have been because all those other avenues, as I have explained, are now closed to us. We have waived our rights before the U.S.

International Trade Commission. We have waived our rights under GATT. We are now in an agreement with the United States within the meaning of their trade law. If that agreement is cancelled or violated in the opinion of the U.S., then the President of the U.S. has the unilateral right under Section 301 to move against us.

Miss Carney: Always has had the right.

Mr. Turner (Vancouver Quadra): We have surrendered our rights and now we are completely at the mercy of the President of the U.S. In fact, only now do we learn that a report prepared by the ITC, apparently released on September 23, which would have formed the basis for its final decision, showed clearly that the U.S. lumber industry was not being severely hurt by Canadian lumber imports and the decision could very well have gone in Canada's favour. I asked the Minister if she was aware of that report.

[*Translation*]

If the Minister was not aware of the report published on December 23 by the International Trade Commission, was she not at least aware of some of the facts it contained? Didn't Canada make any studies of the situation in the U.S. lumber industry? In any case, the Minister and the Government have shown incredible incompetence by negotiating without having all the facts.

It was not one of Canada's shining moments. Personally, I'm convinced that given that kind of choice, most Canadians would have told the Americans to go to hell.

Our representatives should have fought to the very end and negotiated only if the decision handed down was not in our favour.

We could also have defended our case at GATT, instead of giving up on that solution as well.

• (1650)

[*English*]

The Minister now claims that we prevented the Americans from considering our stumpage practices to be a subsidy, and that she prevented the Americans from establishing that as a precedent to be used against other natural resource exports into the American market. However, how did the United States Secretary of Commerce, Mr. Baldrige, and the U.S. trade representative, Mr. Yeutter, explain the deal to the U.S. industry in that same letter? In the second paragraph of the letter of December 30 they say that our 15 per cent tax "is being imposed for the purposes of offsetting Canadian stumpage subsidies". Therefore, the Minister has not convinced the Americans that stumpage is not a subsidy. The best she has managed is that the U.S. Government agrees, for purposes of the agreement before the House only, that the positions of either Government will not be prejudiced by the agreement. However, the American industry reserves the right to file another petition against our lumber at any time it decides the deal is not working in its favour.

I have said that there is a 30-day cancellation clause. I have said that the President of the United States is in a very solid position. Our Government has placed us in a no-win situation and the United States in an absolutely no-lose position.

The impact upon Canadian consumers will quite simply be that we will all pay more for everything for which lumber is used, beginning with housing. We will pay considerably more, particularly if the tax is converted to an increase in provincial stumpage fees as envisaged in the agreement. Increases in stumpage will affect all lumber products in Canada, not only exports to the United States. The real price for Canadians could go as high as $950 million to $1 billion per year. In fact, in order to meet the 15 per cent level, stumpage in some parts of British Columbia will have to be quadrupled which, according to Peter Pearse, an expert in these matters from the University of British Columbia—

Mr. Clark (Yellowhead): Where did he run?

Mr. Turner (Vancouver Quadra): He ran in Vancouver Quadra at one time.

Miss Carney: He supports our position.

Mr. Turner (Vancouver Quadra): I have been in recent communication with him. I want to assure the Minister that she should not count on that type of support too firmly. Professor Pearse said the increased stumpage fees "would make an awful lot of our timber in Canada uneconomic to harvest. That difference makes a lot of lumber uneconomic and that means we would have a lot less timber available to use than before."

He said that in an interview with *The Toronto Star*. He recently prepared a paper entitled: "Forest Policy and Timber Supply in Coastal British Columbia: Progress and Prospects". He delivered this paper on January 14 of this year. He takes us through the problem of higher stumpage. He said the following:

> A final worry about the economic timber supply arises out of the U.S. countervailing tariff debacle.

He calls it a debacle as it surely is. He continued:

> As we all know, the American lumber lobby has withdrawn its petition for a tariff against Canadian lumber on the condition that the Government of Canada imposes a 15 percent export duty on our lumber entering the United States.
>
> And the arrangement between the federal government and the provinces is that the export duty may be replaced by increases in provincial stumpage rates or other levies that are equivalent to the 15 percent duty.

Here is the rub:

> We do not yet know how our provincial government will collect the replacement levies, but if the stumpage system is to be the main vehicle this could mean very hefty increases in stumpage rates.
>
> Very roughly, 15 percent on a lumber price of $240 is about $35 per (thousand board feet). To have an equivalent impact on lumber price, stumpage rates would have to increase by (35 over 5) seven or eight dollars per cubic metre, nearly tripling the current average stumpage rate on the coast.

On the copy which the professor sent to me he annotated: "and close to quadrupling it in the interior of the Province of British Columbia". He goes on to say:

> Leaving aside the endless debate about reasonable stumpage rates, I want to make two observations about this prospect. One is simply that higher stumpage charges have the same effect on the margin of profitability of timber stands as higher logging costs or lower log values. Because our economic timber supply is so sensitive to these factors any increase in stumpage charges, especially if it is applied across the board, will further diminish our recoverable resource stock.
>
> My second observation is that a substantial part of coastal timber is manufactured into products other than lumber, and much of the lumber is sold in markets other than the United States.
>
> The 15 percent federal export tax will reduce the competitiveness of our lumber in U.S. markets only, whereas a stumpage increase with equivalent impact will hamper the competitiveness of all products in all markets.

Of course, that is what is contemplated under the agreement and that is what is contemplated under the terms of the Bill. We will want an amendment to that. We want to see what the actual transfers of money to the provinces will be and what the stumpage rates will be.

[*Translation*]

Mr. Speaker, the Government misread the situation. There was already free trade in the lumber industry. Until now, all our lumber exporters in Quebec, Ontario, British Columbia and other provinces have had free access to the American market. We paid for that privilege when we negotiated many years ago in Tokyo and provided free access for other American products to the Canadian market. That is when we paid for the privilege of having free access to the United States for our lumber exports.

Costs were about the same in Canada and in the United States. The real problem comes from the value of our dollar. It has nothing to do with stumpage fees. Yet, the agreement contained in this Bill includes no provision which would allow a review of this issue if the value of the Canadian dollar were to change. Our industry would be in an even more vulnerable position. If our dollar goes up, the agreement remains and it would be even worse. As for the provincial governments, do they still have some control over their own products and resources? Can they really control their taxation rates for lumber or, in spite of the fact this is their field of jurisdiction, because of the federal agreement with the United States, are they subject to American supervision before they can set their own tax rates? A number of provinces are concerned, not only Ontario, but also Manitoba and Alberta, because they have before them a Government which ignored an area of provincial jurisdiction when negotiating its agreement with the United States.

Indeed, the Canadian Government gave the American administration a veto over an area of provincial jurisdiction and over provincial initiatives regarding lumber. The federal Government gave up a sector under provincial jurisdiction to the Americans. The question we must now ask is this: How will the provinces be able to manage their own area of jurisdiction?

[*English*]

The agreement, of course, has implications for our tax policies, the way we treat other resource industries and, of course, the way we equalize opportunity by way of regional agreement across the country. By imposing the tax retroactively to January 8, before presenting any legislation, the Government is violating the principle which has always been held in high regard by this Parliament that new taxes cannot be imposed on Canadians without being debated or approved by Parliament.

[*Translation*]

The negotiation was carried out very weakly. It is easy to come to an agreement when you are ready to give up on everything. This is not negotiation, but capitulation.

In the case of this agreement, there was no mutual concession. We gave up everything and the United States took everything from us. This is what has been happening since the coming to power of this Government. This agreement simply confirms that we have ample reasons for seriously doubting the ability of the Canadian Government to negotiate a trade agreement with another country. Even before the negotiations, the Prime Minister (Mr. Mulroney) had abolished the Foreign Investment Review Agency. The Canadian Government had abandoned the National Energy Program and the publishing industry. The Government had made concessions to the American pharmaceutical industry, as evidenced by the Bill now before the House.

• (1700)

[*English*]

On his first trip to the United States after he became Leader of our country, the Prime Minister put on his black tie and went to a great dinner for the American industrial complex and the bankers and said: "Hey, guys, my name is Brian Mulroney and I want to tell you that Canada is open for business again". I said to the Prime Minister when he returned: "It is terrific that Canada is open for business again, but I want you to know, Prime Minister, that Canada is not up for sale". But, Mr. Speaker, I was wrong. Ever since the Prime Minister assumed leadership of our country, this country has been on the block month after month and we have been sold off piece by piece to the United States.

Time and again the Government has demonstrated a shameful and dangerous willingness to please the U.S. administration at any cost all, apparently, in the hope that the United States would sign a free trade deal and thus rescue the sagging political fortunes of the Government. We sold out on acid rain.

Mr. Clark (Yellowhead): Charlie Caccia sold out on acid rain.

Mr. Turner (Vancouver Quadra): We kept quiet in return for a promise from the President of the United States that he was going to spend billions of dollars in order to live up to his understanding with our Prime Minister. That is a promise now

being reneged by the United States as evidenced by its recent budgetary tabulations. In fact, the United States signed a better deal with Mexico.

Mr. Broadbent: With our money.

Mr. Turner (Vancouver Quadra): Mexico has our money. It has the Canadian Export Development Corporation financing the offending plants in the northern part of Mexico and, Mr. Speaker, the President of Mexico did not even have to sing for the deal. He did not have to participate in a little Mexican blarney.

An Hon. Member: *Qué pasa*?

Mr. Turner (Vancouver Quadra): *Qué pasa*?, that is right. Our shakes and shingles industry was slammed with a 35 per cent tariff and the Prime Minister did not do anything to try to stop or reverse that situation. He complained to the President only that it hurt him personally and his Government politically. Again, the strategy was: "Keep quiet. Don't rock the boat. We need these overall negotiations".

Mr. Clark (Yellowhead): You are absurd.

Mr. Turner (Vancouver Quadra): In the meantime our Government has not stood up for Canada. How many other sectors of the Canadian economy will be sacrificed? What about the Auto Pact? We hear all sorts of conflicting statements. Our chief negotiator has to go to the United States and talk tough. We have had no clear statement from the Government. I think the time has arrived, because of the confusion on the Auto Pact and because of the shameful surrender of sovereignty in this lumber agreement now before the House, for the Prime Minister to stand up and give a statement to the House as to where we are going in these particular negotiations.

Mr. McDermid: Tell us about the Michelin deal, John.

Mr. Turner (Vancouver Quadra): I think the Prime Minister should use the visit on Wednesday of the Vice-President of the United States and the Secretary of the Treasury to put a very simple question: "Is the United States really serious about these negotiations or is it using these negotiations as a cover for a series of managed trade arrangements at our expense and at the expense of other trading partners?" If that is so, then we should reassess where we are going in these particular negotiations.

Miss Carney: He wants to open up the Auto Pact.

Mr. Turner (Vancouver Quadra): Because Canadians have been absolutely confused as to where the Government is going and as to what is on the table.

Miss Carney: Look who is talking.

Mr. Turner (Vancouver Quadra): The Government of Canada now has a duty in the current context to make its objectives clear to Canadians. We have reached a damage control situation. We do not have any confidence in the way the Government is negotiating for us. This lumber agreement is exhibit A to the incompetence and the lack of persistence, guts, determination and courage on the part of the Government. If this is so, what kind of agreement over-all does the Government expect for Canada? If you want my prediction, Mr. Speaker, I will tell you that I do not believe a comprehensive free trade agreement is possible on the basis of these negotiations, even if it were desirable, and I do not believe the mood of the Congress is going to give it to us. I think the Government will soon run for cover. It will desperately try to get some dispute mechanism between Canada and the United States and claim victory just as the Minister has tried to claim victory on this particular issue.

Mr. McDermid: You say the Congress is going to turn it down?

Mr. Turner (Vancouver Quadra): I am saying to the Minister that unless the Government is successful in getting some limitation on the application of U.S. trade law to Canadian products, particularly the trade remedies as it relates to countervail—and this agreement has been an appalling failure—that the over-all agreement between Canada and the United States will not be worth the paper it is written on.

Mr. Clark (Yellowhead): You are now for the negotiatons? You have changed again, John.

Mr. Turner (Vancouver Quadra): As we travel across the country, we see the reaction of our fellow citizens not in relation to the details of the agreement. Canadians feel we have been had. They are humiliated that we have surrendered our sovereignty in this particular situation.

Miss Carney: Check your own riding.

Mr. McDermid: I was in your riding last week, John.

Mr. Turner (Vancouver Quadra): They feel that we have been treated like the fifty-first state. Some have told me we would be better off if we had a couple of Senators down there rather than this Government. They would do a better job of negotiating for us. I do not mean Canadian Senators, I mean Senators in the U.S. Congress.

We are rapidly losing our freedom to set our own economic agenda. We want our political independence, the ability to pursue an independent foreign policy, the preservation of our ability to have regional equality and to maintain our cultural identity. The Government has shown in the piece of legislation reflecting the agreement before the House that it is willing to sacrifice our sovereignty and our ability to determine how we sell our exports and raw materials—

Miss Carney: That is wrong.

Mr. Turner (Vancouver Quadra): —how we determine the relationship between federal and provincial taxation affecting resources and how we determine what taxation will be applied to it. It is willing to put all of that at risk in order to preserve the tenuous over-all negotiations with the United States on trade. I think it is a sad day for Canada that we are dealing with a piece of legislation such as this. It is a sad day for Canada when the people of our country cannot trust our Government to stand up with firmness and courage in the interests of Canada.

Before I conclude I would like to move this motion:

That the motion be amended by deleting all of the words after the word "That" and substituting the following:

Bill C-37, An Act respecting the imposition of a charge on the export of certain softwood lumber products, be not now read a second time but that it be read a second time this day six months hence.

The Acting Speaker (Mr. Paproski): Order, please. Before I recognize the Hon. Member for Oshawa (Mr. Broadbent).

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Paproski): It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for York East (Mr. Redway)—Canadian Human Rights Commission—Resignation of Antonio Arcangel from Human Rights Tribunal; the Hon. Member for Lambton—Middlesex (Mr. Fraleigh)—Status of women—Funding of women's organizations; the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart)—Unemployment insurance—(a) Request for reimbursement of contributions to early retirees. (b) Request that Minister meet representatives of interested parties.

* * *

[*English*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee, and the amendment of Mr. Turner (Vancouver Quadra), (page 2382).

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I rise with pleasure to take part in this important debate. I would like to say at the outset that with a matter as important as this awful softwood deal coming before the House at the opening of the parliamentary process after the Christmas break, being the first piece of legislation to have emerged from the Prime Minister's launching of the trade talks, that he as Prime Minister (Mr. Mulroney), the man who got us into this terrible mess, ought to have been in the House of Commons and ought to have initiated the debate on behalf of the Government of Canada. Perhaps the Prime Minister—

• (1710)

Mr. Clark (Yellowhead): You are a total fraud.

Mr. Broadbent: I got him going again. I just have to say a word. The poor man who lost his Government in 1980 has never been able to get over it.

Mr. Clark (Yellowhead): You are just a total fraud.

Mr. Broadbent: In any case, if the Secretary of State for External Affairs (Mr. Clark) would calm down just a little, I would just like to say that it would be a welcome event in the House of Commons to have the Prime Minister participate in a debate.

Mr. Thacker: You should be ashamed of yourself.

Mr. McDermid: You will never be in that seat, I can guarantee you that.

The Acting Speaker (Mr. Paproski): I find that there are a number of conversations going on in the House. I would like to hear the Hon. Member for Oshawa (Mr. Broadbent) yet a number of Hon. Members are standing up discussing other problems. If they do have problems I wish they would discuss them behind the curtain. I would like to hear the Hon. Member for Oshawa.

Mr. Broadbent: Mr. Speaker, I wish the Secretary of State for External Affairs would take his problems behind the curtain. In any case, I would welcome his contribution later on in the debate. If the Prime Minister is not going to participate in the debate, perhaps we can hear the lofty thoughts of Secretary of State for External Affairs on the matter.

Since the trade talks were launched by the Prime Minister, we have seen in sector after sector a betrayal, a backing-down of one kind or another by the Government of Canada which has ended up in virtually every sector that one can think of, with the United States coming out on top and Canada and the Canadian people coming out on the bottom as a result of what the Government is doing. It began with the abolition of FIRA. It made a concession in publishing and then it did the same thing in the steel industry. It gave the American pharmaceutical industry what it wanted in a Bill which is now before the House. It has talked at three summit meetings on acid rain, if I recall correctly, and received commitments from the President of the United States. But when the budget of the United States was introduced just a few weeks ago, we saw that there was

not a penny of new money allocated to live up to its commitments on acid rain. In sector after sector nothing but trouble has been inflicted upon the people of Canada by the Conservative Party since it assumed office. Thank God it will not be in that position for very long.

Some Hon. Members: Hear, hear!

Mr. Broadbent: We now have a Minister defending her Government's decision on softwood, a decision which will wreak havoc on our major export industry. It is a decision which, according to industrial spokespersons, could cost us thousands of jobs. Perhaps most significantly of all, it is a decision which goes to the very root in terms of abandoning key aspects of sovereignty.

I see that the Minister is on her way back to Hawaii. Perhaps she too will come back into the House for the rest of this debate.

Mr. Thacker: Some leader!

Mr. Clark (Yellowhead): Is there nothing too low for you?

Mr. Broadbent: We hear another lofty witticism from the Secretary of State for External Affairs.

Mr. Turner (Vancouver Quadra): They are a little raw over there.

Mr. Broadbent: They are in tough shape, and the whole country knows it.

Whatever the sector, this Government and its Prime Minister have demonstrated that he behaves more like a man who was elected Senator in Maine than the Hon. Member for Manicouagan. That is the problem with this Government.

Mr. Thacker: Did you reduce your salary by one cent?

Mr. Broadbent: Does the Hon. Member have a question?

Mr. Thacker: The Prime Minister reduced his salary by 15 per cent. Did you? No way, you are greedy.

Some Hon. Members: Oh, oh!

The Acting Speaker (Mr. Paproski): Order, please. The Hon. Member for Oshawa.

Mr. Broadbent: The Tories are a little more rabid than usual. I am sure that you recognize this condition, Mr. Speaker. However, we will do our best to cope with a House that is supposed to have become more civil. Maybe the Tories will need to have another caucus meeting in order to learn something about listening to other people when they speak.

Mr. McDermid: What is civil about your cheap shots?

Mr. Broadbent: I say to the Hon. Member that he will have his chance to speak.

At this point I wish to deal with the central matter as I see it of this Government's failure to defend a crucial principle in negotiations which have been going on, as the Minister herself pointed out, for a number of years, not simply for a number of months. When it comes to stumpage the reality is that the Government of Canada, with the support of all Parties of the House and with the support of the industry, won its case before the U.S. tribunals at that time. The central part of the 1983 decision was that stumpage fees—that is to say a provincial royalty on our forest products—would not in principle be deemed to be a subsidy. That was a fundamental part of our argument at the time, and a fundamental part of the reason for the acceptance of our argument in 1983. It ought to have remained a fundamental concern of the Government in accepting the notion of sovereignty that neither the United States nor any other country ought to have the right to tell Canadian provinces what they are to sell their resources for. That ought to have remained at the centre of contention, but it did not.

An article in the most recent issue of *The Financial Post*, and I am sure the Secretary of State for External Affairs reads that paper regularly, points out that if the Government had hung tough with its case it could well have won the decision just as we on this side of the House and many others, have been saying. But it did not do so.

Among other points that are emphasized in the article to which I refer is the information that the International Trade Commission had presented to it in December a report by its own staff which showed that the claims by the U.S. industry with respect to having been so badly injured by Canadian exports in softwood had been greatly exaggerated. In terms of the International Trade Commission's final decision, which would have been rendered in February had the Government not negotiated this particular settlement, that was very important. I say that because in terms of the International Trade Commission's final decision it not only had to make a decision about what was or was not a subsidy but it also had to deal with the question of injury. Clearly, the importance of this information is that the International Trade Commission itself had documentary evidence that the case for injury had been greatly exaggerated by U.S. industry.

On behalf of my colleagues, and much more important than that given the importance of this decision, on behalf of the Canadian softwood industry, the workers and companies in it, as well as all our other resource industries which can now be affected by this decision, the Government of Canada ought to have hung tough with its original case. That is what it should have done instead of negotiating it away.

To make the point that has been made by a number of people in recent weeks, had we proceeded to the limit in terms of our quasi-judicial argument before American bodies and finally lost out, instead of capitulating in advance, we could have gone to the GATT as a second and related step. We had a very good chance of winning that case had we failed in the U.S., according to international experts.

Mr. McDermid: And then what?

Mr. Broadbent: The Hon. Member asks: "And then what?" We will never know.

Mr. McDermid: Follow it through.

Mr. Broadbent: If the Government does not do the correct thing we will never know. We are saying that once there is a correct procedure established, one should have enough courage and determination to make the argument again. That is what should have been done.

Some Hon. Members: Hear, hear!

Mr. McDermid: And then what?

Mr. Broadbent: The Hon. Member opposite asks again: "And then what?" This Government has shown more flexibility, more indecision on this matter, than it has shown on any other item that has come before us.

• (1720)

I wish to take a minute to go through the series of flip-flops made by the Minister on this case. Up until September, 1986 both the present Minister and her predecessor made a series of statements about the great confidence that they had in our traditional Canadian argument that stumpage fees were not in any sense a subsidy. They repeated that argument. They had the support of all Parties in the House. They had the support of the industry, and of the provinces. The Minister says that is true. Then something happened. Mr. Vander Zalm was elected in the Province of British Columbia.

Shortly after charmingly appearing together with the Minister in her householder to her constituents, the same Premier started to talk publicly about renegotiating stumpage levels on the one hand and about the importance of the Government of Canada beginning a negotiating process instead of waiting for the quasi-judicial tribunals to make a decision. It was at that time that the Minister made her first statement, the first of many final offers, I say to the Minister. We heard that immortal phrase in September when she offered the 10 per cent settlement. The 15 per cent final settlement came later. The 10 per cent came, then we have what the Minister correctly alludes to as the next phase, the preliminary ruling on October 16. That was a little shocking to the Minister. I do not like doing this at great length, but I wish to put this on the record because it is amusing. If it were not so sad, it would be really funny. The Minister stated after this ruling that we "will fight this all the way... Today it's lumber. Tomorrow it could be any number of issues".

The Minister further stated:

> We all agreed that this ruling is deplorable, artificial and contrived, and does not stand up to extensive analysis.

The Minister also stated that it "strikes directly at the sovereign right of a government to manage its own natural resources".

The Minister then stated that, "we will fight to reverse this verdict". That great historical battle that the Minister waged lasted a few days. What the Minister said was absolutely true. That was not enough because on October 27, 1986 the Minister stated the following. This is rather important, and I hope that she remembers it:

> This decision has concerned us and should concern all of the United States' trading partners, because we view it as an unacceptable attempt to impose U.S. views on how other governments should manage their natural resources. Furthermore, we feel that this preliminary ruling by the U.S. Commerce Department has no basis in U.S. law, is badly flawed, and is inconsistent with the U.S. obligations under the GATT.

The Minister was right then. We are right now in reaffirming the same point. The Minister ought to have stood by her argument and she might have won.

Some Hon. Members: Hear, hear!

Mr. Broadbent: If the Minister had stood firm she might have pointed out, as was said at the time, that the U.S. people working on the way of assessing the level of duty that should be imposed had two options. The Minister knows this very well. One option gave them one percentage, and the other option gave them another percentage. Instead of choosing one or the other, they added the two together and got 15 per cent. That was brilliant, and one would have thought they were in the Conservative Cabinet to do this type of thing.

The Minister knows very well that even the 15 per cent level determined in the United States was an absurd figure that they seized upon. What the Minister stated on October 21 and October 27 was right, and she should have stayed with her judgment.

Then we reach November 21, the First Ministers' Meeting. Now I regret to say that what seems to have happened is Mr. Vander Zalm began the historically totally reprehensible process of interfering in a way with the negotiations that were going on undermining a totally credible legal case that we were waging at that time. He was bad enough, but it was worse that the federal Minister joined him. Then we come to the First Ministers' Meeting and Mr. Vander Zalm is joined by the Government of Quebec. According to the inside reports that one hears, and the published reports, both the Government of Quebec and the Government of British Columbia started to get cold feet about our argument. Add their cold feet to the cold feet of the Minister and we have a veritable stampede in the wrong direction at that First Ministers' Meeting. The Minister does another reversal and states that they are going to negotiate again. Then we got the deal which was announced on December 30 that the whole country knows about.

There has been evidence from many sources about the jobs that will be affected, which ought to concern Members on all sides of the House. The impact on our exports is obviously negative, or the Americans would not be doing what they are doing. The one point that I wish to emphasize, without prolonging the obvious about the impact on the different provinces in terms of jobs and our export markets, is the notion of sovereignty itself. What I am personally very concerned

about is not simply whether we got a disastrously bad deal for this sector, but that the implications for other sectors are simply horrendous, if the type of reasoning that has been accepted by the Government now leads to the type of conclusions by the United States with this precedent that I think it will. The Minister, and other cabinet Ministers of the Crown, think that the issue of sovereignty has not been infringed upon simply because they say so.

I wish to say something quite specifically about the notion of sovereignty, and why I think that what the Government has done has impinged upon that in a totally unacceptable way. In paragraph 6 of the agreement negotiated by the Government with the United States it states:

> The Government of Canada will take no action, and will take all reasonable steps to ensure that no other governmental body in Canada takes any action, directly or indirectly, which has the effect of offsetting or reducing the export charge or replacement measures, except as provided in this Understanding.

It would appear that this undertaking clearly limits anyone looking at this seriously, and clearly limits the federal Government's freedom to act to assist the lumber industry. This is spelled out in the related letter sent out by the U.S. officials. For example, this wording clearly prohibits action by the Government related to the Employment Support Act to support employment in the lumber industry. In 1971, for example, this specific Act was used to make no fewer than 769 grants totalling over $10 million in support of almost 22,000 jobs that were then put at risk because of a U.S. surtax.

The point I wish to make is that we had the right to use that legislation in Canada at that time to protect workers who were injured. Because of the agreement that this Government has entered into, our sovereign power as a nation is restricted, and we can no longer take that type of action to protect our workers.

Mr. McDermid: What action was taken? Countervail action.

Mr. Broadbent: I welcome the comments of the Hon. Member who is heckling from the other side, and I hope that he joins in. But I also ask him to check with a number of international lawyers, and not simply the opposition side, and see what they say on this question of sovereignty. I think he will find that most of them are in agreement with the Opposition, not with the Government of Canada.

• (1730)

Some Hon. Members: Hear, hear!

Mr. Broadbent: Also I want to say, with reference to the issue of sovereignty, that the same agreement contains the following words: "Calculation of the value of any replacement measures in relation to the export charge will be subject to further consultations and agreement between the two Governments".

The word "agreement" is not an ambiguous word. If a provincial Government replaces the export tax with increased stumpage or other charges, it will have to obtain the agreement of the U.S. Government. That is what this is all about. We are now involved, in any change in implementing the replacement of the 15 per cent at the provincial level, with the provinces having to go to the federal Government and the federal Government having to trot down to Washington to say: "Will you please agree with us because if you don't, we can't do it". I say that is a betrayal of Canadian sovereignty, and the Minister should be ashamed of herself.

Not only the negotiation by the Government but the acceptance of this deal will have the result about which the Leader of the Opposition (Mr. Turner) and other members on the opposition side have talked for days—a negative impact upon jobs in this sector and upon our own exports as a nation. It has very serious implications for other parts of Canadian industry, for other resource sectors.

Beyond resources, I ask the Hon. Member who is shaking his head whether he can answer the following. If we accept the reasoning that the level of a provincial royalty can be deemed by another sovereign nation as some kind of subsidy to which the Government has now tacitly agreed by its negotiations, what does it mean, not simply for resources but for the manufacturing industry? For example, we in Canada have been beating the Americans in steel because our private steel industry has become one of the most efficient in the world.

As a result of this agreement, I can see the following: a group of producers in the U.S. saying that Canadian steel is beating them, not because we have become more efficient and have renovated our capital equipment at a higher rate and with greater sophistication than they have, but because, they will say, Canadian steel is based in good measure upon Canadian produced iron ore. They will say that the provinces producing the iron ore are charging Canadian steel manufacturers too low a price for iron ore and, therefore, that it constitutes an indirect subsidy to our steel manufacturers. According to the reasoning of this brilliant Tory Government, it would warrant the U.S. taking countervail action!

They have not only put into jeopardy our resource sectors across Canada, they have put into jeopardy all those parts of our manufacturing industry which are beating the Americans in many sectors, and that is not acceptable.

I want to conclude my remarks by saying that when the people of Canada voted just over two years ago for a new deal, for a Government which would be a little more frank and a little more fair about the concerns of the average person, they did so in great numbers. However, there is no doubt in anyone's mind now that if there were an election, the Government would be thrown completely out of office, rejected in almost every province of Canada.

The Government should understand and come to grips with the reality that Canadians expect some frankness. They do not expect miracles but they do expect some fairness. In addition, whatever the ideological make-up of the Government in power, whether it is Conservative, Liberal, or NDP, Canadians want a

Government which will stand up for their sovereign interest and will not be foolish, irrational or chauvinistic in terms of national concerns. They want a Government which will speak with a strong voice for the legitimate Canadian national interest. They will reject out of hand a Government of the kind we have which changes its law every time the Americans, in terms of negotiations, say that we have to change our law in order for them to have access to our markets. If that keeps up—and Canadians have now indicated that perhaps only one out of four will vote for the Conservative Party—they could go right down, almost out of sight.

The person, if he is sitting up there in the Conservative Heaven looking down on all of this, who could be most disturbed by all of this going on is the man who was referred to in Question Period earlier today—Sir John A. Macdonald. He had a greater sense of nation building than this modern Tory Party will ever have.

Some Hon. Members: Hear, hear!

The Acting Speaker (Mr. Paproski): It being 5.36 o'clock, the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*Translation*]

RIGHT HONOURABLE LESTER B. PEARSON

STATUE TO HONOUR HIS MEMORY

Mr. Don Boudria (Glengarry—Prescott—Russell) moved: That, in the opinion of this House, the Government should consider the advisability of honouring the memory of the Right Honourable Lester B. Pearson by commissioning a statue of him to be placed on Parliament Hill.

He said: As you know, Mr. Speaker, on October 2, 1986 I issued a press release to suggest to the Canadian people that right here on Parliament Hill we should have a statue to honour the late Right Hon. Lester B. Pearson.

First I should like to congratulate the Hon. Member for Scarborough Centre (Mrs. Browes) who introduced a similar resolution last year, word for word except that the name was different. At the time the Hon. Member for Scarborough Centre proposed that a statue be displayed to honour the Right Hon. John Diefenbaker. As Hon. Members will recall the House unanimously adopted the motion on the very day it was introduced and debated. Mr. Speaker, I dare hope, therefore, that for the same reason, Hon. Members from all sides of the House will support this motion today and adopt this initiative for the purpose of setting up a statue in honour of a really great Canadian, a tremendous statesman, a former leader of my Party, a man who is no longer with us and who has served his country so well, the Right Hon. Lester B. Pearson.

Mr. Speaker, one of the most distinguished prime ministers in the history of this country was born 90 years ago. Lester B. Pearson was a prominent diplomat, a prestigious figure who greatly contributed in placing our country at the forefront at the international scene. It was therefore quite fitting that the building which the Department of External Affairs uses as its headquaters should bear its name.

Lester Pearson has indeed left tangible marks in the direction of Canadian foreign policy. As a tough politician, he had undertaken the reconstruction of the Liberal Party of Canada and had fought to maintain Canadian unity.

Following studies in history which led to a teaching career, Lester B. Pearson decided to join the Department of External Affairs which was made up at the time of a handful of officers. Having attracted attention very early because of his insight and his talents as an observer on the international scene, Mr. Pearson was sent to London in 1935 as First Secretary of the Canadian High Commission. This assignment made it possible for him to follow very closely the escalation which led to the outbreak of hostilities in Europe. Deeply influenced by these events, Mr. Pearson became convinced of the need to develop a collective defence.

Shortly after his return to Canada in 1941, Mr. Pearson was posted in Washington where, through his charm and courtesy, he became one of the most admired foreign personalities. In 1945, he was appointed Canadian Ambassador to the United States and, the same year, he took part in the San Francisco Conference which led to the creation of the United Nations.

In September, 1946, Mr. Pearson was summoned to Ottawa by then-Prime Minister Mackenzie King who offered him the position of Deputy Minister of External Affairs. In spite of the assignments related to his position, he continued to follow closely the activities of the United Nations.

Moreover, the development of closer relationships between Canada and its main allies, the United States and Great Britain, was also one of his main concerns. He showed his great talents as an ingenious intermediary when Canada joined NATO.

• (1740)

[*English*]

Our Prime Minister of the time, Mr. Pearson, was a great Canadian for his diplomatic initiatives. He proposed a United Nations peace force to evacuate French forces from Egypt. This realization earned him the Nobel Peace Prize the following year. He is the only Canadian Prime Minister ever to be a recipient of the Nobel Peace Prize.

This stand he took was, however, to create much antagonism domestically. Many criticized the Government's position as failing to support Canada's ally, Britain. When the Liberals were defeated in 1956 and Mr. St. Laurent stepped down as leader, Mr. Pearson won the leadership convention and began the rebuilding of our great Party. It was no easy task. With such brilliant people as Walter Gordon, Mitchell Sharp,

Maurice Lamontagne and Paul Martin, we re-established the presence of the Liberal Party on the national scene which made possible the 1963 electoral victory.

In a period characterized by intense turmoil and redefinition of the country's aspirations, the Pearson Government accomplished many important reforms. It left behind an impressive body of legislation, most notably the Canada Pension Plan, the universal medicare system, the unification of the Armed Forces and a revised Transportation Act. As well, it initiated a new approach to the problem of Canada's disadvantaged regions through the Department of Regional Economic Expansion.

The motion I am requesting today asks for the erection of a statue to Lester B. Pearson. I believe this motion is very timely and appropriate. Mike Pearson was one of the greatest Prime Ministers this country has had. Moreover, his renown abroad was perhaps greater than that of any other Prime Minister. In this regard, a tribute to his memory on this the 90th anniversary of his birth will certainly be appreciated by his family and friends as well as being an honour for all our fellow Canadians who, partisanship aside, undoubtedly recognize that Lester B. Pearson did place a very distinct imprint upon Canadian society.

[*Translation*]

Mr. Speaker, I have already contacted the representatives of the National Capital Commission to seek their advice on this issue and I am happy to report that through its president, Mrs. Jean Piggott, the National Capital Commission has indicated its support for this initiative and has offered to co-operate in the search for a proper location to set up this statue.

[*English*]

It is interesting to note that presently there are statues for every Prime Minister who has been elected except one, that of Lester Pearson. There are no statues of Prime Ministers in the late 1800s who came in a succession, but none of them were elected. There is another Prime Minister for whom a statue was built, but it was later decided not to erect it on Parliament Hill because members of the family perhaps did not feel it appropriate, or they did not like the statue.

I ask for the consent and the support of this House for this non-partisan and most appropriate measure to honour one of Canada's greater citizens, Lester B. Pearson.

Some Hon. Members: Hear, hear!

Hon. Stewart McInnes (Minister of Public Works): Mr. Speaker, it is with pleasure that I join in the debate on the motion proposed by the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria). I gather the motion has been precipitated by recent events, namely, the erection of the statue of the Right Hon. John G. Diefenbaker, which was a very successful venture. As a result of the unanimous disposition of this House at the unveiling and ceremony commemorative to Mr. Diefenbaker the event was a total success. We had a magnificent day. There was general acclaim, not only in Ottawa but across the country. For that very reason I gather that my hon. friend has discovered that these kinds of initiatives can be applauded by all Members of the House. Indeed, we are prepared to give favourable consideration to a motion of this nature.

I might observe, Sir, that a statue of this nature has not been erected within the precincts of Parliament for some 11 years. Since there was a commemorative statue erected to honour Sir Wilfred Laurier some 59 years ago only four statues have been constructed within the boundaries of Parliament, those of Prime Ministers Borden, King, St. Laurent and Diefenbaker.

I think I indicated in my remarks at the ceremonies acknowledging Mr. Diefenbaker that this was the kind of tribute and collective action that should be taken by Members here and now who, while they enter into dispute from time to time, do recognize contributions made. It is appropriate and fitting that we recognize the contribution of Members, no matter from which Party they come or which opinion they express from time to time. It is appropriate that we specifically recognize and honour those who have served as Prime Minister no matter from which Party they come.

I have suggested to the Department of Public Works that it carry out a study to determine, from an historic point of view and with a view to giving us guidance for the future, how we might determine what statues should be erected, and in what places, to commemorate the various people it might be appropriate to acknowledge.

I think all of us have a sense of history. It is important in giving direction to future Parliaments that we have the aspirations of all Members and that we derive some guidance and direction from what has taken place in the past. Let me refer to some unhappy historical anecdotes concerning commemorative statues. You may know, Sir, that Sir John A. Macdonald went through a great deal of trial and tribulation and it took many months and years before he was able to satisfy the appropriate acknowledgement that should have been made to Sir George Etienne Cartier. That example should give us cause to reflect on what we are doing to ensure that the procedures we follow are those that can be agreed upon and would be in place not only with respect to the motion today but forever and a day.

I think you will recall the late Judy LaMarsh when she was Secretary of State, Mr. Speaker. She placed before this House, and appropriate committees, suggestions that there be statues erected to four personalities. After many months and many years she was only successful in acquiring an agreement and acknowledgement of the kind of statue and siteing with respect to two Prime Ministers. Her other two proposals foundered and there were unhappy consequences as a result of those debates.

• (1750)

You will know, Mr. Speaker, that in the past the Minister of Public Works has been responsible for making suggestions concerning the identity of persons who should be acknowledged in the manner that Mr. Diefenbaker was acknowledged. I have no hesitation in suggesting to Hon. Members that my predecessors and the Departmental staff have done a superior job in that regard. Having said that, I think as a Member of Parliament and as the responsible Minister that it is appropriate that in future, all Members have more say in what should be done in matters of this kind.

I recognize that the McGrath Report contained a recommendation that Members of Parliament have a greater say over the physical precincts of Parliament. The Government's reply to that report agreed that the grounds of Parliament should be the subject of debate by the appropriate committees of both Houses. In that regard, I would recommend that the Board of Internal Economy be an adjudicator or abitrator of decisions of the kind we are now discussing. I recommend as well that consultation be had with the Boards of Internal Economy of both Houses with a view to securing an appropriate agreement about the way to proceed.

We are discussing the merit of the proposal with respect to Mr. Pearson who has indeed been acknowledged by having his name appended to an airport, a university and a building in Ottawa. Indeed, his name has been appended to an annual charity baseball game between the Expos and the Blue Jays. It is obviously a common sentiment among Canadians, no matter of which Party, that he is deserving of appropriate recognition. However, there are other people and there are other Prime Ministers.

Sir John Thompson and Prime Minister Borden were both Nova Scotians of note. Sir Charles Tupper was a Father of Confederation. They have not been acknowledged in the way suggested.

Mr. Althouse: Borden is right over on the corner.

Mr. Boudria: Borden's right out in front.

Mr. McInnes: I apologize. Hon. Members are correct. I meant to refer only to Sir John Thompson and Sir Charles Tupper. Some of my friends who have been here longer than I are more observant than I.

Mr. Gauthier: Were they Prime Ministers?

Mr. McInnes: Indeed they were Prime Ministers of Canada and Sir Charles Tupper was a Father of Confederation. Consideration should be given to his status, and there are other Fathers of Confederation to be considered as well.

Perhaps we should give some thought to honouring women, natives and others who have made a particular mark on society. We must find a means of providing for commemorative statues or medallions recognizing Governors General, Supreme Court Justices and Speakers of the House. These are all questions which should be the subject of a common study.

While I do not wish to dampen the enthusiasm or, indeed, to immerse in cold water the motion of the Hon. Member, and while I am generally supportive of it, it is my view that this matter should be the subject of discussion by the Board of Internal Economy. With a view to giving it some guidance on principle and procedure, we are prepared to file a complete report with full references to historical influences. In that way, decisions of this nature will not be subject to the influences of those who wish a particular person to be acknowledged today and another person tomorrow. We are trying to free up the debate from partisanship, and I believe my proposal would accomplish that particular goal.

Mr. Boudria: Internal Economy will have jurisdiction outside now?

Mr. McInnes: A motion of this kind is one that should be applauded by all Members of the House. I know the Hon. Member for Glengarry—Prescott—Russell has taken a fervent interest in this issue. He has been in touch with our Department about it. We want to be supportive and we applaud the Hon. Member's general initiative. However, I suggest that today's motion be the subject of further review so that we are not hindered by particular considerations when we have an opportunity to explore these issues on a more global basis.

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I had a little trouble following the Minister's logic. As far as I know, the Board of Internal Economy has no responsibility over the grounds of Parliament.

I would like to say a few words about this matter because I support the idea that a man of the stature of Mike Pearson be recognized for his contribution, not only to Canada but to the world. Twenty-two years ago I was living in New Zealand at the time the maple leaf flag was first flown. Incidentally, it was flown in New Zealand about 15 hours before it was flown in Canada. The High Commission in Wellington had the first flag that went up at dawn on that day that flags were raised around the world. It was with a great burst of pride that I saw that symbol, which had already become a symbol of Canada even before it was the flag of Canada. I felt then and I feel now that, to a great extent, it was a symbol of Mike Pearson. I know it was called Pearson's flag, along with other names at that time. It was a flag which symbolized Prime Minister Pearson's commitment to Canada.

Prime Minister Pearson was a world statesman. As has been mentioned, he was mainly responsible for the easing of the Suez crisis in 1956. As well, he was mainly responsible for the introduction of the peace-keeping force into the Middle East during that period of crisis. For these international activities he received the Nobel Prize. The Nobel Prize citation described Mike Pearson, the diplomat, the statesman and the man, as being a man who had strong faith in the final victory of the goodness of life.

His concern for peace and his international understanding remained with him throughout his life as Prime Minister. He stood up to President Johnson during the Vietnam war. He suggested to President Johnson that it would be a good idea to cease bombing North Vietnam. As you can imagine, President Johnson was not particularly appreciative of Canada's position in that case.

• (1800)

I must also say that as the Leader of a minority Government in 1963 and 1965 his Government produced, with the help of the current number two Party in Canada, some very powerful social legislation. The Canada Pension Plan was established. Medicare was not completed during that period of time but the start was made. The Canada Assistance Plan was completed. His commitment to Canadian unity was expressed in the formation of the commission on bilingualism and the first real move to make the Civil Service bilingual. He believed in Canada. He believed in the world. In his life as a politican and statesman he made sure that Canada's position in the world was a major position, as did Mr. Diefenbaker whom we have recognized with a statue. Mr. Pearson did not in any way tarnish the image of Canada. Because of his contribution, and on behalf of my Party, I support the raising of a statue to honour Mike Pearson, a former Prime Minister of Canada.

[*Translation*]

Mr. Barry Turner (Ottawa—Carleton): Mr. Speaker, I would like to add a few comments relating to the motion put forward by my colleague for Glengarry—Prescott—Russell (Mr. Boudria). But I would like first to extend to you and to all Members of this House my best wishes for a Happy and Healthy New Year.

[*English*]

This motion is commendable. I agree with what the Minister said in a general context about wanting to set up a committee to look at this kind of suggestion in the future. I recall last September when we unveiled the statue of John George Diefenbaker. It was rather exciting when the Chief revisited Parliament Hill. People from across the country gathered in front of the Centre Block. It was a very important occasion, not just in his memory, but for the people of this country. I recall as we stood there that the sun suddenly broke through the clouds and there he was in his bronze splendour back on Parliament Hill. I want to congratulate the Member's concern for the tremendous amount of work they put into that project, particularly the Hon. Member for Scarborough Centre (Mrs. Browes).

The special committee on reform of this House drew a lot of attention to the interest of parliamentarians from all Parties in having a greater role in directing some of the physical aspects of Parliament Hill, our workplace. I might add that the report also underlined that we should have more imput in the decision-making process involved in governing this country. We have made some strides in that area, but we have to keep going forward, continually indicating to this House and the Government the importance of that spirit of reform.

However, the precincts of Parliament are something very special, not only to those of us who work and admire our great surroundings but for all Canadians. The National Capital Region, as you know, Sir, is where I was born and brought up. It is a piece of real estate that I am very proud to represent. I must say Ottawa is probably the most beautiful city in all of Canada. Tourism is a major industry here. It has tremendous potential to become even greater. Erecting statues to great Canadians is a way to recognize our history and make Canadians even more proud. The Mayor of Ottawa, Jim Durrell, the Chairman of the regional Government, Andy Hayden, and the Chairman of the NCC are continually meeting to focus on the priorities and objectives involved in enhancing the tourism potential of the nation's capital.

The precincts of Parliament, as I am sure you will agree, need a little bit of maintenance. We have seen a lot of deterioration in the doors, some of the gates and some of the steps. We as Members want to have more input into what this place looks like. That includes statues and commemoratives of all kinds. I am thinking of paintings and busts of great Canadians. I think of medallions honouring Governor Generals or Chief Justices and other eminent Canadians who, as the Minister mentioned, contributed significantly to Canada over the years. This includes Mr. Pearson, and we all recognize that quite clearly.

The Minister suggested that we look at these in the broad sense and that perhaps the Board of Internal Economy is one of the committees on the Hill which could look at this. As you know, it is an all-Party committee with input on a regular basis from all Members on all sides of the House.

We learned a lot from the work that was done in the last year and a half to put up the statue to Mr. Diefenbaker. We want to capitalize on that knowledge. However, I sense that cannot be done on an *ad hoc* basis. So I think it is time to sit down and determine a proper framework, within the parliamentary precincts, which will allow us to work together to create the commemorative objects we wish to have on Parliament Hill.

The Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) referred to a statue commissioned to honour Prime Minister Arthur Meighen. He mentioned that the family was not too pleased with the outcome. That is a fact. The statue has been in hiding for decades; that is regrettable. That is why I think the Minister focused on the importance of creating standards to be use for all future statues or other objects commissioned by Parliament to commemorate great Canadians. We must have some kind of quality control, shall we say, over the designs so that we do not have a statue sitting somewhere collecting dust. Indeed, the statue of Arthur Meighen is around somewhere. No one seems to know where, so it is obviously very well hidden.

As you know, Sir, we are running out of space within the parliamentary precincts. Land is now at a premium. I would ask you, Sir, and other Members of the House, indeed people who live within the National Capital Region and people from all over the country, to suggest locations within the National Capital Region, whether it be on this side of the river—

[*Translation*]

—or on the other side—in the Gatineau, Hull or Aylmer area—in the National Capital area, we are anxious to have input from both sides of the river on that initiative.

• (1810)

[*English*]

The Minister mentioned that there are a number of buildings including a college and the External Affairs building named after Lester B. Pearson. This is indeed a tribute to a man who enhanced Canada's international reputation. He loved baseball and the annual game between the Blue Jays and the Montreal Expos is named after him. I understand that this year they have been unable to find a date suitable to both teams and the game may not be played.

The Minister is suggesting that a more comprehensive approach be taken, one totally free of any partisan considerations. We must consider the requirements of parliamentarians, the Board of Internal Economy, the National Capital Region, Ministers and Prime Ministers. We would like to see certain parts of our past properly reconstructed and located. We speak these days of the ceremonial route, a very important project which will make our capital city unique in the world. Our scenic route will have beautiful views of Parliament Hill and the museums which are presently being built. As well, it will have statues of some of our great Canadians. We hope to have a statue built to honour Lester B. Pearson which will eventually be placed somewhere within the parliamentary precincts or along the ceremonial route where proud Canadians can see it and remember that Lester B. Pearson contributed significantly to make our country one of the best in the world in which to live.

I support the Minister's general proposal to enhance the role of the Board of Internal Economy. I also support the initiative of the Member for Glengarry—Prescott—Russell. I hope he will continue to persist to ensure that this becomes a priority within the new over-all comemorative framework which the Minister hopes to see parliamentarians and parliamentary assistants focus upon to make a lasting tribute to a man who was, without question, an effective Prime Minister and a great Canadian.

Mr. Maurice Foster (Algoma): Mr. Speaker, I am happy to have the opportunity to say a few words on this motion in Private Member's Hour today regarding the possibility of the placement of a statue on Parliament Hill to commemorate Lester B. Pearson. I support the erection of such a statue because there are few Canadians who have made as outstanding a contibution to the country as did Mr. Pearson. For 20 years he served in the House of Commons as Secretary of State for External Affairs, as Leader of the Official Opposition, and as Prime Minister from 1963 to 1968. During that period of time he also served as a Member of Parliament for Algoma East which, since that time, has been called Algoma, the riding I have the honour and privilege of representing.

During his early days as a Member of Parliament, from the late 1940s to the early 1950s, and as Secretary of State for External Affairs, Lester B. Pearson fired the imaginations of young Canadians in high school and universities. He played an international role far above that played by any Canadian before him. For his efforts in resolving the Suez crisis in 1956 and the establishment of a peacekeeping force he was awarded the Nobel peace prize. I think it is significant that the citation on that peace prize described Mr. Mike Pearson as the statesman, the diplomat, the man, as one who had a strong faith in the final victories of the good forces of life.

As Leader of the Opposition from 1957 to 1963 he did an amazing job of rebuilding the Liberal Party. He brought it through a successful election campaign in 1963 to form the Government. As Prime Minister from 1963 to 1968 he initiated many actions. That was one of the most activist periods in the history of the Canadian Parliament in terms of new initiatives. As an example, he established the new Canadian flag. That was a very controversial issue at the time, but our flag now flies proudly over our capital and over our embassies and consulates around the world.

Mr. Pearson initiated work on the Canada Pension Plan, the medicare scheme and the Canada assistance plan. He initiated the establishment of the bilingualism and biculturalism commission which ultimately resulted in the recommendations which brought in the Official Languages Act, and many other policies relating to the bilingual character of our country. In 1968 he initiated the first constitutional conference. That ultimately led to many more conferences which led to a new constitution in the 1980s. Even in retirement he was extremely active, preparing one of the most comprehensive reports on international development for the consideration of all countries and the United Nations.

Throughout all those years he also had the responsibility of representing the constituency of Algoma East. He represented it very well, not because of the great and powerful positions he held here in Ottawa, at the United Nations or internationally, but because of the common touch, because of his appreciation and understanding of the ordinary people whom he representd so well. I would like to quote a section from "Mike, The Memoirs of the Right Honourable Lester B. Pearson, Volume 2, 1948-57". At page 16 he said:

> I never ceased to be grateful for my good fortune in having Algoma East as my political home. I was glad that I was a member for a rural constituency and not one in a big city. Apart from my special feeling for this particular district, it was more satisfying for me to serve as the member of a rural riding, one of farm and bush, of mine and lake and lumber camp, of new lively industrial towns and of old sleepy villages. All of this is found in Algoma East.

Those words of Lester Pearson describe the great relationship which existed between him and his constituents in Algoma East.

After hearing the speech of the Minister of Public Works (Mr. McInnes) I am not exactly sure what the policy of the Government is with regard to the placement of statues in commemoration of the memory of great Prime Ministers of our country. However, statues of all Prime Ministers since 1920 have been erected. I felt it was fitting that last fall we erected a statue of Mr. Diefenbaker, a great Prime Minister. It would be fitting to do the same now in respect of Mr. Pearson. It is absolutely essential that that be done with a non-partisan and positive approach, as it was done with regard to Mr. Diefenbaker.

The Minister's policy seems rather fuzzy to me. He suggested that perhaps there should be more input, as recommended by the McGrath committee, into the activities and decisions relating to Parliament Hill. Surely there can be no more active way for Members of Parliament to participate in decisions relating to Parliament Hill than to move a motion during Private Member's Hour and give every Member an opportunity to participate fully in the debate. If the Minister is proposing an over-all policy which will allow Mr. Pearson's statue to be established on Parliament Hill on the same basis as Mr. Diefenbaker's statue, I think that is a workable arrangement. However, if it is strictly an approach to frustrate the establishment of a statue to honour Mr. Pearson, I think it is a less than acceptable way for the Minister to proceed.

• (1820)

I am sure that Lester B. Pearson qualifies to meet whatever the requirements would be to have a statue raised in his honour on Parliament Hill. Few if any Canadians have made such an outstanding contribution in international affairs for our country and for the world, in domestic and social legislation or in human terms which we in Algoma and Algoma East appreciate so much.

I want to indicate in the strongest possible way my support for the establishment of this statue commemorating the tremendous contribution of the Right Hon. Lester B. Pearson to Parliament and to our country.

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I appreciate being recognized during this Private Members' Hour. I had no intention of speaking in this debate because I expected that things would go much as they did a year ago when the motion came forward for a statue to be erected in honour of John G. Diefenbaker. As the Public Works critic I was alerted by my House Leader to be ready to speak. However, a colleague had indicated he would like to speak on this matter and I bowed to him because I thought this motion would receive smooth passage through the House. However, once the Minister of Public Works (Mr. McInnes) made his remarks, I must say, quite frankly, I was aroused to speak.

The Minister of Public Works said that before a statute could be erected to Mr. Pearson, a former Prime Minister of this country, the matter would have to be referred to a committee to set up guidelines and to go through a long and studied procedure. This strikes me as rather strange. If this is to be the approach, then it should have been taken before the decision was made to erect the statue to John Diefenbaker. A year ago a Private Members' Motion passed through this House to honour the Right Hon. John Diefenbaker, a former Prime Minister of Canada, and rightly so, and the statue has been erected. If the Government wanted to take the approach of setting up guidelines, it should have done so before that statue was erected.

What arouses me, Mr. Speaker, is that what we seem to have here is a petty partisan approach to the question of honouring a former Prime Minister. Is the Government just putting road blocks in the way because it is a former Liberal Prime Minister the private Member is asking to have honoured? If we chose to honour John Diefenbaker then why not honour Mr. Pearson? Certainly, their contribution to history and to our country is of equal merit. Surely most Canadians associate John George Diefenbaker and Lester B. Pearson together in Government.

I was surprised that the Minister of Public Works would speak in this Chamber during Private Members' Hour in order to throw cold water on a motion by a private Member to honour a former Prime Minister. I would have thought he would have waited to hear full debate, allowing private Members to make this decision. I want to make it clear that I think there is a need for a vote on this particular motion. It is sad and regrettable that there is a need for a vote. This motion should have been supported without question. However, because of the comments made by the Minister of Public Works, I feel there is a need for a vote and for private Members to be able to express their opinion and not be whipped into line by the Minister of Public Works.

I want to keep my comments brief, so I will just say that not only was Mr. Pearson Prime Minister in the same historical period as Mr. Diefenbaker, whom we have already honoured, but Mr. Pearson did make significant contributions to this country. He won the Nobel Peace Prize, so obviously he was honoured internationally. He had a part to play in the establishment of medicare and the establishment of the Canada Pension Plan, both of which were significant policy initiatives for a Canadian Prime Minister to have been involved in.

So as not to limit the opportunity of other Hon. Members to express their opinion on this question, and so as not to lose the opportunity to have a vote, I will bring my comments quickly to a close by saying that it strikes me as being partisan that a Minister of the Crown would suggest a different procedure regarding a statue honouring Mr. Pearson than that which was followed for the erection of a statue to honour Mr. Diefenbaker.

Parliament Hill

The Acting Speaker (Mr. Paproski): The Hon. Member for Edmonton East (Mr. Lesick).

Mr. Lesick: Thank you, Mr. Speaker—

The Acting Speaker (Mr. Paproski): The Hon. Prime Minister—the Right Hon. Leader of the Opposition.

Mr. Turner (Vancouver Quadra): That appears to be a useful premonition.

The Acting Speaker (Mr. Paproski): I just want to say to the right hon. gentleman that I regret I did not see him rise. I know the Hon. Member for Edmonton East (Mr. Lesick) will defer to the Right Hon. Leader of the Opposition (Mr. Turner).

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I will not impede the Hon. Member. I recognize the instinctive intuitive premonition in your earlier remark, Mr. Speaker, and we will hang in together.

I had a feeling of great pleasure some months ago to sit on the platform when we dedicated a statue to the Right Hon. John George Diefenbaker. I had the honour of serving in this House both in opposition and on the Government side when Mr. Diefenbaker was Prime Minister and then Leader of the Opposition.

Our quarter of the House thought it entirely appropriate that Mr. Diefenbaker's historical position in Canada in his role as leader of our country should be recognized in a permanent way on Parliament Hill. We looked at it in a non-partisan fashion. Therefore, I rise very briefly to say that I hope the Minister and Hon. Members on all sides of the House will afford the same distinction to Mr. Pearson who, as my friend from the New Democratic Party has remarked, occupied the stage in this House at the same time as Mr. Diefenbaker. They sat opposite each other, on both sides of the House, during a very remarkable period of Canadian history.

I think the arguments put forward in honour of Mr. Diefenbaker some time ago—and I congratulated the mover of that particular motion—apply equally to this motion. I would hope we would have unanimous approval of this motion so that the two men who faced each other so actively across the House representing, as they saw it, our country, would be able to face each other, perhaps at some distance, across Parliament Hill.

Mr. William G. Lesick (Edmonton East): Mr. Speaker, I certainly respect the thoughts of the Right Hon. Leader of the Opposition (Mr. Turner) and his concurrence that our former Prime Ministers, John George Diefenbaker and Lester B. Pearson, deserve to be honoured within a short time of each other. It is the same situation as it existed 11 years ago when the late Prime Ministers Mackenzie King and Louis St. Laurent were also honoured with statues.

The late Mr. Pearson was a man of outstanding abilities. During his time he was greatly honoured. However, he also created a certain amount of divisiveness. It has taken the last 20 years to accept his good works, something for which he is highly respected. We know that he will go down in history as an outstanding statesman. There is a place for a statue of Mr. Pearson to be erected here on Parliament Hill. But where is that place?

• (1830)

It is true that we erected a statue of John G. Diefenbaker, something which was long overdue. That former Prime Minister captured the imagination of every Canadian. He was one of the great Canadians in the history of our country. He led a strong Government and a strong Opposition. He was highly respected right up until his last days in power.

Mr. Keeper: Was not Mr. Pearson?

Mr. Lesick: Mr. Pearson was as well. I thank the Hon. Member for his prompting. I realize that we are talking about Mr. Pearson.

Until the unveiling of the commemorative statue of the Right Hon. John Diefenbaker this fall some 11 years had passed since the erection of the previous two statues. There is a sculptor in Edmonton, Mr. Negritto, who is a near-genious. He has extraordinary ability. He has made representations to the Government in this view. There is also a sculptor of outstanding ability in Winnipeg, Mr. Mall. Undoubtedly, there are other sculptors with outstanding abilities who are willing to offer sculptures of the type we would like to see on the grounds of Parliament Hill. However, the question remains, where should they be placed?

At the moment there are four statues on the grounds. They are statues of the former Prime Ministers Borden, King, St. Laurent and Diefenbaker. They are in places which were thought to be relevant at the time. Is this the way in which statues honouring the leaders of our country should be located? What about busts? There has been talk of paintings and pictures. Now we hear talk of standing memorabilia. What will we do with such memorabilia? Is there some overall plan? We have just erected a statue to an outstanding Canadian. Should we rush in and erect another statue on the hallowed grounds of Parliament Hill? The Government feels that we should stop and consider. After all, only a few months have passed since the last statue was erected. We must consider what the best method is for locating sculptures of this type.

One of the problems we have had in the past is that we have forgotten the history of our country. We were not even taught the history of our country. When I went to school I learned British, French and European history but very little about Canadian history. The tables have been turned. We now think about our Canadian history. We think about the impact the French had when they came here over 300 years ago. We think about the English who travelled all over the country and who finally ruled it. What about Canadians since 1867 and the years since? Have we really learned the history of our country? The history of our country should be reflected on

Parliament Hill in a more orderly fashion to reflect what is important in terms of what has occurred.

As we consider the possibility of erecting another sculpture we must consider where it should be placed. The Minister of Public Works (Mr. McInnes) has said that we should create an orderly plan and have a study made of this matter. In this way the erection of sculptures could be presented for the best interests and delight of all Canadians, as well as for the enjoyment of visitors who come from other countries. In this way they will see that we have some rhyme and reason in terms of the placement of our statues. We must consider how they can be enjoyed and whether they meet the needs of families and parliamentarians. These questions should be considered before we rush into erecting another statue on Parliament Hill.

There are eminent Canadians long since deceased who, in the eyes of Parliamentarians—

Mr. Speaker: I regret to interrupt the Hon. Member, but the hour provided for the consideration of Private Members' Business has now expired. Pursuant to Standing Order 36(2) this order shall be dropped to the bottom of the order of precedence. However, I should advise Hon. Members that there is some possibility that the motion will be scheduled for debate again on Tuesday, February 10. In view of representations which have been made I wish to bring this matter to the attention of Hon. Members.

The House will now move to Government Orders.

GOVERNMENT ORDERS

[*English*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee, and the amendment of Mr. Turner (Vancouver Quadra), (p. 2382).

Mr. Ted Schellenberg (Nanaimo—Alberni): Mr. Speaker, I am very proud this evening to be the second hitter at bat for the Government on the proposed legislation dealing with the export tax and the American countervailing duty. I am particularly pleased to follow another British Columbian, the Minister for International Trade (Miss Carney), who has carried the ball very well with respect to this issue. British Columbians are proud of the fact that she listened to Premier Vander Zalm of B.C. and the people of B.C., including the IWA, and not Adam Zimmerman of Noranda in Toronto or Premier Peterson of Ontario.

I am particularly pleased to stand here this evening because my region is so dependent upon the forest industry. Some 7,000 to 8,000 workers are directly involved in the forest industry in Nanaimo and Alberni, British Columbia. Some 20,000 to 25,000 people are involved in the secondary industries which rely on forestry. Port Alberni in my riding was the forestry capital of Canada in 1986. Thus I would like to say a few words about this proposed legislation.

I was in British Columbia when this deal, as it has been called, was signed. I talked to the forest workers in the province. The message they asked me to bring back to Ottawa was to tell the Chicken Littles that the sky is not falling. This is not the end of the forest industry in British Columbia, or in Canada. British Columbians realize that we have not been replanting what we have been cutting down. They look forward to the fact that we will actually have some money for reforestation in our province and across the country. The province supports what we are doing, as do the forestry unions.

I think it is important to read into the record a couple of paragraphs of the position taken by the International Woodworkers of America in British Columbia. In a letter to the Minister for International Trade they state:

> The International Woodworkers of America wishes to extend its general support for the recent negotiated settlement of the softwood lumber dispute with the United States.
>
> Under ideal conditions, many of us would have preferred to have our "day in court" in order to try to reduce the 15 per cent preliminary duty imposed by the U.S. Commerce Department last October. However, given the realities of the strong protectionist mood in the United States, it is extremely unlikely that the 15 per cent could have been reduced substantially in the final Commerce Department decision.
>
> And even if the correct duty were eventually determined to be lower than 15 per cent, that decision could only be arrived at through three or four years of protracted court proceedings. In the meantime, all of the revenues from the countervailing duty would continue to flow into U.S. government coffers at the rate of 12 per cent to 15 per cent on the selling price of lumber.
>
> Those revenues properly belong to the owners of the trees—the people of British Columbia and Canada. We therefore strongly believe that it was absolutely essential to conclude a negotiated settlement with the United States which will guarantee that the increased taxes on softwood lumber shipments to the United States be kept in Canada.

• (1840)

This is the IWA talking. This is a union that represents the men and women who work in the forests of B.C. and across the country. This is a responsible position taken by a responsible union that has entered the 1980s. What does the Opposition and some of the media have to say? The sky is falling. Hundreds of mills are going to shut down. Thousands of jobs will disappear.

Well, we went through all of that with the shake and shingle affair last year and we know the reality of that. The NDP and the Liberals said then that it was the end of the industry; thousands of British Columbians would be on the dole. Now eight months later, thanks to market forces and good management, the shake and shingle industry in this country is doing very well. That was a 35 per cent tariff. Here we are talking about a 15 per cent export tax. When it comes to opposition

criticism, that is basically old wine in a new bottle. Come to think of it, all that the Opposition is good at is whining. Nobody whines better than the NDP and the Liberals.

I have a comment from Frank Beban of Beban Logging in Nanaimo. He told me that he does not think the export tax will have that much of an effect; it should not be detrimental to the industry. He feels that the value of the Canadian dollar will have more effect on the B.C. forest industry. This is the same Frank Beban who, with Western Forest Products, was fighting to save logging jobs on the Queen Charlotte Islands. That is where the NDP believe that trees grow to the sky and then suddenly fall down on their own, and that they should not be chopped down by these horrible loggers. That is where they tried to block the logging on Lyell Island. One of the federal NDP Members even dressed up as a Haida native to try and stop the logging. Today they are coming across as the great defenders of the loggers of British Columbia. They are very concerned about the jobs of British Columbians. Horse nonsense, or better still, horse sense.

I see that the Liberal Member for Vancouver Quadra (Mr. Turner) is here. To his credit he travelled up to the Queen Charlottes and saw the Lyell Island situation. He made quite an effort on the *Jack Webster Show*, and in the House, about the indiscriminate logging of those horrible forest companies. Those are the same forest companies that create the docks, the roads, provide emergency medical service to the people in the Queen Charlottes and throughout British Columbia, and have built up the infrastructure that we are so dependent upon. Now I see this afternoon the Right Hon. Leader of the Opposition trying to hoist this Bill for six months. How can you go back to British Columbia, sir, and tell them that $400 million of reforestation money is going to be delayed for six months? That is about $200 million that they will not get. They will get it down the road.

American protectionism is real and ugly, there is no doubt about that. Let us look at some of the facts of this legislation and what has happened as far as the background is concerned. In 1982-83 a countervailing petition similar to this one was launched by the American forest industry. At that time 29 per cent of the U.S. market was ours. That caused a great deal of fear in British Columbia. Fortunately, at that time the decision was in our favour. But times have changed since then. The forest industry was saying that we won it in 1983, and we will win it in 1986. We are talking about 1986-87 in North America and times have changed. We have gone from some 19 per cent of the American market 10 years ago to some 35, 36 per cent now, some say it is perhaps even higher. The Canadian dollar is devalued even more. In the same 10-year span that the Canadian dollar went from $1.04 down to about 73 cents our share of the American market went from some 19 per cent to 35 or 36 per cent.

Anybody who has talked to American politicians can understand why they have been upset. They stand in their own ridings and watch carload after carload of Canadian lumber going across the border while their own lumber workers are lined up at the unemployment insurance offices. Any politician in this Chamber will understand the sentiments of the American politicians. It has become more real and ugly over the passing years.

In the summer of 1985 I travelled to Washington, D.C. with an all-parliamentary delegation. The Members for Skeena (Mr. Fulton), Capilano (Mrs. Collins), and Prince George—Peace River (Mr. Oberle) who is now the Minister of Science and Technology, were in attendance. We learned there how real that protectionism sentiment is. Even if the countervailing duty failed, we were told that they were prepared to introduce an omnibus Bill that would take action against our forest products. The only light on the horizon in the U.S., even back in 1985, was that we had a good product that American home builders and home buyers wanted. As a matter of fact, one of the southern Senators said to us that at church on Sunday he was doing the lay sermon. As he walked in the front door a representative of the southern forest industry was saying, "For goodness sake, nail those Canadians. You have got to stop those Canadians". After the sermon he walked out the back door and there was a contractor who builds houses in Georgia saying, "Lay off the Canadians. We need their product. We like their product". That is the type of turmoil we have been going through over the years.

Anyone who has talked to the forest workers, the legislators, or the industry knows that there has been very real concern. Even early in 1986 the forest industry told us as the Government of Canada, "Hands off. Let us deal with it. We won it before, we will win it again". But then by August of 1986 the political pressures in the U.S. were realized, not only by us but by the forest industry in Canada. The provinces, labour, and the forest industry urged that we negotiate our way out of this particular mess. That is why our Minister of International Trade offered a 10 per cent presentation to the Americans to try to forgo the preliminary determination on the countervailing duty. As we all know, that offer was refused.

In October we lost the battle but not the war, in our opinion. When that 15 per cent preliminary determination came down there was a great deal of consternation in the industry and the Government. We thought we could find a way out of it. That is why in November, at the First Ministers' Conference in Vancouver, the Prime Minister (Mr. Mulroney), the Minister of International Trade, the Minister of State for Forestry and Mines (Mr. Merrithew), and the Premiers of this country, with one exception, managed to find a consensus and make another offer to the Americans that would hopefully keep the money north of the 49th Parallel. On December 30 our negotiations were successful.

What did the negotiations entail? The Americans wanted a $1.1 billion increase in stumpage. They wanted an outright veto in changes to our stumpage system. They wanted the export tax to apply to the added value of our lumber. They wanted prohibition against our forestry companies using the cost of the export tax as a business deduction, as they do with stumpage now. They got none of those demands, not one.

Instead, on December 30 our Government was successful in ensuring that the $600 million in reforestation money stayed north of the 49th Parallel. Now we will replant what we harvest.

That has been the position of the B.C. NDP for years. They have demanded that we farm and not mine the resource. That is a position that many B.C. Members of Parliament can agree with. It is ironic that now, thanks to a Progressive Conservative national Government, we will be able to do that in my home Province of British Columbia and across the country.

I have some concerns about how these windfall dollars will be spent. Much of it relies on trust with the provinces. We have no real assurances that every penny, with the exception of the cost of administration of the export tax, will go into planting trees, weeding, spacing, and thinning, and doing the job we have not done up until now. But it is essentially a provincial resource. So there will be a great deal of trust involved here.

If I may turn to a few media reports on the imposition of the export tax, let me start with the media in Nanaimo—Alberni, the forestry capital of Canada. The *Alberni Valley Times* states: "Export duty reasonable-under the circumstances".

• (1850)

Ottawa's export duty saved a lot of money for Canada that would have been spent in the U.S. had not the federal and provincial Governments negotiated the compromise with the tariff-hungry Americans.

Turning to the *Nanaimo Daily Free Press* of January 3, it reads:

While forest industry unions appear to welcome that lumber export tax agreement with the U.S., it's the big timber bosses' turn to be moaning the odds.

That 15 per cent added cost has produced long faces and fairly scathing criticism of the deal, which was worked out just hours before the deadline—

It continues:

Had there been no agreement, Canada could have faced a tariff even higher than the 15 per cent now agreed.

The difference is that the 15 per cent stays on this side of the 49th parallel. On BCTV, on December 31, an announcer said:

NDP Trade Critic Bob Williams says the softwood accord is "a pretty good deal".

In his interview, Mr. Williams said:

That's right. I'm afraid I disagree (with Broadbent). He is rightly concerned about the sovereignty issue. But at the same time the provinces have not been collecting the value of the trees. I think Mr. Broadbent is ignoring that side of the equation.

I think these articles should be brought to light, in that the Opposition seems to put so much credence upon what the media has to say on these issues. In the January 8 edition of *The Toronto Sun*, the following article appeared:

In the case of softwood lumber, the American buyers are clearly calling the shots. But not all of them. One irony is that the new 15 per cent export tax imposed here will probably be reflected in higher home prices in the U.S. as importers pass on higher costs to the American consumer.

Which is, if you think about it, a delicious irony.

Then the writer continued:

Meantime, there is no cause for panic. Martin Brian Mulroney hasn't "sold out" the country, nor is he likely to. Peace, order and good government will prevail. The sun will rise in the east and set in the opposite direction.

Life will go on.

Then the following appeared in *The Sault Star* of Sault Ste. Marie:

It is interesting to note that one Canadian group with a major stake in the issue, the International Woodworkers of America, supports the agreement as "the lesser of the two evils".

In *The Toronto Sun* Peter Worthington wrote the following:

I wonder if our "nationalists" would prefer the money going to the U.S. in the form of a tariff rather than staying here as tax revenue? Would that be a sell-out too?

Also Worthington wrote:

—one wonders how Canada is supposed to "stand up to" or "resist" American pressure in free-trade talks? Surely with a spirit of isolationism and protectionism rampant in the U.S., it is imperative that we get a free-trade deal as quickly as we can,—

Also he went on to write:

It serves little purpose to reduce the dispute into a "who won, who lost" contest. Free trade is not a hockey game—it's our future. And it seems that on this one, Canada is ahead of the rest of the country.—

They go on and on, including the article written by Marjorie Nichols in *The Vancouver Sun* which read:

There is nothing novel about this agreement. In terms of the monitoring and enforcement procedures, it is less intrusive into Canadian affairs than other bilateral and multilateral agreements.

The 15 per cent countervail duty is gone, hundreds of millions of dollars in reforestation have been made available, and Canadian sovereignty has been maintained. When one enters into any agreement, there is some give and take on both sides. We have plenty of examples of that. The Auto Pact is one. The Pacific Salmon Treaty is another. The Columbia River Treaty is another example of give and take on both sides. We are giving the U.S.A. a 15 per cent export tax, and they are taking away the countervailing duty which it had imposed.

Let us be realistic and grown up about this. Sovereignty is not the issue. The give and take of any negotiating procedure is a fact of life. When we talk about sovereignty, let us remember what Ambassador Niles had to say in his statement of January 2:

The United States Government will not be concerned with how Canadian authorities make changes in their forest management practices. When they do so or what form these changes make. These are matters for Canadians to decide.

The point the Opposition seems to be missing is that if we had allowed the countervailing duty, Canadian jobs may well have been affected anyway. With the export tax, we will be creating hundreds of jobs in reforestation in the country. Much of the cost of the export tax will be borne by the Americans as well.

The price of Canadian lumber in the U.S. has gone up since December 30. At the end of 1986 it was $190 per thousand for two by four lumber; today it is up to $202, a rise of some $12 in the cost of Canadian lumber in the U.S. It is already being

borne by the American consumer. It shows how tariffs and countervailing duties cannot benefit anybody, except perhaps Governments or politicians; they do not benefit the average consumer. That is what free trade is all about. We are trying to get rid of these irritants and ensure that we have the kind of co-operation we need.

As the Minister already mentioned earlier today, the value of stock in Canadian forest companies has gone up, not down. It has gone up since the export tax was introduced, so we can be Chicken Littles or optimistic Canadians.

It is my opinion that this legislation will stand the test of time. The provinces retain their flexibility in determining stumpage pricing, a dangerous development in U.S. countervail policy has been avoided by the withdrawal of the petition, and the ability of the provinces to determine their own natural resource management policies remains unimpaired. They are all worthy goals and accomplishments of which the Government and the House can be proud.

The Canadian forest industry will survive this latest attack by the Americans. We have had them before; hopefully we will not have them again. Our forest industry may even be better managed for what has happened, better managed because of the export tax and the American countervailing duty petition.

We will always have a quality Canadian product which Americans want to buy, so the sky is not falling. It has in fact brightened. I ask that we pass this piece of legislation at the earliest possible opportunity.

Some Hon. Members: Hear, hear!

Mr. Riis: Mr. Speaker, I would like to ask a question of my hon. friend who just made a very eloquent plea for support of the Government's initiative.

I should like to refer him to a quotation of Mr. J. Martignago, one of the chief officers of Balco Industries, a major forest producer in central British Columbia. I want to take just a moment to quote what he said:

> The 15 per cent export tax is devastating. It could cost Balco approximately $8 million per annum.
>
> We will be down sooner and for longer. The Forest Industry Council estimates the additional cost to the Canadian industry will be $600 million per year. That is well in excess of the total profit of all lumber companies in Canada.
>
> The Government ended up giving us Hobson's choice—either the tax goes into our pockets or theirs. What would really hurt is if the language prevents the use of the tax to enhance the forest resource base.
>
> The countervailing duty must remain as a tax on the product exported to the U.S. Were the tax applied on the basis of log scale as stumpage the entire production of every company would be adversely affected. This in effect would not only impact the U.S. market but also eliminate the possibility for Canadian firms to diversify and service international markets other than the U.S.

The Hon. Member's presentation was an interesting one. Although I disagree with it, it contained some interesting arguments. Does he disagree with the comments of this very respected, well-known authority on the British Columbia interior forestry industry when he said that the 15 per cent export tax was devasting?

Mr. Schellenberg: Mr. Speaker, I am very pleased to receive a question from the Hon. Member for Kamloops—Shuswap (Mr. Riis). It was not that long ago, about 10 years, that I was a young radio station cub reporter and the Hon. Member was an alderman in Kamloops and was beginning his political career. If I only knew then what I know now, Mr. Speaker. However, I am pleased to receive a question from him.

Once again we obviously have a divergent point of view. For every letter or comment that he pulls out, I can pull out one with the opposite point of view. Again we have some statistics of doom and gloom; they seem to get used to that in the Opposition. It is full of could, should, maybe and if.

The same is true if we look through *Hansard* in May 1986 when we dealt with the shake and shingle industry—it could cost, it might cost, or it might have to shut down, not very much of which came true.

I prefer to believe that the country has received sort of a gift from the U.S.A. in reforestation dollars which we can use to the benefit of our forest industry. I prefer to believe that we are going to create more jobs in reforestation, in weeding, spacing and thinning than may be lost in the mills and the forests of British Columbia.

The cost of $600 million has been pulled out of the air. I have heard other costs as well. I know one cost for sure. We will receive those hundreds of millions of export tax dollars into our reforestation funding.

Do I disagree with what the Hon. Member has to say? Time will tell whether the Hon. Member is right or I am right. Perhaps with our mutual experience in the B.C. forest industry and its implications, I prefer to believe that the government Member is right and the opposition Member is wrong.

• (1900)

Mr. Fulton: Mr. Speaker, can the Hon. Member direct any Member of this House to a document or a public statement or anything when he says that hundreds of millions of windfall dollars will come to B.C. and that they will be spent on reforestation? In fact, the Premier of British Columbia has said quite the opposite, that the money will be used for things other than forestry. Can the Hon. Member direct anyone in this House to any document or any statement saying that that money will be spent on reforestation, or is that just pie in the sky?

Mr. Schellenberg: It is an accepted fact, Mr. Speaker, that the Province of British Columbia, along with the Province of Quebec, were anticipating raising their stumpage fees well in advance of what has been going on over the past few months. It is the Premier of British Columbia, let us not forget, who initiated the negotiations, along with our Minister for International Trade and the other provincial premiers, to try to bring in that export tax and to keep it in place. As I said earlier, a lot of this is based on trust, accommodation and belief.

We have met with Premier Vander Zalm twice since he attained office in the fall of 1986. I would put forward to this House that the Premier of British Columbia will do everything he can to ensure that the $400 million in British Columbia is put into reforestation. The Premier is not sure that he can spend all of that in one year, which shows the kind of windfall dollars that are involved. The Premier of B.C. has said, I believe, as reported in the *Vancouver Sun*, that when it comes to a choice between growing a tree, if he uses the funds, and saving a patient who has heart trouble, then that is a decision he will have to make at that time. I am trusting, as we should trust, that he will make the right decision when the time comes.

Mr. Cassidy: Mr. Speaker, since this is a bad tax, badly applied, does the Member believe that the bad application of the tax should be sustained or not? I gather from the Member's speech that he endorses the Government's decision to impose the tax.

Is the Hon. Member aware that stumpage in the Province of Quebec, for example, is very substantially higher per thousand cubic feet or per cubic metre than it is in the Province of British Columbia? Is it fair that the tax should apply at the same rate in Quebec as it does in British Columbia?

Is the Hon. Member aware that the tax to be applied is on the f.o.b. price at the mill and as a consequence it will be applied on the f.o.b. price of something like $230 per thousand cubic feet in Quebec as compared to $160 per thousand cubic feet in the interior of British Columbia? In other words, the tax will wind up being about $10 per thousand cubic feet higher in Quebec than it is in British Columbia. Is that fair? Is that just, and if not, what does the Hon. Member intend to do with it as a member of the governing Party?

Mr. Schellenberg: Mr. Speaker, that is not a certainty. The Hon. Member speaks with great certainty that it is going to be an unfair tax applied in different regions of the country. We do not know that for sure. Those negotiations are still going on right now between our Minister for International Trade and the Premiers and forestry Ministers across Canada.

Mr. Cassidy: Oh, oh!

Mr. Schellenberg: What a delightful laugh the Hon. Member has. There is no certainty at all of how it will be applied, whether or not it will be higher in Quebec or lower in British Columbia. That is what the negotiations are all about. That is what the NDP does not seem to understand.

Mr. Cassidy: It is in the Bill.

Mr. Schellenberg: Negotiations, thank goodness, are being done by a Progressive Conservative Government and not an NDP Government.

Mr. Riis: Mr. Speaker, I have another question for the Hon. Member. He will be well aware that on the question regarding sovereignty, to which he referred in his presentation, when you look at the actual agreement it states:

—that Canada may reduce or eliminate the export charge if other fees are placed on lumber production. But Canada can do this only "subject to further consultations and agreement between the two Governments".

The two Governments being the Government of the United States and the Government of Canada. The agreement is saying that unless the United States Government agrees to this change of obtaining these funds, Canada cannot proceed, the industry cannot proceed or the provincial Government cannot proceed. When it says that in the actual agreement signed by the Governments of Canada and the United States, would the Hon. Member not have to agree that it is really saying that the U.S. Government does, in fact, have a certain amount of decision making in how we manage our forest resource?

Mr. Schellenberg: Once again, Mr. Speaker, I must repeat how happy I am that our Government is doing the negotiating around here and not the NDP.

Does the Hon. Member not realize that in other agreements we have, from the Auto Pact to the Pacific Salmon Treaty alone, there is give and take on both sides? Decisions cannot be made unilaterally by one side without affecting the other. There are agreements that involve mutual negotiation. The Americans are concerned about the arithmetic of that 15 per cent export tax, and rightfully so. They will be monitoring the situation in Canada, but under no circumstances have we given up our sovereignty, under no circumstances at all.

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated. Debate. The Hon. Member for Laval-des-Rapides (Mr. Garneau).

[*Translation*]

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, Bill C-37 now before the House can be viewed from a fiscal point of view. It can have some other implications we could refer to from the legal, technical point of view, but the heart of this whole debate centers on the ability of the Government of Canada and the provincial governments to make decisions concerning the forest industry, which is a major resource. Mr. Speaker, I would say that this Bill raises two important questions—first, the integrity of our Canadian sovereignty, and second the financial situation that could be faced by a significant part of the forest industry and its workers.

Mr. Speaker, a moment ago I heard the Government Member say there had been no impairment of sovereignty because of those negotiations, and that there had to be some sort of trade-off in those negotiations. The reason why on this side of the House we feel the integrity of Canadian sovereignty has been set at stake by this Government is that we did not have a free hand. The negotiations were entered upon under duress. There was a decision by the U.S. Government, and I wish I had all the time needed to put the case of that 15 per cent levy against the fact that a country's resources may be taxed according to the country's will, and the establishment of new stumpage fees is not a subsidy to our forest industry.

Mr. Speaker, we on this side of the House defend that view on the authority, not of books or expert opinions but of a ruling by the U.S. International Trade Commission which made a decision on that matter in 1983. As our leader asked earlier today, what is it that has changed in that whole debate since 1982-83? Stumpage fees have remained on the whole identical, and so did their implementation. Mr. Speaker, there has been no change in the international agreements binding the various governments that are members of the GATT. What is it that has changed since 1982-83, if not a Government that cannot stand up to the U.S. Government, a Government that is ready to cave in to each and every demand being addressed to it.

I would not want to come back on the issues which have already been raised such as the national energy policy, the drug legislation, etc.: the Mulroney Government has merely caved in to each American demand and this is again the case today.

We did not negotiate freely, contrary to what the previous speaker, a Government Member, has stated, but we have been forced to enter discussion under the threat of a 15 per cent tax. And given these circumstances, the sovereignty of this country has been challenged.

The second point with which I would like to deal is that not only the integrity of Canadian sovereignty is challenged, but a major Canadian industry could be disabled to the extent that several plants would have to close and their employees laid off. I should like to explain to those who are listening in this House and elsewhere why we have reached that point, and why we are now discussing a bill the contents of which have been dictated by the American government. Why are we forced to discuss it in a Parliament where the various regions of the country are represented? Why do we have to deal with such legislation?

The behaviour of the Prime Minister of this country was extremely naive and lacking in sophistication when, at the Quebec Summit, without preparation of any kind, without prior debate in the House, without prior discussion with the provincial governments, without checking on the situation in the U.S. Senate, without any preparation and without any really thorough research, the Prime Minister of this country agreed to embark on free trade talks with the U.S. President.

In the fall of that year, at the beginning of the session, we were treated to a Government statement about seven or eight minutes long, and that is all we had from this Government in the House, a statement announcing that an agreement had been reached between the U.S. President and the Prime Minister of Canada on starting free trade talks. Unfortunately, the Prime Minister had forgotten that for the talks to get under way, the U.S. President had to refer back to the Senate and that a Senate committee had to approve a decision to start negotiations on the basis of the proposed fast track concept. Unfortunately, the Senate committee's decision came as a surprise to the Conservative Government. The committee refused to give its majority approval to a decision that had been announced by our Prime Minister and the President of the United States. That is when the trouble started. To avoid losing face, the U.S. President had to do some arm twisting, and in this respect, a number of letters are often referred to.

I have one here before me, signed on May 8, 1986, in which the U.S. President thanked his friend, Dear Bob, in other words, Senator Packwood, for finally deciding to pass the resolution. But he told him he intended to put the pressure on in order to accelerate the process of settling the softwood lumber problem. That was the price that the American Government had to pay to obtain the Senate committee's agreement. If we look at the original text of what the U.S. President said to Senator Packwood—

• (1910)

[*English*]

"I intend to press for an expedited resolution to this problem independent of the comprehensive negotiations".

[*Translation*]

In addition to the U.S. President's commitment there was also a senior official with the administration's trade sector in the United States, Clayton Yeutter, who in a letter to Senator David Pryor on April 17, 1986, said, and these are his own words:

[*English*]

"We will get timber fixed".

[*Translation*]

And that was in the context of discussing whether to go along with the plan for free trade talks between Canada and the United States. So the U.S. Senate had its arm twisted and the U.S. administration promised to foot the bill. However, in the final instance, it is Canada's softwood lumber workers who are going to pay, because as a result of the Prime Minister's incompetence and lack of foresight, we and our workers in the softwood lumber industry are going to suffer the effects of this Government's poor administration.

What happened, Mr. Speaker, was that the tax was imposed. When we were hit by the 15 per cent tax imposed by the United States, the first reaction of this Government was to panic. Why did Mr. Reagan, the friend of the Canadian Prime Minister, impose a 15 per cent tax after we had supposedly undertaken friendly discussions to solve all trade problems between our two countries? There was therefore some panic.

The first reaction of the Minister was to say: We are going to fight. We shall appeal to GATT, we shall fight to have this 15 per cent tax withdrawn which we find unjust because it goes against the rules of international trade.

The House will recall the rhetoric which was used at the press conference. The first reaction was panic. The second was agressiveness. The third reaction was to give up on everything and to make, supposedly as a final offer, a counter-proposal of 10 per cent instead of 15 per cent.

The Minister for International Trade said that this was a final offer. Not only was it not a final offer, but we had to go even further and obtain a settlement which is exactly what the Americans wanted. The Government tried to rattle its sword in this battle, but when it saw that its position was not strong enough to negotiate, it showed the white flag late in December and agreed with the American requirements and signed this agreement with which everyone is now familiar and which is reproduced nearly word for word in the Bill under consideration.

The second point I would like to raise concerns the effects of all this. Many have said how important the forest industry is for all of Canada, and as the representative of a Quebec constituency, I would like to underline this importance.

Our lumber industry includes nearly 400 businesses and 21,500 workers and its exports amount to several hundred millions and even billions of dollars. This measure will have an impact on our lumber exports since 51 per cent of Quebec production is exported to the United States.

This industry is therefore important for all of Canada and extremely important for Quebec. This is why this Bill will have a considerable impact. I have had the opportunity to discuss this issue with representatives of the industry and the reactions we have had have been extremely unfavourable. We have been told that the industry is in great difficulty.

Earlier in this debate I heard the Conservative Member and others, including the Minister, say that the price would be paid by the Americans. We have evidence from company owners who told us in no uncertain terms that the day after the tax was imposed they tried to raise their prices so as to be able to pay this tax, but they did not even sell 1,000 feet of lumber. They had to lower their prices and absorb the full tax just to maintain sales in the United States.

So until now the price or tax has been paid by Canadian companies. We would be able to make the Americans pay this tax only if the demand for timber in the United States were to soar overnight. In that case, of course, we could boost prices and make them pay part of the increase. But this surtax is levied at a time when the United States construction industry is hard hit by the tax reform. All those who followed the tax reform debate and saw the reaction of American house builders, all those people are telling us—and I heard the testimony of Americans—that as a result of tax reform amendments affecting those who buy houses or apartments for rental purposes there will be no new housing construction until an adjustment is made. In other words, for the next six to twelve months the tax will have to be paid by Canadian companies and borne by Canadian lumber industry workers.

Mr. Speaker, the consequences will be far-reaching. We could quote a number of statements by experts who commented on this question. I think you know them, including some Quebec company presidents. Then we heard the testimony of the President of the Chamber of Commerce who was also the owner of a major industry. Their remarks have been reported in all newspapers, so I would rather not repeat them here.

Rather, I should like to use the time which I still have at my disposal to deal with the very substance of Bill C-37, examine once more the whole issue and emphasize the sovereignty aspect.

Mr. Speaker, Clause 5 provides that a charge will be imposed on a great variety of forest products. In short, all softwood lumber products—the bill requires a full page to list them all—will be affected, and a charge imposed shall be an amount equal to such percentage of the export price of the softwood lumber products, not exceeding 15 per cent thereof, as may be prescribed, up to a maximum of 15 per cent.

Mr. Speaker, I wonder exactly who will decide whether it's going to be less than 15 per cent, say 11, 12 or 8 per cent. I have tried to find out whether it was only the Government of Canada who was going to decide that, but when I examined the agreement—on this basis, I return to the issue of Canadian sovereignty, because the Minister herself has indicated that the clause concerning sovereignty in this bill was item No. 5 of the agreement. Well, dealing with the changes which could be made and included in Clause 5 of the bill, item 5b states, and I quote in English:

• (1920)

[*English*]

"Any such modifications in the export charge will be made by the Government of Canada. Calculation of the value of any replacement measures in relation to the export charge will be subject to further consultations and agreement between the two Governments." In fact, we will not be able to change the tax without the agreement of the U.S. Government. That is why I say that this Bill has really damaged the sovereignty of Canada.

[*Translation*]

When we consider the other aspects of this bill which deal with these changes, we realize that we still have to refer to the agreement—I do not know whether this is quite often the case with bills, my Parliamentary experience on this level being quite recent—but when we read in Paragraph 3 that in interpreting the schedule, recourse may be had to the Memorandum of Understanding between the Government of Canada and the Government of the United States, we understand that we must read both the bill and the Memorandum of Understanding and that no change in the tax could be made without the consent of the American Government.

Also, Mr. Speaker, the amounts collected by the Government of Canada would normally be shared between the provincial governments. Unfortunately, the time allotted to me will not permit me to deal with this issue, but it appears to me to be extremely important. I hope that before we complete the study of this bill, we will have at least a draft of the regulations, in order to know how they will be shared. But no matter the way they are shared, item 6 of the Memorandum states

that the amounts thus collected by the Government of Canada could not be used to provide the lumber industry in Canada with an advantage it did not enjoy before the signing of the agreement. In that context, I find its hard to understand how the Government can claim a victory by saying that the monies will be used to do reforestation work, because if reforestation work is done, that cannot be used to the benefit of the company and the company must establish a yearly balance sheet. And in that sense, this means that they will not be able to reach their stated goal, because this would be contrary to the agreement and if the agreement is not honoured, the American Government may terminate it within 30 days. And once it has been terminated because of Canada's failure to comply, as our leader pointed out in his speech earlier today, the U.S. President has the right to unilaterally impose a 10, 15 or 20 per cent tax he can determine himself. If this is not losing face as a country, Mr. Speaker, if we have not relinquished a major part of our sovereignty, I wonder what agreement, what situation could allow us to say otherwise.

Mr. Hamelin: Mr. Speaker, I rise in this debate as a Member from Québec, after the Opposition Member who did not hesitate to call this Government and this Prime Minister naive and incompetent. It is very easy to pose as a swashbuckler and see the Canadian Government as a naive, incompetent and bad negotiator, to suggest it has been had, to consider this as a bad deal, a swindle, et cetera.

It is my view, Mr. Speaker, that there is a reason for the Bible to tell us about David and Goliath. It very seldom happens in real life unless God gets involved, and as God is both on Canada's and the United States' sides, God does not get involved in that matter, it very seldom happens that David overcomes Goliath. It is very seldom indeed that the smaller opponent will give a licking to the stronger one, the bigger one, the one with 25 times our population whose budgets and industrial base are world leaders, and the Opposition is asking that we act as swashbucklers, as winning Davids, as champions of Canadian nationalism, the stalwart supporters of interests that are now part of a global market.

In my view, it is sheer foolhardiness to go and get crucified in an arena where one is already sure of losing. There is but one intelligent possibility, that is to negotiate, and this is what we have been attempting to do, in line with the best interests of Canadians and the lumber industry.

If under previous Liberal Governments the Canadian dollar had been stronger than it was as a result of an economy that the Liberals had been literally massacring in Canada for many years, U.S. protectionism would have been less acute and we would not have been faced with the kind of difficult situations we are facing now.

Mr. Speaker, I am therefore going to put my question to the Hon. Member, and I would like to point out that the solution agreed upon with our American friends who are now experiencing internal problems as a result of which protectionism is king, that this solution is the one that is least damaging to our economy and the one most in line with Canadian interests. Finally, and this is the question I would like to ask the previous speaker: Can our sovereignty of which he is so proud, and we share that pride with him, can this Canadian sovereignty extend beyond our borders?

I think we had a duty to negotiate the best possible arrangement in the circumstances. Would the Hon. Member agree with that?

Mr. Garneau: Mr. Speaker, I've just spent all my time, twenty minutes of it, explaining why I did not agree, what I fail to understand, or rather, I do understand now what I did not understand before, and that is the entire state of mind that prevailed during these talks, and I don't know whether the Hon. Member for Charlevoix (Mr. Hamelin) is reflecting here what he heard in caucus from his Prime Minister, but if that is the state of mind prevailing within the Government, which consists in saying: the Americans are bigger than we are so we jump when they say jump, it is not surprising that we are where we are now. I always thought, and I still do, that we live in a country and on a continent where relations between citizens and between countries are governed by laws. It isn't the number of canons or the number of people that determine international relations. The Hon. Member for Charlevoix says the Americans are bigger and stronger. Americans live in a democratic country that tends to have respect for international agreements. In fact, in 1982-83, in an identical situation, a Government stood its ground and fought its case before the American courts, and Canada won a battle, the same battle this Government has refused to fight.

The Conservative Government simply went down on its knees as it did on the Foreign Investment Review Agency, with respect to books and other areas of our cultural industries, and is now doing with respect to pharmaceutical products. I am flabbergasted at the line of reasoning followed by the Hon. Member for Charlevoix, which appears to come straight from the Government benches and the confidential meetings they had, a line of reasoning that consists in saying that laws and international agreements don't count anymore, nowadays, every time someone who is bigger than we are says: move over, raise your taxes, lower them, remove that legislation, which means the Canadian Government will have to obey. In that case, Mr. Speaker, we are not living in a civilized world where the law forms the basis for relations, not just between individual citizens and between the citizen and his government, but also for all international activity. This would mean there would be an end to all that, and, Mr. Speaker, I think this truly reflects a defeatist attitude which certainly does not augur well for the rest of the talks, since it was this Government's decision as part of a comprehensive free trade agreement between our two countries.

Mr. McDermid: I would like to put a question to my honourable friend.

• (1930)

[*English*]

Is the Hon. Member familiar with the Michelin case of 1972 wherein countervail was placed on Canadian tires by the United States because the Canadian Government saw fit to give Michelin a grant to establish in Nova Scotia which then became countervailable? To this day that decision causes problems with regard to regional disparity in this country. The Canadian Government of the day, which happened to be Liberal, did not fight that one. I cannot remember that Government talking about sovereignty then. I have other examples as well.

Does the Hon. Member remember that? Will he not admit that that was an intrusion in Canada by the United States and was, in fact, a far more severe intrusion on our sovereignty than is a negotiated settlement between two sovereign governments?

Mr. Garneau: Mr. Speaker, I am completely flabbergasted by the question of the Hon. Member. It is unbelievable that he would compare a grant given to a foreign company which wanted to invest in Canada to the power of a province to establish the price of its natural resources. Is it possible to compare those two things and ask the question which he has asked? He is comparing the power of a province to sell its natural resources to a grant given by a government for an investment in a particular region of Canada.

I hope the Government will not settle the natural resources dispute based on that example. What happened in 1972 was a completely different case. If the Member is suggesting that a grant given by a government to a company must be considered as a possible countervailing duty by another country on the same footing as stumpage fees, a royalty on natural gas, or royalties on a mine, we should stop negotiating with the United States right now because we will lose our shirts.

[*Translation*]

The Acting Speaker (Mr. Paproski): The period for questions and comments is now over.

[*English*]

Mr. Jim Fulton (Skeena): Mr. Speaker, I am pleased to participate in this debate. This Bill and its implications will have a great effect on Canada's largest industry, something which I believe the House tends to forget from time to time. About one million Canadians are directly and indirectly employed in the forest sector. I want to deal with a little bit of the history of this matter because I think it involves an historic error of Government judgment which extends back to the time between 1983, when we were found innocent of the charge, and December 30, 1986, when this agreement was reached in Washington.

Before I do that, I will deal quickly with the final remarks made by the Minister for International Trade (Miss Carney). She believes that one of the most important signs that this agreement is successful is the fact that stocks have gone up. I believe the Minister is aware, as is everyone else in the House, that the reason they did that is that the incredible level of uncertainty surrounding this issue was gone. It certainly had nothing to do with the Ways and Means motion now before the House implementing a 15 per cent export tax.

The other Conservative Member who spoke demonstrated a level of *naiveté* that I have not seen for some time in this House. He said that $400 million a year would now be spent on reforestation in B.C. He could not produce a single public statement or document indicating that that has been promised by anyone in British Columbia. With regard to the history of reforestation, the Social Credit Government of British Columbia has the worst track record of any government in the history of Canada. We have "not satisfactorily restocked" lands larger than Prince Edward Island. These lands have never been replanted by the Government or the companies which logged them.

To indicate to British Columbians and other Canadians that the $600 million collected under the export tax is in any way, shape, or form going to be going into reforestation, retraining, or market or plant diversification, is to give false hope which I do not think government or opposition Members should give to people who work in the woods, whether they are buckers, fallers, skidder operators or work in planer mills or sawmills or anything else. I think this debate should be far more frank. It is for that reason that I will discuss for a few moments the history of this issue.

As a Parliament and a country we should have fought much more vigorously. I think we could have won. I believe that if the academics, historians, and legal scholars took a close look at this issue they would realize how we should have fought this battle. There are Hon. Members here during the debate this evening who were at the meeting with me in Washington, in other areas of the United States and in Vancouver where it became clear that the protectionist fervour, coming particularly from members of the Congress and Senate from producing states, was starting to move the administration. What we should have done almost two years ago was to have fanned out trade consulates throughout the United States in selected states and cities and got accurate information out to American consumers about the effects of the proposals of the U.S. coalition on U.S. consumers. We managed through our U.S. Embassy to get to a few people and a few newspapers. There were a few editorials written. However, the U.S. consumers are still in the dark. What has happened is one of the most complex situations of price fixing of which I am aware, although I have only been here seven-odd years.

• (1940)

Let us get a few things clear on the record. Canadian SPF, spruce pine fir, is preferentially purchased in the United States by contractors and homebuilders. They pay a higher price. They have always paid a higher price. They know it is a better quality wood for studs, joists, rafters and for general basic construction. One should look at the tracking of the exchange

rate. The argument should have been about the exchange rate. As we took more market share in the United States, it tracked perfectly day by day, week by week, month by month, the exchange differential between Canada and the United States. We picked up that market, certainly a big chunk of it from B.C. producers, some of it from other areas of the country, but we tracked into that market because the wood is preferentially purchased.

As the housing markets went up, we picked up more of that market because of the exchange rate. So a group of producers in the United States got together and asked: "How are we going to get our prices up? We can't price fix in the United States. We can't even talk about it because of anti-trust legislation in the United States". I have talked to a lot of Canadian producers about what Canada could have and should have done in dealing with this issue. However, the Americans got to Washington and from 1983 onward a lot of money was spent and they were very careful about who they were moving, people such as Senator Mattingly, Senator Baucus, and Senator Packwood. They knew how to get to Sam Gibbons. They knew all the key players they had to get moving in terms of the U.S. administration.

Finally, we had the most preposterous letter I have ever seen, the May 8, 1986 famed "Dear Bob" letter from President Reagan which I will read later into the record. They were very well organized. They wanted a larger market share. We retooled our mills on time in British Columbia, in Alberta, in Saskatchewan, to a small extent in Manitoba, and in Ontario, Quebec and the Maritimes. We spent the money as a country, as corporations. We have much more highly productive workers. We had a much better industry and we have better wood. The Americans asked: "How do we get more southern yellow pine on to the market? How do we get these antiquated mills running again? How do we get people in the United States to buy this crappy wood again?" They asked how they could get American consumers to pay $1,000 to $4,000 more per unit. American consumers should be kicking those Senators and members of the Congress around the block for this form of price fixing. Instead, we are having a debate which makes me as a Canadian feel ill. We know if one takes $600 million out of an industry which only made $600 million last year, that industry will be in trouble.

I will refer to page 5 of the most recent *Hay-Roe's* and read what he feels is likely to happen in the cyclical downturn in terms of interest rates and the slowdown in the U.S. housing market. This is from the November-December issue of *Hay-Roe's*:

> The problem Canada faces, then, is that a rise in interest rates will not only generate a downturn in the lumber market, but will also increase the sawmillers' interest costs. Such a squeeze might have been bearable without a tariff to hurdle, but that 15 per cent off the top could be the undoing of the weaker or higher-cost Canadian companies.
>
> For next year, a trend-line (3 per cent) increase in costs, coupled with the cost of the tariff, would shrink gross profits from $50 to $20 (Canadian dollars) per thousand board feet; and that is the result before allowing for any cyclical weakness in the market.
>
> If we then knock off a "normal" cyclical price decline—which should be expected in 1988 or 1989—the full horror of the situation is evident. A typical cyclical decline since World War II has been about a 20 per cent drop, using annual average prices. Applying that percentage to our hoped-for 1987 average price implies a drop of more than $50 Canadian (almost $40 U.S.).
>
> This would run our aggregate gross margin for the Canadian industry about $30 into the hole—much worse than the losses seen even in 1982—and that assumes no further increase in unit costs.
>
> —the next downturn will force some very unpleasant changes on the Canadian industry.

Let us go back, Mr. Speaker, to that window of opportunity. We heard when we were in Washington that we should be doing this. We brought that message back to the Secretary of State for External Affairs (Mr. Clark). We brought it to the then Minister for International Trade. Not a thin dime was put forward. However, today we find out that the Minister for International Trade wants to spend $12 million, after the fact, on a salvage operation at least in relation to the softwood issue. It had the window of opportunity to get to U.S. consumers, who would in turn get to U.S. legislators to have them back off, and I do not know why Cabinet did not do it. I know it received the message because it came from us, the all-member committee which went to the United States a number of times. I discussed it directly with some of the Ministers who were involved but they did not carry it any further. That real opportunity was gone and now we are into all of what I consider to be somewhat false arguments which are going on in the House today. We know in 1983 we won the case before the same tribunal, before the International Trade Commission. Everyone then started saying it was double jeopardy to be tried again and we will win it again. So the industry put $10 million in its basket and went down and fought it in Washington. It lobbied. It had lawyers. It did this and that and held out the hope to Canadian workers and companies that we would simply win.

I believe many Hon. Members of the House honestly thought we were going to win. Then things started to come unwound partly in relation to a statement made this fall by the Minister of Forests in British Columbia. That was followed by the Premier of British Columbia, Mr. Vander Zalm, when he said the stumpage policies were going to have to be reviewed and so on. That was the first political admission that the forest industry in British Columbia was being subsidized. The Americans immediately picked up that statement and ran with it in the United States. There were three blinks by Mr. Vander Zalm and every worker in the Canadian forest industry—and it was certainly well known in the corporate boardrooms—knew that the loose lips of Vander Zalm were the first thing which really started getting us into trouble.

The famed three blinks were the political admission of the subsidy, then it was said they were going to go it alone to Washington and then it was said that the deal had been struck which, of course, was totally erroneous. The Premier had heard someone said something on television and called a press conference, which was ridiculous. Adding to that was the problem created by the Minister for International Trade in going to Washington, and being pushed around by the Premier

of British Columbia and perhaps by some other forces, she said: "We are making this once only final offer of 10 per cent. That is it. Take it or leave it". This is after we had made arguments. I was there along with the Hon. Member for Cariboo-Chilcotin (Mr. Greenaway) and other Members of the House and we told the Americans they were wrong. We told them about double jeopardy, about double counting. We told them all of the things which were wrong with their arguments. They knew we were right.

I know the reason Mr. Vander Zalm wants this export tax. He will never convert this to stumpage increases. He will never do that because there is no incentive for him to do so. He can take this cash and pave roads with it or whatever he bloody well pleases. It will never go into reforestation. I think it unfair and erroneous for Hon. Members to stand in this House and say this is a windfall, that stocks are going up, that it means reforestation programs and no one will lose their jobs. They should read Mike MacEachern. He says 4,700 jobs will be lost. Charlie Widman, not the most accurate guy in the world, says somewhere in the neighbourhood of 40 sawmills will close and 17,000 jobs will be lost.

What we do know is this tax will take away $600 million which could be going back into the industry. It is going to take that money and put it into provincial hands and it will be damn difficult to make any kind of new agreement or arrangement which the Americans will accept because there is no incentive for the Canadians to come forward with a legitimate proposal the Americans would buy, nor is there any serious likelihood, with the variation there is in stumpage in Canada at $10 a thousand in British Columbia, $36 a thousand in Ontario, $40 in Quebec and far higher than that in New Brunswick. With those kinds of ratios what incentive is there for British Columbia, the largest producer to do that? British Columbia will get a larger market share within Canada and in relation to the gross size of the market in the United States as well. Mr. Speaker, I need at least an hour to finish my remarks. I have not even dealt with my notes yet.

• (1950)

I would now like to deal with some of the arguments I heard made in this place by members of the Government and by others. One argument was that we could have won at the ITC or in the courts. The reason given for not going through with that process is that there would have been years of battle. That is quite true. To have carried on the fight at great length in terms of the U.S. court system, having waited beyond December 30 when the petition could not be withdrawn, would have involved a very lengthy process. There is no doubt about that.

Let me now deal with the real issue which is that if we are all standing together on the concept that Canada is a sovereign nation, then we should have fought this matter all the way through. There have been a great many erroneous statements made about what the positions of different people are. We should have fought the conservatives in the United States. The Government decided not to do that, and we will let that be. Then there was the Department of Commerce process to be considered. It goes through a process of double addition. All of us who are members of the Forestry Committee have been through that process. The highest figure which it could have come up with, using its own figures, would have been a 7 per cent countervail. We know that. We know that 15 per cent is illegal. The Secretary of State for External Affairs has said that, and so have I. A great many people have said that. It was an illegal countervail duty. It was an administrative decision made for political reasons.

How can that type of politics be dealt with? I do not think our Government ever sat down to try to address the issue. This matter involves the biggest industry in Canada. Softwood lumber accounts for the largest source of balance of trade. Yet what did the Government do? It let the first window close and when the second one came along, an illegal countervail presented itself. The Minister stood up twice in the House and said: "We will fight this all the way". She said: "We will do everything we can". I think at that point in time we should have really mobilized.

What was going on in the United States? More disinformation and more misinformation. Reporters on U.S. television networks were saying that the reason wood prices were going to increase in the United States was because of Canada. I raised this issue here in the House. A television station in Florida, and other news broadcasters, have said that the whole issue regarding softwood lumber was created by Canada.

The Americans got away with misinformation, illegal processes and administrative decisions. It is all very well for the Minister to get up and say that we had to get the precedent off the books. The fact of the matter is that a far worse precedent is now on the books. The Americans blackmailed us to begin with. They had a powerful lobby which set representatives to their politicians. The politicians went to the Department of Commerce and to the ITC. They came up with an illegal administrative decision and then said: "Okay, Mr. Prime Minister, you take the gun. We are going to nail you for 15 per cent. Hold it to your head and shoot yourself. We will not put the 15 per cent. You go ahead and shoot yourself". So we sent some guys down to Washington. The Minister for International Trade was off on the other side of the planet. These guys went down and negotiated what they could. But they did not have much to deal with. What were they to do? They wrote a few things down. There was a ways and means motion and we heard them say: "People will not be hurt too much".

The fact of the matter is that when I asked the Prime Minister (Mr. Mulroney) here in the House, he would not offer any kind of guarantee that there will be federal assistance for those workers or those companies which will be hurt by this export tax. We know who they will be. Through the Forestry Committee we have been asking for months to obtain a list of those companies which are most likely to be knocked out first. We know who they are. They are small companies working in high-cost timber. They are fairly far from the

market or they are already paying a higher royalty than that paid in other areas of the country. We already know who they are. Those people are frightened. Those workers are frightened because they go to work and the company says: "We cannot have a union here anymore because we have this 15 per cent tax so let us get rid of that collective agreement. You are now being paid $8 an hour. We will have to shave it down to $5 in order to deal with this export tax. We have to do this to stay in the market". That type of dialogue has already started. The people are frightened. We know that some of these mills are only marginally competitive now. A great many of them have been swimming in red ink for years.

Mr. Oostrom: Scare tactics!

Mr. Fulton: Scare tactics? Members of the Government have stood in their places and made totally erroneous statements with respect to $400 million per year in B.C. going for reforestation. That is absolutely and totally false. The Hon. Member who made that statement could not direct Members of the House to a single public statement or document that has ever come out in that regard. Talk about erroneous bafflegab! I would use much stronger language to describe it if I were not in the House; but you know I will not, Mr. Speaker.

The Minister has travelled around the country and said: "Members of the NDP and the Liberals say that the money should all go to the United States". Who does the Government think it will con with that type of statement? A six-year-old child could tell us that it is better for the $600 million to stay in Canada than to go to the United States. That is not the argument. There has been blatant government incompetence and backing-down to the bully tactics of the United States. That is what is at issue here. We should have fought as a country. We fought in 1812 when a great many families came to this country.

Some Hon. Members: Oh, oh!

Mr. Fulton: The Prime Minister stood up and mentioned Sir John A. Macdonald and the Tory Party and all other kinds of malarkey. This country will only stand together and hang together while we deal with countries such as the United States without blinking. Vander Zalm blinked. The Minister for International Trade blinked. We ended up with a bum deal for Canada, a bum deal for Canadian workers. It is a deal that will hurt far more than just the softwood sector. There will be a spill-over effect into other parts of the industry.

Have I run out of time, Mr. Speaker?

The Acting Speaker (Mr. Paproski): You have one minute remaining.

Mr. Fulton: I would now like to illustrate the type of argument we should have taken to our American friends. Some 30 million Americans come to Canada every year. We all know a great many Americans. We all have a great many American friends. Ten years ago 80 per cent of small home appliances purchased in Canada were made in Canada. Now some 90 per cent come from the United States. When the Americans were using this false argument about us having increased our market-share to almost one-third of the U.S. wood market we should have been getting that kind of factual, honest and accurate information to U.S. consumers and legislators. We should have been saying: "We are fair. We are competing fairly. For 50 years we have had absolutely unrestricted free trade, a half a century of free trade in softwood". We should have taken that type of information to the American consumers who could have gone to their legislators and said: "Stop bullying Canada. Stop using blackmail. Stop using these illegal tactics. Treat Canada as the northern friend it really is".

Some Hon. Members: Hear, hear!

The Acting Speaker (Mr. Paproski): Are there questions or comments? The Hon. Member for Mission—Port Moody (Mr. St. Germain).

Mr. St. Germain: Mr. Speaker, I am glad to see the Hon. Member for Skeena (Mr. Fulton) back from Hawaii or wherever he has been with his million-dollar suntan.

An Hon. Member: He was probably in Cuba.

Mr. St. Germain: I thought socialists would have taken the time and devoted it to social work. However, the Hon. Member saw fit to spend time with the capitalists.

What we are dealing with is the fact that members of the New Democratic Party and the Liberals are trying to turn a business issue into an emotional one. We are dealing with business. They have talked about sovereignty. The Japanese did not relinquish any of their sovereignty when they made a trade agreement concerning automobiles. We have a situation in which we have gone from less than 20 per cent of the American domestic market to well in excess of 30 per cent. We are dealing with trade. When one makes trade agreements, arrangements, administrative deals or whatever they may be, I do not feel that any sovereignty is lost.

The Hon. Member also spoke of the fact that a precedent has been set. No precedent has been set. When a deal is struck, whether it be as a result of court action or whatever, there is no precedent set. I think the Hon. Member is trying to create fear among the general population which is really not genuine. I think that should be brought to light.

• (2000)

The question that I have for the Hon. Member is this. The IWA is headed by a man named Jack Munro, a man I greatly respect, a man who has led the IWA quite successfully in the Province of British Columbia. He is now throwing his hat in the ring to become the Leader of the NDP. He supports this deal because he says that it is a good deal for the workers, for the industry, and for British Columbia. The province supports it. As far as I can tell, the entire NDP Party in the Province of

British Columbia supports it. The industry supports it, because the industry is in my riding and I have spoken to it.

Will the Hon. Member tell me what he is basing his arguments on as a British Columbian that this is no good for British Columbia?

Mr. Fulton: I am sorry that the Hon. Member did not listen to my speech. I tried to point out that the only argument that the government Members are using is that it is better to have the $600 million a year in Canada than in the United States. That is the only strong ground that you are on. Jack Munro and everyone else is absolutely correct in saying that keeping the money in Canada is better than having it go to the United States. That is not the argument here today.

What I am saying is that we have a number of windows of opportunity where we could and should have won this case in the United States. Many Americans fully expected us to win it. Sam Gibbons and the President of the United States expected us to win it. The President expected that he would have to find other ways of dealing with this issue. I am saying that bungling has gone on, and quite often bungling from inaction. I am not saying that some of the actions that led to this were what caused it, I am saying that in many cases it was inaction. The Cabinet seemed to always be dealing with other things. Finally the hens have come home to roost. The Minister for International Trade has ended up having to cut a deal. She had no other option. The Government would have looked ridiculous. Let us be serious, Gerry—

The Acting Speaker (Mr. Paproski): Please address your questions through the Chair.

Mr. Fulton: The Government would have looked ridiculous, and the Member for Mission—Port Moody (Mr. St. Germain) would have looked ridiculous if the money had been going into the coffers of the United States. We all know that. I do not think that the Government is being fair in what it is putting forward in this debate and saying that is what the whole issue is about. It is over-simplifying it to a repulsive extent. We could have won it. There would not have been a countervailing duty or an export tax, if we had played our cards properly. We could at least have fought in terms of the double mathematics. We have said for months that double mathematics was used, and that the highest they could have properly come to using their own figures was a 7 per cent countervail. What are we doing imposing a 15 per cent tax on ourselves? Do we not even believe our own bilge-water, the Government's own bilge-water, when we are involved in debates in the House?

The Acting Speaker (Mr. Paproski): On a supplementary question, the Hon. Member for Mission—Port Moody (Mr. St. Germain).

Mr. St. Germain: The Hon. Member put forward the argument that the increase in the price of stocks certainly was not an indication. I would like the Hon. Member to qualify this. Does the Hon. Member actually believe that Canadian investors would invest in a company or companies and increase the value of stocks if this was not a good deal and a bona fide situation?

Mr. Fulton: I do not know who has been buying those stocks. What I said in my speech was that the reason that people were buying those stocks was that the uncertainty was gone; that the cloud of uncertainty that surrounded the forest sector was removed.

Mr. Greenaway: I was wondering if I heard the Hon. Member correctly when he said that the money was going to go to the provinces rather than to the companies, and that he did not trust what the provinces were going to do with this money. Does that mean that he trusts the companies, these multinational integrated companies to spend this money better than the provinces?

Mr. Fulton: I certainly did not say that. What I said, and it is in the Ways and Means Motion, is that the money that is collected will be going back to those provinces where the wood was produced. I am saying that I frankly think that that money would be better spent by almost any Canadian forest corporation than by Bill Vander Zalm and his Government, based on their track record.

Mr. Riis: I wish to compliment my colleague on what must be one of the best speeches that I have heard in the House of Commons for many a month. During his speech, the Hon. Member referred to the role that Mr. Vander Zalm played, in a sense tripping this whole process that led to this disastrous decision. Would the Hon. Member take a moment or two to elaborate on the role that Premier Vander Zalm played in selling out the forest resource.

Mr. Fulton: I wish to take a moment of the House's time. Last month an article appeared which was written by John Ferguson entitled "Vander Zalm's babbling hurts lumber talks". Let me read it for you, Mr. Speaker, because it is very informative:

> The joke ended this week.
>
> Until now, Canadians have smirked in mild amusement at British Columbia Premier Bill Vander Zalm's unique views on the role of women or his attempt to stake out his own provincial foreign policy with South Africa.
>
> But this week Vander Zalm's open-mouth, think-later approach threw a big wrench into the sensitive Canada-U.S. lumber talks, sending precisely the wrong signals to the other side of the bargaining table, a move that could end up costing Canada many millions of dollars.
>
> Trade Minister Pat Carney, whose tolerance level may be higher than most because she comes from B.C., has been rising to a slow boil since last summer because of Vander Zalm's ill-timed and thoughtless interventions in the case. This week, she is said to have been outraged.
>
> And in federal offices and among negotiators in Washington there is the wistful hope the wacko from B.C. might take a slow boat to a remote destination until the lumber talks get wrapped up.
>
> Vander Zalm's latest blunder was to announce from his office in Victoria on Tuesday that a tentative agreement had been reached in Washington in the dispute over U.S. claims that Canadian softwood lumber is being subsidized by the provincial governments.

Vander Zalm claimed to have received the information from a special adviser in his office. In fact, the tip came from an erroneous local newscast and he had no first hand information at all.

But his premature support of the alleged "deal" couldn't have come at a worse time for Canadian negotiators in Washington who had just received a new proposal from the U.S. lumber coalition fighting the case.

Canada has proposed a 15-per-cent increase in the price of lumber exported to the U.S. to be imposed by a combination export charge and phased-in stumpage increase. That's equal to the level of countervailing tariff recommended in October in a preliminary finding by the U.S. Commerce Department.

Mr. McDermid: The Hon. Member said that in his opinion we could have won the fight somewhere down the road. We won in 1983. Did we really win in 1983? The problem was still with us in 1986. Had we won on the countervail, it would have gone to Congress for legislation. The Hon. Member and I have discussed this at some length. I think that he will admit that this was the best of a bad deal that we could have achieved.

The Japanese have a 12 per cent countervail on their steel. Tomorrow there will be a 200 per cent increase on tariffs against the EEC by the United States. There is a trade war going on. The Americans are playing it very tough with everybody, not just Canada. They are playing hardball with the rest of the world and whoever they trade with. The Hon. Member and I have discussed this before. If he was honest with the people of Canada, he would admit that this was the best of a bad deal that we could get.

Mr. Fulton: I do not agree with that, and I will tell the Hon. Member why. I have followed this issue very carefully for many years now, and I know a considerable amount about it. Members of the House should reflect on the fact that the majority of U.S. buyers have been picking up for quite some time now, in excess of two-thirds, and in some cases in excess of three-quarters of the 15 per cent countervail that they have been posting as bonds. It is all done over the phone. I have been present while these transactions have been taking place with forest companies in my own province. They actually discuss the countervail. We have to keep in focus that this is a very complex matter of price fixing in the United States. It is a very complex way of going about it. There were other ways that we could have gone about it. I have discussed it with lumbermen in most of the provinces in the country, and one of the ways we could have and should have put more effort into it was by dealing with our own volume and our own price on the Canadian side of the border. I am not saying that we should have set up a fancy cartel—

The Acting Speaker (Mr. Paproski): I regret that the Hon. Member's time has expired. It has been a great exchange, and I know that we will be hearing from the Hon. Member again.

On debate, the Hon. Member for Lévis (Mr. Fontaine).

• (2010)

[*Translation*]

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, before speaking about the substance of this measure, I would like to make a few comments about the statements made by the Hon. Member for Laval-des-Rapides (Mr. Garneau) who has just spoken, a Quebecer like myself, and the Hon. Member for Skeena (Mr. Fulton), a Canadian like myself. I was very surprised to hear the Hon. Member for Laval-des-Rapides speak about the integrity of Canadian sovereignty since he is a member of the Liberal team which completely ignored the role of Quebec within the Canadian nation. It is very strange to hear these people speak about integrity, respect for Canada as a whole, sovereignty, and so on. The Hon. Member for Laval-des-Rapides also said that the industry was badly disadvantaged by our agreements with the United States. He misinformed the House by saying that the climate in the United States was bad for the lumber market. The American climate will be very good for the lumber market in the next few years and so will the Canadian climate. A few Canadian companies may have problems, but generally speaking, most Canadian companies will benefit a lot from the success of our negotiations.

The Hon. Member for Laval-des-Rapides spoke about the workers and the fact that they disagreed with the results of our negotiations, but I would like to remind him that the IWA has 31,000 members, which is over half of the 60,000 people who now work for the lumber industry. All these workers have said that they are very satisfied with our negotiations. I shall have more to say about this later on.

Finally, the Hon. Member for Laval-des-Rapides asked why we made a different decision in 1983. The fact is that, in 1983, the preliminary conclusions of the International Trade Commission were favourable to Canada, but, in 1986, as the Hon. Member would have known if he had been better informed, the preliminary conclusions were not favourable to the Canadian industry. Finally, he asks why we should now have to negotiate such an agreement with the United States. We have to do so because of the mismanagement of the Liberals who were in power before us and who endangered between 300 to 500 types of products which we export to the United States and on which additional duties could be imposed by the Americans.

I would like to ask the Hon. Member for Laval-des-Rapides what he would have done to preserve the 60,000 jobs which we would have lost if we had not succeeded in our negotiations and to protect our $4-billion lumber exports. He would probably have replaced these jobs, as he did when his party was in power, by Canada Works programs financed by the debts of our children and grandchildren. That is how the Liberals used to create jobs. Their solution was not to export to an attractive market.

I would like the Hon. Member for Laval-des-Rapides to send a copy of his speech to his friend the Quebec Premier who, for his part, said that he was very satisfied with our negotiations. If he sent him a copy of this speech, it could reduce his chances of being appointed president of Quebec Hydro.

As for the Hon. Member for Skeena, I would like him to explain to me how he can agree with his colleague from the

British Columbia socialist party, the official economic critic of the socialist opposition party in British Columbia, Bob Williams, who has said that he is very satisfied with our agreement. He is a Member of the socialist party, just as the Hon. Member for Skeena. I also wish he would try to explain this to Mr. Munro, the Chairman of this Union with 31,000 members, I would like him to ask Mr. Munro, a Canadian formerly nominated for the leadership of the Socialist Party in British Columbia, and who now agrees with our proposals. Let them therefore begin by putting some order in their own Socialist Party before they come in with theoritical recommendations.

Let me finally deal with the matter of lumber itself. Mr. Speaker, I think it is important to explain what lumber means for the benefit of those members of the Socialist Party who have never set foot in a sawmill. Lumber means 2 x 4, 2 x 8, 1 x 3 timber. That is what lumber means. And that is what Canada has been defending through our Government. Let me try to focus on the present context. We now have exports of $95 billion with our best customer, one which buys 80 per cent of our exports, the United States. On the other hand, our imports from the United States amount to $80 billion. We therefore have a profit margin, a trade surplus of $15 billion with the United States. Canadian exports account for about one job out of three in Canada. In other words, one job out of three in Canada depends on exports. Let us try to see where Canadian softwood exports fit in in those $95 billion. They come in third place. First comes the Auto Pact, nothwithstanding the position taken by the Socialists at the time, the Auto Pact which ranks first in our exports to the United States with $24 billion. Then come newsprint exports with $4.8 billion, and third our softwood exports with $4 billion, those $4 billion representing 60,000 jobs, 11,000 of which in Quebec, my own province.

What has been our position and what were the highlights in the development of this matter? First of all, during the Summer of 1986, the Americans wanted to impose a duty on the goods that we Canadians were going to ship out to them. They wanted to impose a 36 per cent barrier. Since we export $4 billion worth of softwood, that means that the Americans were going to collect $1.44 billion from the Canadians, to be paid to the US Treasury.

Mr. Speaker, we started looking into this issue and have managed, as a first step, to reduce these 36 per cent to an amount of 15 per cent which the Americans could have charged on our lumber exports to their country. They could have collected 15 per cent on $4 billion, the equivalent of $600 million. But we did not stop there, Mr. Speaker.

We thought that there were other possible avenues. We could have waited for the American Tribunal to hand down its decision, with a chance of losing or winning. We could have appealed this decision, as suggested by the Liberal Government of Ontario. We could have adopted a wait-and-see attitude, but because we are dealing here with a country which represents some 240 million potential customers, we have decided to negotiate with our main economic partner. We have done so in consultation with the trade unions, the provinces and the industry.

Having explored several possibilities, we have finally decided that, instead of the Americans collecting some 15 per cent on $4 billion of our export, we would collect this 15 per cent on the Canadian border and keep it in this country.

Mr. Speaker, one should realize that an amount of $1.44 billion which we would have paid to the United States is an enormous difference compared with $600 million in taxes that, admittedly, will be charged, but that we will keep in Canada.

This is therefore the result of negotiation by our team and Minister of this conservative government.

Mr. Speaker, you are aware that Premier Vander Zalm of British Columbia and Premier Bourassa of Quebec have indicated they are extremely pleased with this agreement and I believe they have every reason to be, because this represents an increase in revenues of $400 million for British Columbia and some $110 million for my own province of Quebec.

If we had listened to the Ontario Government and Liberal Members of this House, let alone the socialists who are difficult to listen to because we can nearly never understand what they say, if we had decided to wait for the decision of the American Tribunal, our companies would have received the visit of auditors from the United States Department of Commerce anxious to look through their books as well as those of the goverments of Canada. That we did not want.

Contrary to what Members opposite have said, Mr. Speaker, we have had the support of nine provinces, including Quebec. Only the Province of Ontario would have opted for a different solution, but it is not a major exporter of softwood lumber.

Finally, Mr. Speaker, what is important—and this is why again today I fail to understand the position of the socialists, as usual—is that we had the support of the International Woodworkers of America, the IWA, with its 31,000 membership. I have here the letter dated January 5, 1987 addressed to the Hon. Pat Carney, Minister for International Trade, Parliament Buildings, etc. I will read the first paragraph, Mr. Speaker. "Madam Minister:

The International Woodworkers of America want to express general support for the recently negotiated softwood lumber settlement with the United States."

Mr. Munro belongs to this union and, as I said earlier, he once ran for the leadership of the socialist party in British Columbia. The secretary of this union is Mr. Gerry Stoney who happens to be the former president of the provincial wing of the socialist party in British Columbia. So you socialists should listen because I am talking about you and you should not miss that opportunity, seeing you seldom get talked about.

So, Mr. Speaker, we have here the endorsement of 31,000 Canadian softwood lumber industry workers. Meanwhile the

New Democratic Party is against the softwood lumber deal, not to mention the fact that, in a wider context, the New Democratic Party is speaking against bilateral trade negotiations as strongly as it voiced opposition to the Auto Pact in 1965. I suggest it is quite ironic that the socialists should be so concerned about the Auto Pact. During the negotiations of 20 years ago, they had the same negative attitude as they now have. At that time the Auto Pact was reached and today, because of the Auto Pact, we are selling to the Americans for $24 billion worth of automotive parts and components, $24 billion out of $95 billion, and if you can count, this represents 25 per cent of our sales, Mr. Speaker.

Finally, when I hear the Socialists Members oppose freer trade, I would like to remind them of the New Zealand Government. Because New Zealand is governed by Socialists like you, and because they had a neighbour with five times its population, they negotiated free trade and everybody is happy about it now. So try and get your act together from one province to another and from one country to another. Socialists from around the world, why don't you talk to each other from time to time?

Finally, Mr. Speaker, I am surprised to hear—to return to Mr. Bob Williams, who officially took a stand against the positions taken by Mr. Broadbent, the Leader of the Socialist Party of Canada, on the matter of free trade agreement. You will always be hearing the position taken by the British Columbia Labour Union, a union on which you depend from time to time. Maybe that union will now ask itself a few questions before extending further financial support.

Now, we also have the position of the Liberal Party of Canada. I suggest that instead of trying to utter such futile objections to our deal with the Americans, they should perhaps pay a wee bit more attention—and this is a marginal remark, Mr. Speaker—to their party's financial situation, because their creditors are getting tired of waiting for the refund of those $5 million that have now been outstanding for the past two years. Why don't you look after that, you Liberals?

I am also amazed at the position taken by Liberals, because I see the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) who is totally opposed to negotiations with the Americans; he says he would introduce that through the GATT. Perhaps he is not aware that we have a $250 million client. I would like to compare his position with that of his colleague for Saint-Henri—Westmount (Mr. Johnston). The latter is committed to being open to free trade. As far as their leader is concerned, he would fit nicely on a skating rink, because at times he is for and at other times he is against. Earlier today, I heard the Leader of the Liberal Party of Canada state things in this House that are utterly false. He said it was easy to negotiate when one always backs out. Now he suggests that we have always backed out. This is not true, Mr. Speaker. The Leader of the Official Opposition should be ashamed when he suggests that we are always backing out when, in fact, we have held our own in the face of a population ten times greater than ours. Now those people wanted to levy a 36 per cent tax on our exports. Firstly, we reduced it to 15 per cent and, secondly, we turned it around, since we will be collecting that 15 per cent tax on our exports. And the leader of the Liberal Party gave incorrect information to the House this afternoon, Mr. Speaker. We did not set any precedent.

Mr. Speaker, for all those reasons, for the soundness of our management and of our negotiations on every issue, some people such as the Auditor General of Canada are saying that our administration is excellent. This is why Mr. Justice Estey said in his review on our involvement with banks that our intervention was appropriate. Because of our sound management, we have 666,000 new jobs today, our unemployment rate has decreased from 11.7 per cent in September 1984 to 9.4 per cent today, while unemployment among young people has decreased by 4 per cent and prime interest rates have been reduced from 12.38 to 8.30 per cent. You remember, Mr. Speaker, that under the Liberal Government interest rates on residential mortgages went up to 22 per cent. Now under our Government, the rate is 9.5 per cent. We have now reached another phase, since the Minister of International Trade (Miss Carney) has opened up a market of 250 million buyers who will create hundreds of thousands of jobs for Canadians. Those new jobs will enable us to collect tax to pay the bill and our debts, the $240 billion which were left to us, to our children and grand-children by the former Liberal Government in September 1984.

Mrs. Duplessis: Mr. Speaker, for the information of the House I would ask the Hon. Member for Lévis (Mr. Fontaine) to tell us how many jobs would have been lost in Quebec had we not negotiated that deal.

Mr. Fontaine: Mr. Speaker, the question asked by the Hon. Member for Louis-Hébert (Mrs. Duplessis) who is a Member from Quebec, as I am, has nothing in common with the false and misleading allegations we heard earlier from the Hon. Member from Laval-des-Rapides (Mr. Garneau). I am pleased to inform the House that had it not been for the favourable results of our negotiations with the Americans, Quebec had 11,000 jobs at stake. Those jobs are linked to the lumber business in the Province of Quebec. Those are the results of our agreement, Mr. Speaker.

• (2020)

[*English*]

Mr. Tobin: Mr. Speaker, I rise on a point of order. With the greatest of respect, the Hon. Member for Lévis (Mr. Fontaine) has exercised himself and got himself all excited to the point where he is talking about the Hon. Member for Laval-des-Rapides (Mr. Garneau) having made false and misleading statements. That is unparliamentary, and I would ask the Hon. Member to withdraw—

The Acting Speaker (Mr. Paproski): That is not what I understood, but I would have to look at *Hansard*. The Hon. Member for Kamloops—Shuswap (Mr. Riis).

Mr. Riis: Mr. Speaker, I have two questions for the Hon. Member, one in response to the question just asked by his colleague nearby about the number of jobs in Quebec that would have been lost if this agreement had not been made. Could he quote the number of jobs that would have been lost and the source?

Second, would he explain the comment made recently by the Minister for International Trade (Miss Carney) in this House when she said that this decision has concerned us and should concern all of the United States trading partners because we view it as an unacceptable attempt to impose U.S. views on how other governments should manage their natural resources. Furthermore, we feel that this preliminary ruling by the U.S. Commerce Department has no basis in U.S. law, is badly flawed, and is inconsistent with the U.S. obligations under the GATT. That was at a time when she said that we were going to fight this all the way; referring to the original decision.

Today it is lumber. Tomorrow it could be any number of issues. Could the Hon. Member explain what the Minister meant when she said that the Government would fight this all the way? Would he not agree that the Minister for International Trade actually admitted in that statement that the United States was imposing on our sovereignty, particularly as it reflects on softwoods?

[*Translation*]

Mr. Fontaine: Mr. Speaker, in answer to the first question asked by the Socialist Member, I will suggest that if he could give more attention to financial newspapers and magazines such as the *Financial Post* and the Quebec publication *Les Affaires*, instead of reading Lenin's memoirs, he might have learned there are 11,000 jobs involved in the Province of Quebec.

Concerning his second question, I would like to suggest that contrary to the Socialists, instead of fighting for decades for impossible things and then getting stuck on them, when we negotiate, we try to strike the best deal with our partners, the negotiators, the Americans, and we look at the changing situation in order to keep our markets and develop them. So that was our position, Mr. Speaker.

[*English*]

Mr. Riis: Mr. Speaker, I have a short supplementary question. I am afraid I missed the response. I asked the Hon. Member for his source, not for some vague reference to a Canadian journal. What was the Hon. Member's source for the number of jobs that would be lost in the Province of Quebec if this deal with the United States had not been cut?

[*Translation*]

Mr. Fontaine: Day after day, Mr. Speaker, I have the opportunity, as others have here in this House, to take part in or listen to the oral question period, because usually the questions are asked by Hon. Members opposite. Day after day, Mr. Speaker, I notice that we give appropriate answers to the questions asked by the Socialists, and every time there are some of them who ask the same question three times, and again others, ask the same question three more times, and often the same question is asked nine times and the same answer always applies. Stop reading Lenin, read specialized magazines dealing with economic matters.

• (2030)

Mr. Rossi: Mr. Speaker, in his speech, the Hon. Member for Lévis (Mr. Fontaine) took a sheet of paper and said—I have 30,000 names supporting that decision. I will therefore ask the Hon. Member for Lévis to table that list of 30,000 people.

[*English*]

The Acting Speaker (Mr. Paproski): I regret to inform the Hon. Member that a private Member cannot table names.

[*Translation*]

I am sorry, but the period for questions and comments is over. Debate. The Hon. Member for Humber—Port au Port—St. Barbe (Mr. Tobin).

[*English*]

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, I must say that it is a rare experience to feel a sense of *déjà vu* while participating in today's debate. When driving a car down a small village road in Newfoundland, these little dogs run along behind the car and yap and bark and make a pile of noise. In Newfoundland, we call those little dogs crackies. Little crackies make a pile of noise and bark and yap and go after tires. As soon as you stop the car, put on the brakes and open the door, they scatter to the four winds. They are little, cowardly crackies.

I had a sense of *déjà vu* about those crackies that I normally see on the road in Newfoundland when I heard the House Leader of the NDP ask the Hon. Member for Lévis (Mr. Fontaine) not once, as Mr. Smallwood would say, not twice, but three times to provide the source of the information he put forward indicating how many jobs would be lost in Quebec. When challenged on a number of occasions to provide that source, the Hon. Member turned out to be like those little dogs in Newfoundland, nothing but a loud-mouthed cracky. He could not provide the source of the information, obviously because no such source exists. If the Hon. Member would like to provide the source now, I will gladly take my seat.

In the course of speaking on Bill C-37 today, I did not expect to flash back in my memory to those little, mouthy, noisy crackies that chase cars in the rural communities of Newfoundland. However, I did.

Bill C-37 is a Bill that should be entitled: "An Act respecting the imposition of the American administration's will on a weak and vacillating Canadian Tory administration". That is what the Bill should be entitled because that is what it is. It is all about the will of an American administration when met by the lack of resolve of a soft and mushy Canadian Tory administration.

The will of the American administration came flowing like a Sherman tank across the border. This Government laid down in front of it and provided material for the imprint of the tank's tracks. This Bill is an insult to every single person in Canada who considers himself to be a member of a sovereign nation.

Canadians are not excited neo-nationalists in the American sense of the word. We do not run around stitching the Canadian flag on every jacket, hat, knapsack, baseball mitt and pair of boots we own. We do not run around advertising every single product in the country by saying it is the Canadian way.

Mr. McDermid: Yes, buy Canadian, think Canadian.

Mr. Tobin: No, we do not. We are quiet in our nationalism. We are secure in our pride of nation. However, when Canadians are roused, when they genuinely feel that the ability of their politicians to make laws for Canada and for Canadians is lost, then Canadians get damned angry.

Canadians do not understand a lot of the verbiage in this debate. They do not understand precisely what an excise tax or a 15 per cent export tax is. They do not understand countervailing duties or GATT and international trade remedies. They do not understand any of those things, but they understand that this is merely the latest in a series of capitulations by a Government that claims to speak for Canada. That they understand very well.

Is it not amusing that on Wednesday of this week, in 48-hours' time, the Vice-President of the United States with a cabinet secretary in tow will arrive in Canada? The Vice-President did not come to Canada in a panic when Canadians were screaming about the impact of the cedar shakes and shingles issue. There was no sign of a U.S. presidential aircraft touching down in Ottawa. The Vice-President did not arrive in Canada when we screamed like hell about the imposition of American ice-breakers in Canadian Arctic waters. There was no sign of an American presidential aircraft then. He did not arrive when duties were imposed on pork and fish. He did not even come when we screamed like hell when the softwood lumber deal was signed. But, by God, just one week after the branch plant, the subsidiary of the Republican Party in Canada which is the Tory Party goes to third in the polls and the cursed, frightening socialists go to second, the Vice President with a cabinet secretary in tow will arrive.

Why will he arrive? Is it because he wants to discuss trade issues? Is it because he is concerned that Canadians have been speaking with one angry voice about the treatment we have received at the hands of an insensitive American administration? No, he is arriving because it is the American mentality that when the branch plant is in trouble, the head office goes to visit. When the Canadian subsidiary is not producing up to scratch, the head office goes to see it. Now that the branch plant, the Canadian subsidiary of the American Republican Party, the Progressive Conservative Party of Canada, is in trouble, the Vice-President and a cabinet secretary are riding in on the big silver wings of the American presidential emblem in an attempt to bail out a Prime Minister who has panicked, pushed the direct line to Washington and said: "Come bail me out". I do not know how successful that is going to be.

• (2040)

I was in Washington a week ago. I want to tell Hon. Members that as much as we are totally absorbed and obsessed, and rightly so, with events which have occurred over the last year, events which have crystallized in this ridiculous Bill through the imposition of an American Government's will on a sovereign Canadian state, in Washington, well, they are not really interested. They hardly know there is an issue here. It is an incredibly frightening realization to see on the front page of every single newspaper in Washington and on every American television network reports about a potential trade war between the U.S. and the EEC. What is at stake? The Americans might impose $250 million in duties on gin and pasta imported from the EEC. That was a front page story. Meanwhile the $500 million in duties imposed on softwood lumber was nowhere to be found. Why would a $250 million tariff threatened against the EEC dominate the imagination of Americans and a $500 million tariff imposed on a Canadian product be studiously ignored? Let me tell you why. Without getting into who is right and who is wrong in that dispute, the EEC has responded to the American threat by telling the Americans that they run the risk of a full-scale trade war if that $250 million tariff is imposed.

Mr. McDermid: Are you suggesting we get into a trade war?

Mr. Tobin: I am suggesting no one should get into a trade war but I am suggesting that we do not get down on bended knee—

Mr. McDermid: Oh, come on.

Mr. Tobin: —like some supplicating protectorate—

Mr. McDermid: You have no suggestions.

Mr. Tobin: The Member should listen quietly. He is an angry and frustrated man who has difficulty listening to the truth.

Mr. McDermid: Why not tell us what you would do?

Mr. Tobin: If the truth bothers him all that much let him go out and yell into the wind. That would certainly do more good than interrupting my speech.

Some Hon. Members: That is true!

Mr. Epp (Provencher): You know all about wind.

Mr. Tobin: The difference is that the EEC has said to the Americans that kind of imposition will not be accepted by them. In Canada we have quietly knuckled under and agreed to negotiate, to compromise, to try and find some face-saving

gesture which allows the Canadian Government to claim a measure of victory and at the same time meeting precisely the terms and conditions of its masters in Washington.

Mr. McDermid: So you want us to get into a trade war with the U.S?

Mr. Tobin: You must be embarrassed as a Government to be put in such a—

Mr. Blenkarn: Oh, come on.

Mr. Tobin: I am sorry. It must be embarrassing to behave in such a manner.

An Hon. Member: Listening to you is an embarrassment.

Mr. Tobin: A former Member of the House, Mr. Jean Chrétien—

Some Hon. Members: Oh, oh!

Mr. Tobin: —used to tell a story—

Mr. McDermid: We know, you were his campaign manager.

Mr. Tobin: —used to tell a story that Members opposite would do well to consider. He used to tell the story about the time in an election in Quebec when Premier Duplessis came to Shawinigan and told the voters, who needed a brand new bridge to cross the river from one side to the other—

Some Hon. Members: Oh, oh!

Mr. Della Noce: No, from the top to the bottom.

Mr. McDermid: That is normally the way bridges go.

Mr. Tobin: —that if they voted for the Union Nationale in the election—

The Acting Speaker (Mr. Paproski): Hon. Members have done a great job today. We only have another 15 minutes before the Adjournment Debate. Please.

Mr. Tobin: Thank you, Mr. Speaker. I think Mr. Chrétien's story is worth repeating. Premier Duplessis told the voters that if they voted for the Union Nationale he would build their new bridge. If they did not, he would not build the bridge. A young Jean Chrétien went to a microphone and told the Premier of Quebec that as an independent citizen of the Province of Quebec he would rather swim the river on his back than cross the bridge on his knees. The people of Shawinigan did not vote for Premier Duplessis.

Mr. Stewart: What did he tell Turner?

Mr. Tobin: Perhaps that is a lesson for the Government.

Mr. Epp (Provencher): He got hit by an iceberg.

Mr. Tobin: At some point the Government had better be prepared to swim the international sea on its back if necessary rather than cross the bridge on its knees. The Government has set a precedent in this natural resource pricing which will allow the American Government to demand similar treatment in other areas, whether it be pulp and paper, newsprint, agricultural products, or any other specialized field. The Government has entered into an agreement that establishes a precedent which is extremely dangerous for Canada.

We heard the Minister for International Trade (Miss Carney) talk about the sovereignty clause in the agreement. We heard her contend that the letter written by Mr. Baldrige and Mr. Yeutter to Mr. Dennison of the American lumber industry is nothing but a political side-show. It means nothing to the Government of Canada. I want to tell Members that when I was in Washington last week with my colleague from Winnipeg we met with Mr. Alan Woods, the senior American administration—

Mr. McDermid: You would rather believe the Americans than Canadians?

Mr. Tobin: I would rather believe the Americans than believe the Progressive Conservative Party of Canada which daily demonstrates its inability to separate reality from fantasy.

Mr. McDermid: You believe Americans before you believe Canadians.

Mr. Tobin: We have already talked about little crackys. If that noisy big cracky will hold his tongue for a moment, I will continue with my speech.

We talked to Mr. Alan Woods, the American administration official who negotiated this deal. He is quite proud of it. He drafted this letter so we asked him whether or not it represented the American legal interpretation of the agreement which had been signed. His words were that the American administration stood 100 per cent behind the letter.

Mr. McDermid: And the Canadian Government stands behind the agreement.

Mr. Tobin: When the Minister talks about the sovereignty clause in the agreement, she ought to read the sovereignty clauses in this letter.

Mr. McDermid: No, read the agreement.

Mr. Tobin: On at least three or four different occasions the Americans clearly cite their right to put their noses into matters which should be under the jurisdiction of the Government of Canada or the provincial Governments. It talks about the U.S. Government having the right to closely monitor, and the Government of Canada needing the approval of the U.S. Government to carry on with the transfer of the export charge into an increase in stumpage rates. The Government of Canada continues to deny that fact but it is in the letter. I had an opportunity to obtain a legal opinion on this letter and what it means in law.

Mr. McDermid: Bugger all.

Mr. Tobin: The Member opposite, a Parliamentary Secretary, says it means bugger all. I think that is hardly the way for an official speaking on behalf of the Government of Canada to describe what is clearly the American interpretation of this agreement. Is the Prime Minister (Mr. Mulroney) about to tell the Vice-President of the U.S. on Wednesday that the American administration interpretation means bugger all?

Mr. McDermid: Yes.

Mr. Tobin: If that is what you think, you do not have an agreement.

Mr. McDermid: We certainly do.

Mr. Tobin: No, we do not have an agreement.

The Acting Speaker (Mr. Paproski): Order, please. The Hon. Member for York East (Mr. Redway) on a point of order.

Mr. Redway: Mr. Speaker, I do not know about the term the Hon. Member has used but he has used it three times and I would like you to rule on whether it is or is not parliamentary. In my view it is certainly not.

Mr. Althouse: He is quoting the Parliamentary Secretary.

• (2050)

The Acting Speaker (Mr. Paproski): I will check it out and I will be able to rule on it tomorrow. The time for the Hon. Member's speech has expired. I will give him an extra three minutes and we will then move on to questions and comments.

Mr. Tobin: Mr. Speaker, I will obviously respect the ruling of the Chair. With respect to the terminology I used, I am just a fellow from Newfoundland. We do not use that kind of terminology down there. The Progressive Conservative Member for Brampton—Georgetown (Mr. McDermid) used the term and I was merely repeating it for the benefit of his colleague who objects to it. I suggest he have a private tête-à-tête with the Hon. Member about his language if he does not like it. I am nothing but an echo, and from time to time a foolish echo, of the insensitive and foolish comments I hear across the way while I am speaking.

It is my belief that the agreement which has been signed between the United States and Canada on the lumber accord is such a bad agreement in terms of its impact on Canadian sovereignty and such a bad agreement in terms of the legal precedent which it sets with respect to the American ability to set prices for our natural resources, that Canada would be better off if it moved to invoke Article 9 of the agreement. That is the article which allows us to terminate the agreement within 30 days. If that means that at that point we have to run the risk of American retaliation, that we have to find enough backbone and resolve to stand up and be a sovereign, independent, mature nation rather than a loose protectorate of the United States, then so be it. Let us stand up and be counted.

If this nation, in the interest of ensuring that the Prime Minister is able to keep alive the free trade talks which he has committed so much political capital to, has to continue to concede to the Americans and appease them on every single irritant they raise, be it generic drugs, cedar shakes and shingles, lumber, fish, pork, or Arctic sovereignty, the only difference between us and Puerto Rico would be that Puerto Rico is formally a U.S. protectorate and Canada would be a protectorate posturing as a nation. We in this Party will not see that day arrive without a hell of a lot of noise and debate.

Mr. Riis: Mr. Speaker, I have a short question for the Hon. Member after his excellent presentation. On January 3, 1987, the Canadian Press made the following statement:

> Historians, economists and legal scholars give the Mulroney government a failing grade on its handling of the softwood lumber talks with the United States.
>
> They say the government has jeopardized Canada's sovereignty by caving in to American demands to impose a 15-per-cent tax on lumber exports south of the border.
>
> And they say there is no precedent in Canadian history for a deal that gives Washington a voice in how Canada manages its lumber industry.
>
> Maxwell Cohen, one of Canada's foremost experts on international law, said Friday that the lumber deal is a dangerous precedent that threatens Canadian sovereignty.
>
> "It is a strange procedure to allow someone to monitor our own stuff," said Cohen, who was a judge on the International Court of Justice in the Gulf of Maine dispute with the U.S. and a former Canadian chairman of the International Joint Commission.

Does the Hon. Member support the suggestion in this Canadian Press report that this is in fact a very serious erosion of Canadian sovereignty, particularly in the softwood industry?

Mr. Tobin: Mr. Speaker, I want to thank the Hon. Member for his very tough and penetrating question. I will attempt to answer it. There is no doubt that the agreement which has been signed by the Government of Canada, taken on its own merit, is an erosion of sovereignty. This agreement follows a series of other matters which were so-called negotiated between our two nations. We retaliated against the tariff on cedar shakes by putting a tariff on teabags and American books. The Americans applied a tariff to salt fish products in Atlantic Canada. Since only Atlantic Canada was affected, the Government of Canada went to sleep on it. It did not matter.

The American administration sailed an ice-breaker through Arctic waters and, rather than spending its time protesting strongly, making a claim of Canadian sovereignty, or demanding that such an exercise never occur again, the Canadian Government tried to explain that it did not know until after the fact that Americans had moved into our sovereign waters. The Americans have prodded a few times. They sent a ship racing through our sovereign waters and we did nothing. They imposed a 35 per cent tariff on shakes and shingles and we retaliated on teabags. The Americans are not stupid. After a while they begin to learn something. If you poke an animal

that is cornered and it only whimpers, it is time to get rough. The Americans got rough. The most humiliating thing about this agreement is not that we whimpered, but that we actually pretended we had won something great.

I grew up on American Air Force bases. My father was employed with the American Air Force for 30 years. Americans are as good a people as you will find anywhere in the world. However, I know that you have a good relationship with anyone when there is mutual respect across the fence. The Americans have no respect for the vacillating Tory administration which they see across the fence.

Mr. Kilgour: Mr. Speaker, the Member for Kamloops—Shuswap (Mr. Riis) quoted former Judge Cohen. I hope the Member realizes that Professor Cohen is strongly supportive of the bilateral initiative.

I have a two-part question for the Member. What would his Party have done with respect to softwood lumber? Would it have allowed the $600 million to go out of the country? Does it not feel that stumpage fees should be raised in British Columbia and other provinces? Second, bearing in mind that about 2.5 million Canadian citizens depend upon the U.S. market for their livelihood, what is the policy of the Member's Party with respect to the bilateral negotiations with the United States?

Mr. Tobin: Mr. Speaker, I would like to believe that any administration, theoretically even Conservative, although that is doubtful, that demonstrated some resolve, that demonstrated that it took the notion of nationhood seriously, that demonstrated that it took the notion of sovereignty seriously, would not have been confronted with an American administration prepared to make a 360 degree turn from the ruling it made in 1983 to the completely opposite ruling it made in 1986.

What we saw was not an exercise in trade law, as the Hon. Member knows. We saw an exercise in the United States of the lowest form of politics. No commerce department can justify doing a complete flip-flop on the basis of trade law. That could only occur in the face of political heat at home and a consideration by the administration that this kind of action could be taken against Canada because Canada had neither the backbone nor the resolve to respond in a proper way. We would quite likely not have been faced with this problem. If we were, we would not have given up our remedies under countervail law or under international law.

Mr. McDermid: Mr. Speaker, why does the Hon. Member continue to believe in and support the side letter written by the Americans which has nothing to do with the agreement? Those who have negotiated and those who are giving legal advice to the Canadian Government say that that letter is not the agreement. The agreement is the one which was signed. Their interpretation is entirely different. Why does the Member believe the Americans rather than the Canadians? Why does he continue to insist on that?

Mr. Tobin: Mr. Speaker, this is almost amusing. It is not a matter of whether or not I believe the Americans. The fact is that under the agreement which Canada has signed with the United States, Canada has no method of appeal. We have no remedies. We signed them away.

• (2100)

Mr. McDermid: You do have remedies.

Mr. Tobin: No, we do not. The Americans have Section 301 of the American Trade Law which is a huge hammer with which they intend, when necessary, to hit us. It does not matter whether I choose to believe the Americans or the Canadians because the Americans in this agreement are the only ones with the clout under the agreement to hammer our side into submission. The Americans have said publicly to the press and to the media through their ambassador that this is their interpretation of the agreement. If we can find no common ground on what the agreement means, then the Parliamentary Secretary is really admitting we do not have an agreement.

The Acting Speaker (Mr. Paproski): Order, please.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

CANADIAN HUMAN RIGHTS COMMISSION—RESIGNATION OF ANTONIO ARCANGEL FROM HUMAN RIGHTS TRIBUNAL

Mr. Alan Redway (York East): Mr. Speaker, I apologize for my croaky voice this evening. I seem to have caught the flu bug or whatever it is that is going around. The appointment of Antonio Arcangel to the Canadian Human Rights Tribunal and his subsequent resignation was the subject matter of my question in the House to the Hon. Minister of Justice (Mr. Hnatyshyn) back in November. It is a question which raises once again a much wider issue. It raises a question which will not go away. That is, the question of the whole appointments process, regardless of the facts in the Antonio Arcangel case and regardless of whether one thinks it is a good appointment or a bad appointment, and there are just as many people who think it was a good appointment as think it was a bad one. As you, Mr. Speaker, and other Members of Parliament may know, the Prime Minister (Mr. Mulroney) has received many letters in support of that appointment. However, regardless of whether it was a good or bad appointment, there is a larger issue which transcends that appointment, or any others, and that is the question of the actual appointment process itself.

You will remember, Mr. Speaker, when this issue was first raised. It was raised originally in the election campaign of 1984 during the famous debate which many people think turned the whole election around. The now Leader of the

Opposition (Mr. Turner), the then Prime Minister, was asked by a questioner whether or not he was required to make certain appointments which were recommended to him by the former Prime Minister, the Right Hon. Pierre Elliott Trudeau. He said: "But I had no choice". The now Prime Minister responded saying: "But you did have a choice", and that was a very turning point in the election campaign. As a result of that statement and that exchange, the Canadian people came to feel, as I firmly believe, that there was a promise made. It was not an express promise but an implied promise that there would be changes in the whole process of appointments.

After the massive election of our majority Government there were apparently some changes. There were appointments made of New Democratic adherents and Liberal adherents to various positions both in the beginning and subsequently. However, as time went on the only thing which appeared in the press time after time was the appointment of people who were adherents of the Progressive Conservative Party. As a result of that the public began to feel that nothing had changed, that all was the same as it was before.

As you and I know, Mr. Speaker, the public came to believe that the people appointed were all affiliated with the Progressive Conservative Party, many friends of the Prime Minister. They came to believe that the process of appointments was not as open as they thought it was going to be. They came to believe that the people being appointed were not the best qualified regardless of whether or not they were well qualified. They began to feel let down and that feeling reinforced the feeling of non-confidence in the Government they had elected.

You and I may very well feel, Mr. Speaker, that there is no reason for Canadians to feel let down because the former Government did the same thing and provincial Governments, whether Liberal or New Democratic, are doing exactly the same thing. However, the public felt there was going to be a change and that change did not occur. They saw the same thing happening. In fact, in September of 1985 the Prime Minister announced a change. He announced that there would be a process of parliamentary review of appointments.

• (2105)

What happened as a result of that parliamentary review process? We had cases such as the Antonio Arcangel case. So while the review process by committee may be a good one, and one which I support whole-heartedly, it is not the entire answer. We need a new type of appointment process, one which I wish to suggest to Hon. Members of the House and to the public tonight.

First, what we need is a public appointments office, one that is not hidden away in the Prime Minister's office or in the office of the Privy Council. It must be one that is open to the public so that the public can see what is going on.

Second, at the beginning of each year we need to place an ad in all daily newspapers and all ethnic newspapers across the country stating that we will be making some appointments this year to boards and agencies and if anyone is interested then let us know. Then, when Members of the public respond, what we should do is write back to them providing a list of the appointments we will be making and ask them to let us know in which ones they are interested. When they write back to us, we should send them another letter with application forms and job descriptions for particular positions. That is the sort of process which should be taking place.

When the applications are returned, we should review them and make a short list of the best possible candidates regardless of all other circumstances. The choice should then be reviewed by the committee process which is in place and then the appointments should be made.

I do not expect the Parliamentary Secretary to announce that form of appointment process tonight. However, I would like him to take my suggestion to the Prime Minister and to the Minister of Justice (Mr. Hnatyshyn) and return with an answer for me later on.

Mr. François Gérin (Parliamentary Secretary to Minister of Justice and Attorney General of Canada): Mr. Speaker, I am interested in the position that the Hon. Member for York East (Mr. Redway) has put forward.

The House is no doubt aware that on November 3, 1986, and again on November 5, the Hon. Member for Hamilton East (Ms. Copps) raised allegations on the floor of the House of Commons with respect to Antonio Arcangel.

[*Translation*]

I think that two issues have been raised here, one more specific concerning Mr. Antonio Arcangel, and the other pertaining to a broad principle, namely, the appointment process for people who could hold various positions similar to that which had been entrusted to Mr. Antonio Arcangel. But since reference has been made to the specific case of Mr. Arcangel, I should like to provide the House with a little background information by mentioning that on November 6, the Minister of Justice (Mr. Hnatyshyn) received from Mr. Arcangel the following telegram which read, and I quote:

[*English*]

Dear Minister,

I am hereby withdrawing my name from the list of human rights tribunal panel because Ms. Sheila Copps unfair remarks and unjust allegations have seriously impaired my ability to serve effectively as a member of such a tribunal. I have always been a law-abiding citizen and a firm believer in a democratic process. My efforts as a member of Canada's multicultural society have always been to promote the cause of human rights and equal opportunity. I consider Ms. Copps' allegations and attack as a serious violation of my rights as a citizen of this country. I am most gratified by the tremendous support that I am receiving from across this country from community groups and organizations as a result of her slanderous attack.

I would like to thank you for giving me the opportunity to serve my country.

Yours sincerely,
Antonio Arcangel

STATUS OF WOMEN—FUNDING OF WOMEN'S ORGANIZATIONS

Mr. Sid Fraleigh (Lambton—Middlesex): Mr. Speaker, on December 12 of last year I posed a question to the Secretary of State (Mr. Crombie) to which I received what I consider to be an unsatisfactory answer. The question concerned what I perceived to be a bias in his Department in terms of the funding of women's programs. I might add that same perception is shared by a number of my colleagues in the House, as well as a large number of people in my riding and across Canada.

• (2110)

The question is not whether Government should be funding the many specific worth-while women's projects, but rather whether Government should be supplying sustaining funds to lobby groups. It is my belief that Government should not be funding any lobby group with taxpayers' dollars. Certainly some of the groups applying for and receiving funds specifically under the women's program are just that. However, if Government is going to fund such groups, then it should be done fairly and with balance.

Unfortunately, since I raised the issue the Minister has seen fit to deny funding to one group which has strong views on many women's issues. At the same time, he is maintaining funding to another group that also has strong views, but views that are quite different from the group that was denied funding.

The objective of the women's program of the Secretary of State is to support the full participation of women in all aspects—Mr. Speaker, I wish to repeat that—in all aspects of Canadian society, and to increase the capability of women's organizations and groups working to improve the status of women. In addition, it is also intended to promote increased understanding and action on women's issues among women and the general public in the form of advocacy and information exchange. I fully support that objective. But I do not agree with the interpretation being put on it by the Department or by the Minister.

As I look around the House, I regret that it appears there is no one here to respond on behalf of the Minister. It is a slight to which I as an individual Member have to take exception. Be that as it may, I wish to carry on with my presentation.

In response to my question in the House, the Minister responded: "The process we use at the Department of Secretary of State for assessment of all applications is a just and fair one, and I expect to continue that process". How can a process be just and fair when one group is not allowed the opportunity to participate in that process? The refusal by the Department to send application forms to any group under any program is inexcusable.

I believe that we have a very unjust and unfair process when bureaucrats, who do not share the same philosophy on issues as a significant group of the public, have the power to deny that group access to the process. I was pleased to see in the Minister's announcement last Thursday that he has acknowledged the shoddy treatment that was accorded to some women's groups in their application for funds. That does not excuse the Department for what has gone on prior to him being appointed Minister. I believe that there are a significant number of women in this country, who, while wanting equality in all areas, have some strong convictions on such issues as child rearing, family role models, sexual orientation and pornography, to name but a few. The promotion of those ideals does not qualify for funding at the present time under the present criteria.

• (2115)

On the other hand, another group receiving approval for funding has policies supporting positions such as withdrawing Canada from NATO and NORAD, declaring Canada a nuclear-free zone, involving all women in the struggle for lesbian rights, and state-run and financed universal day care, again to name but a few.

I believe that I could identify the group which reflects the opinion of a large segment of the population in my riding, and of a great number of other ridings across this country, not only women, but men as well, and it would not be the latter group which would receive that approval.

I apologize for nobody being here to respond on behalf of the Secretary of State (Mr. Crombie).

The Acting Speaker (Mr. Paproski): I do not think an apology is necessary; there is a Parliamentary Secretary to reply to your question.

Mr. Fraleigh: I am sorry, I missed him during most of my comments.

Mr. Vincent Della Noce (Parliamentary Secretary to Secretary of State): Mr. Speaker, I was on the other side of the House, but I was listening to my hon. friend.

The Hon. Member for Brampton—Middlesex (Mr. Fraleigh) asked a question of the Secretary of State (Mr. Crombie) last December 12 about funding to women's groups by his Department's women's programs. I should now like to tell the House what are the Government's objectives.

The three main objectives the federal Government is pursuing on behalf of women are: economic equality, social justice, and access and participation.

Through economic equality we are trying to ensure that women are economically secure and benefit equally from their contribution to Canadian society. This is a primary objective when one thinks that today 64 per cent of women aged 20 years to 64 years are in the labour force and that they continue to be clustered in low-income occupations. Also, women make up 43 per cent of the total labour force.

The second objective, that of social justice, took on new importance on April 17, 1985 when Article 15 of the Canadian Charter of Rights and Freedoms came into force. This

important article deals with equality. In addition to the rulings which courts will apply over the next few years, the objective takes in, among other things, the formulation of new laws, violence directed toward women, pornography, and the stereotyping of women by the media.

The third main objective covers access and participation. It refers to equitable social and economic access, the participation of women in decision-making processes, and the battle against attitudinal discrimination when they occupy non-traditional posts.

There are two types of assistance provided by the women's program of the Department of the Secretary of State—operational funding and project funding. The first is used to promote the ongoing existence of national and regional women's organizations capable of taking co-ordinated action on issues of concern to women. Project funding is given in support of short-term projects linked to current objectives of the Government.

In 1985-86 the program funded more than 500 projects and the administration of 129 organizations. In all these cases, their objective was to remove obstacles to the equality of women in society. You can well understand, Mr. Speaker, that the women's program of the Department of the Secretary of State cannot aid all women's groups. It has to follow the priorities the Government has set for itself.

• (2120)

All requests received by the women's program are examined by criteria, including how a particular project will help women reach equality and the capacity of the requesting group to handle its respective project. As the Secretary of State said himself in the House on December 12, all requests are handled in the same manner—justly and equally.

[*Translation*]

UNEMPLOYMENT INSURANCE—(A) REQUEST FOR REIMBURSEMENT OF CONTRIBUTIONS TO EARLY RETIREES (B) REQUEST THAT MINISTER MEET REPRESENTATIVES OF INTERESTED PARTIES

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, what we have just seen is not "The decline of the American Empire", but "The decline of the Conservative Government". I can understand why the Conservative Member is disappointed with such a reply. I do not blame the Parliamentary Secretary, but this shows the mess and disorganization within this Conservative Government. In fact, the Secretary's reply was entirely beside the point, and nobody was prepared to reply. This is an insult made to a Member which I will defend, even if he is from the Progressive Conservative Party. I dare hope that I will obtain from the Parliamentary Secretary a better reply to the question I had directed to the Minister of Employment and Immigration concerning the cuts in unemployment insurance benefits to 35,000 early retirees in Canada, including 11,000 in the Province of Quebec. Everybody will recall that, in 1985, any worker who had contributed to a pension scheme through employee-employer deductions and who lost his job could continue to collect full unemployment insurance benefits while looking for another job. Any person who had accepted to take early retirement to surrender his permanent job to a younger person and seek a second career could continue to collect full unemployment insurance benefits while seeking another job, even while collecting pension benefits for which he or she had contributed through employee-employer deductions for 25, 30 or 35 years of his or her life.

Everybody knows that, unfortunately, the Mulroney Cabinet decided on December 20, 1985, that beginning on January 5, 1986, the Unemployment Insurance Commission would take into account, while computing benefits, all incomes from a private employer-employee pension plan.

All groups throughout Canada got organized, even the Conservative Members, the Liberal Opposition, the New Democratic Party, all people were opposed to this decision. The then Minister and her colleague the Minister of Employment and Immigration said they would heed the Forget Commission recommendation as to whether this regulation ought to be changed.

Mr. Forget released his report on December 3 and his recommendation 26 concerning early retirees was quite clear. With respect to the inclusion of private pension plan benefits in calculating unemployment insurance, recommendation 26 stated clearly that the Government must retroactively rescind this measure, and if in future there should be another such measure concerning pension benefits and unemployment insurance he recommended that it be announced by the Government three years in advance because it is very important that someone who has worked all his life and planned for retirement not be forced to cope with a Government which changes the rules of the game.

On December 5 the Minister of Employment and Immigration said in this House that as a result of the Forget Commission recommendations he would make changes and forthwith direct the Unemployment Insurance Commission to launch a review process designed to reimburse the 35,000 early retirees whose unemployment insurance benefits had been cut off.

Mr. Speaker, nothing has been done to this day. The only action taken was the one I witnessed last week in the Montreal region where 1,000 early retirees who were denied these benefits attended a meeting convened by Quebec City ARSAC representatives. On Thursday this week these people will be in the Saguenay region, in the riding of the Minister of Employment and Immigration, and they have met with residents of Baie-Comeau and the Quebec City region. The only action came from the people themselves who prepared their own reimbursement request form to ensure that the Government would reimburse retroactively all the retirees who have been unfairly penalized.

I trust that the Parliamentary Secretary—and I know that, not only Friday, but also today, at the community centre of my

constituency, 300 people from Greater Montreal came, as well as people from the Laval area because they wanted justice.

Unfortunately, in this matter as in many others, the Government is dragging its feet. Yet, we can recall how quickly the Conservative Government passed legislation to reimburse $1 billion to people who had $60,000 deposits in Western banks. In this case, the people involved are workers throughout the country who, for 35 or 25 years, accepted lower wage increases to put away some money in a pension plan each month, but now, all their efforts are being penalized.

Mr. Speaker, I trust that the Parliamentary Secretary will give us a more satisfactory answer than the one he must have had from the Department of the Secretary of State and that he will give us a clear and specific answer about when the Government intends to reimburse these people and find a method to determine the amount of their reimbursement, and second, when the Minister will table a bill to extend eligibility not only to 1985 retirees, but also to 1986 and all future retirees so that, from now on, unemployment insurance premiums will be fully and completely reimbursed to all individuals, whatever their private pension income, since the Government does not make any deduction in the case of an RRSP.

• (2125)

Mr. Vincent Della Noce (Parliamentary Secretary to Secretary of State and Minister responsible for Multiculturalism): Mr. Speaker, in turn, I would like to answer on behalf of the Minister of Employment and Immigration and expand on the question the Hon. Member put in the House on October 31, 1986. I am aware of the abiding interest of the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart) in the matter, but unfortunately, I do not have as much time as he did and I will therefore try to be very brief and expeditious. This is our only chance to respond, and I hope the Hon. Member doesn't think I am going to indicate any changes in regulations previously announced by the Minister.

On December 5, 1986, the Minister announced changes in the unemploymenty insurance regulations concerning pension income. These changes will allow workers who take another job after retirement and keep that job long enough to become eligible for unemployment insurance benefits to receive such benefits without having the amount of their previous pension income subtracted from their benefits.

On November 8, 1984, as my hon. friend said, the Minister of Finance, announced in his agenda for economic renewal the Government's intention to consider pension income as remuneration for the purposes of establishing unemployment insurance benefits. The principle that continues to guide us today is that retired persons should not consider unemployment insurance as an additional source of income. The objective of the Unemployment Insurance Fund is to provide a replacement income to people temporarily out of work. The major policy change announced in November 1984 did not make a clear distinction between those retiring for good and those retiring to start a new career. The best example is provided by military personnel and RCMP officers who must take early retirement. The changes announced December 5 of last year will mean a fair and equitable treatment for this group of people who continue to be part of the labour force. Workers who have started a new career, where they must contribute to unemployment insurance, and subsequently lose their job will be entitled to full unemployment insurance benefits based on their previous pension income.

Besides, as mentioned by my colleague, some retirees who were in receipt of benefits as of January 5, 1986, when the former policy came into effect, lost their rights to benefits and will not regain them if they have left the job market. Some of these people argue that they based their decision to retire on erroneous information provided to them from federal government sources. In order to clear this matter, the Employment and Immigration Commission will review all such cases and reinstitute the right to benefits if the allegations are proven. The review will be done according to the normal procedures for claim settlement and we should note that the Government has always acted that way in similar cases in other social programs. Mr. Speaker, a Bill will be presented to the House in order to implement these measures.

The Acting Speaker (Mr. Paproski): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1).

At 9:29 the House adjourned.

HOUSE OF COMMONS

Tuesday, January 20, 1987

The House met at 11 a.m.

ROUTINE PROCEEDINGS

[*Translation*]

PETITIONS

GOVERNMENT RESPONSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 106(8), I have the honour of tabling, in both official languages, the Government's response to Petitions Nos. 332-265 to 332-276 inclusive, 332-285 to 332-287 inclusive, 332-291, 332-293, 332-310 to 332-315 inclusive, 332-317, 332-332, 332-333, 332-341, 332-343, 332-344, 332-348, 332-350 to 332-352 inclusive, 332-359 to 332-369 inclusive, 332-374 to 332-384 inclusive, 332-396, 332-397, 332-403 to 332-406 inclusive, 332-408 to 332-418 inclusive, 332-431 and 332-448.

* * *

[*English*]

POINT OF ORDER

FARM DEBT REVIEW—ESTABLISHMENT OF COMMITTEE

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I was reviewing the Farm Debt Review Bill that was passed last year. The legislation indicates that at the end of the calendar year in which this Act comes into force, which of course was 1986, the Government would undertake a review of the overall effectiveness of this Act and shall, within such time as the House may authorize, submit a report to Parliament, including a statement on any changes the committee would recommend.

In a sense, the Government indicated through the Bill its intention to set up a committee, whether through the Standing Committee on Agriculture or another committee. Would the Government House Leader indicate if, in fact, a committee is in place of which I am unaware and, if not, what intention the Government might have in this matter?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, as I am sure the Hon. Member knows, this has only been operational for a short period. I am not sure whether there has been sufficient experience garnered from its operations. If such a provision is called for within the legislation, as the Hon. Member points out, presumably that would have to be considered. I will certainly undertake to consult with the Hon. Minister of Agriculture (Mr. Wise) and get back to the Hon. House Leader of the New Democratic Party as soon as I can.

* * *

ENERGY, MINES AND RESOURCES

PRESENTATION OF THIRD REPORT OF STANDING COMMITTEE

Mrs. Barbara Sparrow (Calgary South): Mr. Speaker, I have the honour to present the third report of the Standing Committee on Energy, Mines and Resources in both official languages.

[*Editor's Note: See Today's Votes and Proceedings.*]

* * *

PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I have the pleasure and honour to present a petition, pursuant to Standing Order 106, regarding the changes the Government is planning to the Patent Act. The petitioners feel this will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy the necessary prescription drugs. They are calling upon the Government to reject these new proposals which they believe will increase prescription drug prices.

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I have the honour to present a petition from a number of residents in my riding who note that the federal Government's proposal to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy necessary prescription drugs. They also note that these proposals will result in higher costs for provincial drug plans and they call upon the House to reject these proposals which will increase prescription drug prices for Canadians.

CRIMINAL CODE—ABORTION

Mr. Benno Friesen (Surrey—White Rock—North Delta): Mr. Speaker, I have the honour to present a petition on behalf of my constituents. The operative part of the petition says that

all human beings are deserving of legal protection from unjust attacks upon their lives and that the present law regarding abortion does not provide such protection. Wherefore, the undersigned, your petitioners, humbly pray and call upon Parliament to amend the Criminal Code so that unborn human beings are protected by law from abortion. I want to add that I totally endorse that. The petition meets the requirements of the House.

* * *

• (1110)

STARRED QUESTIONS

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, would you be so kind as to call Starred Questions Nos. 37, 40 and 41?

*EGERTON HERBERT NORMAN

Question No. 37—**Mr. Kindy:**

1. Did the Solicitor General acquire information that showed Ambassador Egerton Herbert Norman, had been identified and discussed by Anthony Blunt as someone who, like himself, was associated with the Russian intelligence service?

2. Did the Solicitor General, following Mr. Norman's suicide, acquire information that showed that he (a) had connections with (b) had contributed funds to the Canadian Communist Party before or during his employment by the Department of External Affairs?

**NO SENSE OF EVIL*

Question No. 40—**Mr. Kindy:**

Is the Solicitor General aware of the identity of the employee of the National Council for Canadian-Soviet Friendship described by the RCMP as a rabid and dangerous Communist, as cited in Professor James Barros' book "No Sense of Evil", on pages 51, 65, 67, 84, 88 and 130 and, if so, what is the name of that employee?

*ALLEGED RECRUITMENT OF MR. ROBERT BRYCE BY MR. HERBERT NORMAN

Question No. 41—**Mr. Kindy:**

Is the Solicitor General aware that Mr. Herbert Norman had attempted to recruit Mr. Robert Bryce, former Secretary of the Cabinet, into the Communist Party when they were students at Cambridge University and that Mr. Bryce knew in the autumn of 1950 that Mr. Norman was being interviewed at External Affairs as a possible Russian penetration agent and that Mr. Bryce has never divulged this information to the RCMP and, if so, does the Minister intend to inquire into the reasons that such information was not divulged to the RCMP?

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I wish to advise the House that the Government's response to all three questions is the same, and it is as follows: The Government wishes neither to confirm nor deny the facts or allegations mentioned in these questions based on the established tradition adhered to by all Governments, not to comment publicly on the details of specific security matters and consistent with the provisions of Sections 13, 15.1, 16.1(b), 16.1(c) and 19 of the Access to Information Act.

I ask that the remaining questions be allowed to stand.

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed from Monday, January 19, consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee, and the amendment of Mr. Turner (Vancouver Quadra), (p. 2393).

Hon. Gerald S. Merrithew (Minister of State (Forestry and Mines)): Mr. Speaker, I am delighted today to be able to put some facts on the record in this particular debate which has been sometimes clouded by some misperceptions and half-truths. It is an important debate for Canada, I agree. We have been working at it for a long time. Of course, the whole issue of our softwood trade has been one which has been most prolonged. It is not new at all. It has gone on for decades and decades. I have been part of it for four or five years. It is perhaps one of the most bitter disputes in the history of Canada-U.S. trade relations.

Since the Memorandum of Understanding reached with the United States on December 30, we have put behind us a lot of difficult negotiations with the U.S. It seems to me we are now in a position to strengthen our industry without the constant threat of other trade irritants. We can now try to be competitive in a a very competitive market. I do not have to emphasize how divisive this issue has been to our national fabric. It would be extremely unfortunate if the degree of rancour and mistrust which so characterized our negotiations with the United States carried forward within Canada as we proceed to implement the agreement and to examine alternative provincial measures in the export charge.

It is necessary for Canada to unite and find a realistic and effective solution to the challenges with which we are faced. Indeed, the federal Government has been very conscious of the need to remain united in dealing with this very bitter dispute with the United States. A high level of goodwill and a spirit of co-operation characterized our discussion with the provinces last week in Vancouver and some of the comments I have heard recently from the industry have been more positive and helpful than the initial reaction to the agreement by some industry spokesmen.

The workers in British Columbia and elsewhere in Canada who have such an important stake in the outcome of this dispute have been very supportive of our efforts to secure an understanding with the United States. Sadly, I have also heard

comments from the Opposition who, in many instances, have taken this opportunity as a means to achieve their own personal political objectives. It is unfortunate to see the great divergence of opinion between certain members of the Opposition and those to whom they perceive to be their own constituency. It must be extremely frustrating for the New Democratic Party to find so few people in the labour movement who oppose the initiative of the Government to secure an understanding with the United States. Many of the provincial wings of that same Party have come out in support of a negotiated settlement. For example, the British Columbia forestry critic has called the softwood lumber deal agreement a pretty good deal.

As for the Official Opposition, I find it ironic to hear those Hon. Members even talking about forestry. For almost two decades that Party presided over the dissemination of the federal Government's forestry service and the downgrading of the leadership role of the federal Government in this key sector of our economy. Its lack of commitment to forestry is a matter of public record. The forest community already knows and recognizes this. It is regrettable it has taken this situation to raise the interest of that Party. However, I laud Members of the Liberal Party for now taking a keener interest in forestry and call upon them and other members of the Opposition to put their rancour aside in order to make this agreement work on behalf of all Canadians. The development of the forest industry is too important to the economy of this country to be subject to shabby theatrics and partisan politics.

I would like now to turn my attention to some of the specifics of the understanding with the United States. The critics have been less than objective in their statements in the softwood lumber dispute. They have consistently ignored the realities of that dispute and the real options which were available to the Government, in fact, all Governments of Canada. The critics imply that the choice was between an agreement with the United States or continuing free trade in lumber. The real choice was not that. It was between a countervailing duty or other restrictive measures imposed unilaterally by the United States against Canadian softwood lumber exports or a negotiated settlement. In other words, a punitive countervail or an agreement by choice. The Government could have chosen to fight to the bitter end. This would not have served Canadian interests. To ignore the political realities of the issue would have deprived us of any control over the situation. The choice was between having the Americans tax our lumber or our agreeing to tax it ourselves. This has been entirely overlooked by the critics.

For the benefit of the House, I would like to review the three objectives which were set out by the Prime Minister (Mr. Mulroney) and the nine Premiers at the First Ministers' Conference in Vancouver in November. Basically, they wanted us to protect Canadian sovereignty, second, to avoid a precedent in U.S. trade law which would be damaging to Canadian interests and, third, they wanted us to keep the money in Canada. In our negotations we stood fast. Our negotiators held on to Canada's position right to the very end. We have met all three of those objectives.

Let us examine those objectives in turn. First, the softwood lumber agreement respects and maintains our sovereignty and avoids the intrusion by the United States into Canadian affairs which would have occurred with a countervailing duty action. As a former Minister responsible for forestry in New Brunswick, I understand the importance of being fully in control with respect to how we manage our forestry resource for the betterment of our citizens. Under the agreement, the export charges were set at an agreed level, 15 per cent. A countervailing duty could be unilaterally raised by the United States following an annual review. That would be unacceptable. Under the agreement, Canada administers the export charge and monitors its effect and is required only to provide the information to the United States. A countervailing duty, on the other hand, would be subject to actual policing by the United States. Under the agreement, Canada is free to replace the export charge with stumpage increases or other measures at a time and level of our own chosing. Only the value of these changes is subject to consultation and agreement with the United States. A countervailing duty, on the other hand, would have severely limited Canada's freedom of action. The timing, the nature and the value of any replacement measures would have been unilaterally determined by the Americans.

• (1120)

Suggestions by the Opposition that our sovereignty has been threatened by this agreement are completely without foundation. Any student of international politics knows that bilateral agreements between nations involve, in some way, an intrusion into the other's business, be it a quota, a normal commercial transaction or a verification clause. There is far less intrusion into Canada's forest management policies under this agreement than there would have been with a countervailing duty.

The second objective was to avoid a highly damaging precedent that could have affected other exports to the United States. I remind Hon. Members that the basic issue involved here is whether or not the policies of Canadian Governments, in managing and pricing their own natural resources, could be subject to the trade remedy legislation of other nations. Under this agreement which we negotiated and signed on December 30 the dangerous legal precedent set by the unfavourable preliminary determination made by the U.S. Government in the softwood lumber case last October has been nullified. A countervailing duty would have confirmed that precedent and left Canada more vulnerable to similar actions against other resource exports.

The third objective was to ensure that the money remained in Canada, for Canadians, and did not become a contribution to the United States Treasury. Under the agreement the provinces are free to use the revenues from the export charge to replenish our forests, to provide adjustment assistance for affected workers, to assist our forest industry in developing alternative markets abroad, or to advance the development of

new technologies. Under a countervailing duty action these Canadian funds would have gone directly into the Treasury of the United States, and would not have been available to create jobs and to lessen the negative impact on affected workers and communities.

While it is still much too early to predict the full impact of the export charge on the Canadian lumber industry, it is clear that some export sales to the U.S., and jobs, will be lost. The degree to which these adverse effects occur across the country largely depends on how much of the duty can be passed on to the U.S. consumer—and it appears a good deal of it has been to date—and the supply response of the American producers. Early indications show that a substantial portion of the export charge is now being borne by the U.S. consumer. We will continue to monitor this situation.

Nevertheless, the point I am making is that as a result of our negotiations the provinces have the financial resources to respond to this situation. In the area of forest management it is our estimation that over 100,000 jobs, both direct and indirect, will be created during the life of the forestry development agreements negotiated with the provinces. At the same time this ensures a long term timber supply. These forest development agreements have a price-tag of $1.1 billion of federal and provincial contributions. I wish to mention that is a 400 per cent increase since the time the Liberals governed our country.

I again want to reiterate my call for pulling together on this issue. This will be extremely important as we examine possible replacement measures in whole or in part, such as stumpage increases, to the export charge. As a result of our meeting in Vancouver last week, Canada's provincial and federal Ministers responsible for forestry have agreed to address this issue in more detail. I can assure the House that both myself and my provincial counter-parts place considerable importance on involving businessmen and labour in this process. The issues involved are very complex. We will not be stampeded into any quick-fix solutions that are not in the over-all interests of Canada.

My colleagues and I will be having our initial meeting on the issue of replacement measures during the next Canadian Council of Forest Ministers meeting to take place in Montreal on January 26. I have been encouraged by the collective and the unanimous desire of the provincial Forestry Ministers to work co-operatively since the Council was established in 1985. We have co-operated on a great many issues, and I am sure we can co-operate on this very difficult issue which we have now undertaken. Each and every provincial Minister is committed, as am I, to co-operating with all parties in the forest sector to move ahead to meet the challenges which still lie before us.

The Acting Speaker (Mr. Paproski): Are there questions or comments? The Hon. Member for Kamloops—Shuswap (Mr. Riis).

Mr. Riis: Mr. Speaker, the Minister of State for Forestry and Mines (Mr. Merrithew) indicated that from the very beginning the process included the co-operation of all the players involved. I remember, as I am sure he will, time and time again when Members raised questions in the House with respect to how things were progressing in the United States in terms of the countervail case before the Department of Commerce and the ITC, the Secretary of State for External Affairs (Mr. Clark) asking members of the Opposition not to raise the issue in the House of Commons. We were told that everything was progressing well, that in co-operation with all of the players the Canadian Government was absolutely certain that the case Canada had put forward was iron-clad and that we had nothing to fear. Then October 21, after the Commerce Department brought in its preliminary ruling which found Canadian exports to be subsidized by 15 per cent, the Minister for International Trade, the Hon. Member for Vancouver Centre (Miss Carney), said that we would fight it all the way. She said: "Today it's lumber. Tomorrow it could be any number of issues. We all agree that this ruling is deplorable, artificial and contrived and does not stand up to extensive analysis". She then went on to say that the United States' action "strikes directly at the sovereign right of a government to manage its own resources" and that negotiations would only condone the precedent. She said: "First we must fight to reverse this verdict".

The Minister for International Trade said that this move was a direct infringement on Canadian sovereignty. The Minister of State for Forestry says that is not the case. Will the Minister explain what the Minister for International Trade was saying on October 21?

Mr. Merrithew: Mr. Speaker, I was very much part of those discussions when we talked of fighting the issue. I was part of the talks which we had in 1982 and in 1983 when we fought the previous countervailing duty issue which, incidentally, did not work. There has been some indication that it was won by either industry or by the Liberal Government. Unfortunately, within just a matter of months there was another case. So there was no winner in this particular case. At one point in time there was no question but that it was profitable for us to stick together. However, the political reality of what was happening in the United States and the rampant protectionist sentiments which were being expressed in the American Congress and in the industry dictated to us that the political situation had changed. As a result of intelligence we obtained from lawyers in the American industry, our government lawyers, our embassy staff and our friends in industry and government in the United States we were told that the handwriting was on the wall, that we could not win. The preliminary decision was already down against us and on October 16 it was negative to Canada.

What other choice did we have? There were but two. First, we could either continue to fight the issue through the courts and pay the money to the United States over the intervening period of time, or fight it in GATT. Or, second, we could try to negotiate a settlement. If one considers the facts of the matter, the result of negotiating a settlement Canada is by far ahead of the situation.

• (1130)

Mr. Caldwell: I wish to address my question to the Minister. A few months ago when we were debating the shakes and shingles issue and replacing the 35 per cent duty, we heard calls from the opposition Parties that we would see a shut down of that industry, and hundreds of thousands of people would be laid off and would be out of work. Is it possible for the Minister to bring us up to date on whether those hundreds of thousands of people have been laid off, and has the shingle industry been shut down in British Columbia? Will the same thing happen with the 15 per cent duty on the softwood lumber?

Mr. Merrithew: We were very much part of the debate which took place following the shakes and shingles issue in the House. We heard the doom and the gloom that the whole world was going to come to an end, shakes and shingles would be destroyed forever. The Opposition House Leader said that 10,000 jobs would be lost. There are only 4,000 such jobs in all of Canada. I do not know where he got his figures. The NDP indicated that the whole world would come to an end. In fact, very little has happened. The industry is now working near to capacity. We are being competitive. We know that the supply of red cedar in the United States will run out, and then we will be even more competitive. There was absolutely no truth to the fact that the world was going to come to an end because of the countervail on shakes and shingles.

Regarding the lumber issue, nobody in the country, certainly not in the Chamber, has any magic answers as to how many jobs will be lost. A lot will depend on how many of those jobs and what per cent of the cost will be absorbed by the American consumer. Quite frankly, it is my view, and it has been our indication to date, that the American consumer is the one who will be penalized. In the future we will know what effect there will be on our marginal mills, or the impacts on our domestic interprovincial markets. At this time I will not comment on that, because we do not know. It is proof positive by the type of irresponsible statements that were made following the shakes and shingles debate that at this time it is better not to hazard a guess. We will monitor that particular situation.

Mr. Langdon: I wish to ask the Minister of State for Forestry (Mr. Merrithew) some specific questions about New Brunswick and Nova Scotia. On a visit there last week I talked with the Maritime Lumber Bureau which has established an emergency committee to fight this tax.

An Hon. Member: I don't believe it.

Mr. Langdon: You do not believe it? You should ask yourself what is actually happening in New Brunswick.

The Acting Speaker (Mr. Paproski): Order, please. I would advise Hon. Members that there are only four minutes left. I have tried to allow three or four Members to ask questions and make comments, and I would hope that Members would give these Hon. Members the opportunity to do so.

Mr. Langdon: My question to the Minister is this. In the final stages of negotiation of this agreement, the New Brunswick producers involved received an indication from both the American officials and from the officials whom they had talked with in Ottawa that there was going to be some over-all exemption for Atlantic Canada, which has a very small element within this lumber industry, and which has stumpage fees that are very much higher than anywhere else in the country. Why was nothing done for the 97 companies that are not exempted from this export tax, when there are five New Brunswick companies that are exempted? Why is there this incredible sense of unfairness? Why was it not corrected in the final stages of negotiation?

Mr. Merrithew: I am delighted to have an opportunity to address this particular question. I will be meeting with the Maritime Lumber Bureau this afternoon. I have already met and talked with them on dozens of occasions. I have been in general contact with the industry in New Brunswick during the final hours of the negotiation.

Anyone who leads the Canadian people or the Maritime producers to suggest that they might somehow have received a magical exclusion for the region, I can tell you from having talked with the people who were at the table that it was simply not on. Therefore, what choices do we have? We could negotiate to maintain the exemptions, which were given in the October 16 preliminary decision. We had that choice or nothing. We opted to protect the exclusions of the 20 companies in Canada that were given exclusions, five of which are in New Brunswick. The Hon. Member has forgotten to indicate to the public and the Chamber that those five companies, and I know them personally since I have worked with them for years, make up 92 per cent of all of the exports from New Brunswick to the United States.

It seems to me that with those exclusions and exemptions New Brunswick will come out of it better than anyone could possibly have dreamed, and we negotiated that. With the final determination, if it had gone against Canada, there is no indication now that we would have been able to keep those exclusions and exemptions. If it is possible to have a winner at all, New Brunswick was clearly a winner.

Mr. Foster: I have a short question for the Minister. A number of companies have been excluded from the agreement. Why did the Minister not negotiate an agreement for an exclusion for Indian bands? Would he be prepared to do it in the Bill that is before the House? There is an Indian band in my constituency which has a private operator, a Status Indian who produces lumber for export to the United States. He pays stumpage to the band. Status Indians normally do not pay federal tax on income earned on the reserve. Will there be a special provision for the Indian bands and band members who produce softwood lumber and sell it to the U.S.?

Mr. Merrithew: The Hon. Member has made an interesting observation. However, it is important to realize what the Americans wanted from this. Number one, they wanted us to

take a smaller portion of their market. That would include any lumber shipped from our native lands. Second, they wanted a punitive measure. It did not matter whether it was a federal tax, or increased stumpage, but they wanted something to be done because they perceived that we were conferring some benefit. That would include native bands in operation. The bottom line is that the American people were not having any part of expanding the number of exemptions at that time. That does not mean that we will not continue in the ensuing months to discuss with them those types of exemptions. There is provision in the agreement for us to reopen it. I will take it under consideration.

Mr. Manly: Will the Minister tell the House whether any special studies were done as to the impact that this export tax will have upon different regions of the country? If so, could the Minister tell the House which regions will be most adversely impacted?

Mr. Merrithew: Naturally, governments and private consulting economists made estimates of what the effect of the tax may be, if it were based at 10 per cent, 5 per cent, 15 per cent, or the requested 36 per cent. Obviously, we have had some estimates done, and we will monitor that situation. The trouble is that these estimates are always based on certain assumptions, for example, new housing starts in the United States, the United States' economy, what will happen here in Canada, what the distribution east and west will be, and what the domestic market fluctuations will be. No one can easily determine what the effect will be. However, we will be monitoring that. In every province we have in place a system so we can watch what the trends are. To date, they have not been terribly negative. In fact, they have been surprising.

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated.

• (1140)

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I am pleased to have an opportunity to put on record some comments regarding Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products to the United States, or we assume to the United States. We are still questioning whether under GATT we have the right to levy a special tax on one country and how other trading partners in the softwood industry will feel about it, whether or not they will take it to GATT and ask it to be applied to all countries which receive softwood exports from Canada.

However, it is appropriate to spend a moment or two to put the whole matter into some context today. We recognize that there is a $4 billion lumber export to the United States from Canada, representing nearly 15 billion board feet and 88 per cent of our total lumber exports. Obviously we are talking about the Canadian softwood export industry virtually in total.

It is useful for us as parliamentarians to recall that we are discussing the woods industry of Canada which employs, directly and indirectly, 780,000 Canadians. It is a major aspect of the Canadian economy and of course the overwhelming leader in our trade.

Over the last number of years the Canadian lumber sector modernized and retooled its sawmills. It spent a great deal of money modernizing its operations. Of course, the high quality of SPF—spruce, pine, and fir—from Canada are recognized the world over to be extremely high quality lumber and sell in world markets at premium prices; people are prepared to pay more than the going rate to obtain first rate Canadian lumber. Our workers in the woods are extremely productive. They are among the most productive in the world. Consequently, it enabled the Canadian industry was able to expand significantly its exports to the United States over the last number of years. By and large the quality of wood there is significantly less. The mills are antiquated and outdated. They are still using big rip-saws which end up with excessive amounts of sawdust from sawn logs.

Quite frankly, we did such an excellent job in terms of our high productivity levels and our ability to compete internationally that we were able to send lumber from the northern parts of Canada down to the United States, to sell it in Tennessee, to take the Americans head on in the market-place, and to be successful.

When we add on transportation costs to our wood product delivery, it gives an idea of just how competitive and productive is the Canadian operation. It is first class, and we can be very proud of the sector.

The Americans recognized that they had to do something about their old-fashioned, antiquated operations, low productivity sector and poor quality lumber. A few years ago they set out to attempt to keep the Canadians out of their market and to increase their prices by keeping out Canadian competition. They lobbied their Congressmen and key Senators, such as Senator Baucus, Senator Gibbons, Senator Packwood, and others, and they did it successfully. They got Congress to take a number of initiatives which would in fact work against the Canadian interest in the United States.

Why they feel that Canadians having 35 per cent of their softwood market is inappropriate is beyond me, considering the percentages of various markets which they have in Canada—40 per cent, 50 per cent, 80 per cent and even 95 per cent in some sectors. However, they felt it was inappropriate for Canada to have 35 per cent of their softwood market and took the retaliatory actions of which we know so well over the last number of months.

Also Canadians must be reminded of the very famous "Dear Bob" letter which the President of the United States sent to Senator Packwood who at that time was Chairman of the Finance Committee. In that letter the President pointed out very clearly that they had to deal with the Canadian softwood issue and, if necessary, he would go to whatever length to ensure that the American softwood industry would become

more competitive in the United States, and if that meant keeping Canadians out of their market, so be it.

That was the involvement of the President of the United States alongside some of these critical Senators who sort of ganged up on the Canadian industry. I think they recognized that it would be an easy task. After all, they considered the Government of Canada to be a push-over. When I look at how they have treated us over the last few months, I think they see the creation of a new branch plant in Canada called the Conservative Government of Canada, which is here to take directions from the United States Congress. One would find it easy to find all sorts of evidence to substantiate this new United States branch plant in Canada.

In 1983 when the Americans decided to move against Canada, we were successful before the International Trade Commission. We made a good and strong case. I should say that by and large the Government of Canada and provincial Governments, particularly the Government of British Columbia, kept out of it. The industry and the unions involved worked co-operatively and did an excellent job. They presented a good case and won. However, in the last little while that certainly has not been the case.

We have seen clear evidence that once the Canadian Government became involved, particularly with the Premier of British Columbia, the whole process began to unravel significantly. I should like to remind the House of a quotation of the Minister for International Trade (Miss Carney) when she spoke a few months ago after the Commerce Department of the United States made its preliminary ruling which found that indeed Canadians subsidized their industry. They wanted to impose an export charge of 15 per cent, and the Minister for International Trade said that we must fight this all the way. She said:

> Today it's lumber. Tomorrow it could be any number of issues.

She went on to say:

> We all agree that this ruling is deplorable, artificial and contrived, and does not stand up to extensive analysis.

Also she said:

> The U.S. action strikes directly at the sovereign right of a Government to manage its own natural resources, and negotiations would only condone the precedent. First, we will fight to reverse this verdict.

A few days later in the House of Commons, she said:

> This decision has concerned us and should concern all of the United States trading partners, because we view it as an unacceptable attempt to impose U.S. views on how other Governments should manage their natural resources. Furthermore, we feel that this preliminary ruling by the U.S. Commerce Department has no basis in U.S. law, is badly flawed, and is inconsistent with the U.S. obligations under the GATT.

What we have is the unravelling of our strong case. I remember the Secretary of State for External Affairs (Mr. Clark) rising in the House on many occasions and saying that the Canadian case was strong, ironclad, thoughtful, and well developed. He said that it could withstand pressures from the United States and that, therefore, it should go through the quasi-judicial process in the U.S. and, if necessary, on to GATT for a final ruling.

The whole process then fell apart. It is very clear that it began to fall apart just after Labour Day last year when the British Columbia Minister of Forestry, Mr. Jack Kempf, stated publicly that he felt the Government of British Columbia was not charging enough for its trees and that the stumpage rates were too low.

Then Premier Vander Zalm started to shoot from his mouth that indeed the whole matter should be reviewed, that there seemed to be a possible subsidy in the forest industry, that stumpage rates were too low, and so on.

At that time the Minister for International Trade was put into a situation where she had to admit that Canada had virtually lost the case, that in a sense the Premier of British Columbia and the B.C. Minister of Forestry said to the United States: "You are right. We subsidize our industry. We undercharge for our trees which we sell our forest companies", exactly what the American forest coalition was accusing us of doing. With the Premier of British Columbia one of the political leaders of Canada representing the province with the most trade in softwood with the United States having said that, the federal Government then caved in as well. The Minister for International Trade (Miss Carney) said: "Yes, now we are going to change our minds. We do not have confidence in our case. We are going to negotiate." Industry considered this unbelievable. It was not aware of the change of heart. In my discussions with many industry leaders they told me they were absolutely shocked that the Minister had changed her mind without any consultation or discussions with them. They just read about it in the newspapers the following day.

• (1150)

A very serious situation then began to unfold, as we know only too well. An agreement was eventually signed and the Government of Canada in a sense caved in, telling the United States that it would negotiate. The Canadian Government agreed that what the U.S. accused us of doing was accurate and agreed to a 15 per cent tax on exports to the U.S. Some people have had some very strong words about this. For example, historians, economists and legal scholars have given the Mulroney Government a failing grade in the handling of the softwood lumber talks with the United States. As reported by Canadian Press on January 3, 1987:

> —the Government has jeopardized Canada's sovereignty by caving in to American demands to impose a 15 per cent tax on lumber exports south of the border.
>
> And they say there is no precedent in Canadian history for a deal that gives Washington a voice in how Canada manages its lumber industry.

Mr. Gormley: Who said that?

Mr. Riis: Maxwell Cohen, one of Canada's foremost experts on international law, said that the lumber deal is a dangerous

precedent that threatens Canadian sovereignty. He went on to say:

It is a strange procedure to allow someone to monitor our own stuff.

Cohen was a judge on the International Court of Justice in the Gulf of Maine dispute with the United States. He was a former Canadian chairman of the International Joint Commission. Here was an expert saying that in a sense the Canadian Government had sold out its sovereignty in this issue.

Let us look at some letters. I want to refer to one written by Malcolm Baldrige, Secretary of Commerce in the United States Department of Commerce—

Mr. McDermid: Why don't you read the IWA letter?

Mr. Riis: —and Mr. Clayton Yeutter, the United States trade representative. In their letter to the U.S. coalition, which initiated this process, we find:

Fourth, it is the understanding of the U.S. Government that the U.S. Government would have to approve any changes in the export charge or calculation of the value of any replacement measures. Any changes made without U.S. Government approval would be a violation of the Understanding.

Just as clear as day it says here that the United States Government must approve any changes to our stumpage programs in Canada and other substitutions for the export tax that the Canadian Government or the provincial Governments decide to make. If the United States Government feels it can intervene and play a role in our forest policy, why should it not feel the same way about our fisheries policy, our tourism policy, our agricultural policy and our resource policies?

Mr. Gormley: That is nonsense.

Mr. Riis: It is not nonsense, Mr. Speaker. It is not nonsense when international experts in trade indicate—

Mr. McDermid: What an alarmist.

Mr. Riis: —that Canadian sovereignty has been sold out. I suspect that these international experts know about what they are speaking. I put a great deal more faith in them than I do the Minister of International Trade who, by the way, was so concerned about the signing of this arrangement with the United States, that will, put by a variety of estimates, somewhere between 5,000 and 25,000 jobs at risk, and there is a great variance in what this is actually going to do, that she was sitting on a beach in Maui. She was holidaying in Hawaii.

Mr. Gormley: And where was Jim Fulton?

Mr. Riis: The Minister responsible for this deal who in a sense has put thousands of Canadian jobs at risk was so concerned that she was sunbathing in Hawaii. That betrays very clearly by her actions how concerned she and the Government obviously were.

Mr. Foster: She will fight them on the beaches.

Mr. Riis: She adds new meaning to that old saying, she will fight them on the beaches, obviously.

I want to outline some of the concerns that have been brought to my attention by a variety of forest experts, people in the industry for whom I have a great deal of respect, people who are respected in their communities for their knowledge and understanding of the softwood industry. I refer to people like Mr. Joe Martignago of Balco Industries Ltd. in the community of Heffley Creek, British Columbia. Mr. Martignago said:

The 15 per cent export tax is devastating. It could cost Balco approximately $8 million per annum. We will go down sooner and for longer. The Forest Industry Council estimates the additional cost to the Canadian industry will be $600 million per year. That is well in excess of the total profit of all lumber companies in Canada.

Mr. Peter Berry, President of Evans Products Co. Ltd. in the community of Savona, British Columbia said:

The Government handling of softwood lumber export tax was a disaster. It is too early to say what specific impacts will be felt by Evans Products, however, we can expect that the 15 per cent will cost us $4 to $5 million per year. Don't expect that cost to be offset by price increases. Some companies will literally have to go to the wall.

Mr. Brian Swanson, President, Clearwater Timber Products Ltd. of Clearwater, British Columbia said:

I'm not very happy. We shouldn't have another country dictating what it would cost to sell to others, i.e. Sweden, Chile, New Zealand. I resent the fact that the industry, to the best of my knowledge, had no real input into the decision.

Let me go on to a comment made by Mr. Herb Henri of Holding Lumber Co. Ltd. in Adams Lake, British Columbia who said:

The export tax will mean a $30 to $40 charge against all American shipments. We would rather have seen an offset of a 90 day cooling off period for further discussion instead of the December 31 deadline.

He was concerned the industry had been left out of the discussions at the critical eleventh hour.

Mr. Van Scoffield, Manager, Cariboo Lumber Manufacturers Association in central British Columbia said:

The best position would have been to fight rather than negotiate.

That is what we have been saying all along. He went on:

Now that option doesn't exist, the outspokenness of some politicians during August and September of 1986 left little chance to backtrack.

Of course those politicians were Mr. Jack Kempf, Minister of Forests, British Columbia, the Premier of British Columbia and the Minister for International Trade.

Mr. McKnight: Jack Munro.

Mr. Riis: Mr. Van Scoffield, spokesman for the central interior British Columbia lumber industry went on to say:

The long-term effect, even for survivors, will mean their profits will be drastically reduced or eliminated. There will be no money for improved equipment and technological changes necessary to stay competitive. Even the survivors will be on a downhill slide. Everyone will lose.

Mr. Barney Lukas, Director of Public Affairs for Weyerhaeuser Canada Ltd. in Kamloops, B.C. said:

Even now, when the demand for lumber and the prices are reasonable, much of the industry is at a break even point. Everyone is a potential loser. The disappointment for the forest industry is that we would have preferred the

Government had taken the judicial route rather than the negotiated route. The impact on today's prices would be $16.5 million per year for us.

I could could go on and on. There are all kinds of leading spokespersons for the forest industry who have condemned the way the Government has handled this whole matter.

In conclusion, Mr. Speaker, I might refer to your own province of Alberta. For example, Mr. Rytz with the Alberta Forest Products Association said:

Every stud mill in the province is in a loss position as of right now.

Mr. McDermid: When did he say that?

Mr. Riis: A week ago. Mr. Chris Anderson of the Canadian Forest Products of Grande Prairie said:

There are definitely going to be jobs lost and plants closed.

I think we have to recognize that the Americans have accepted negotiated settlement because they are absolutely convinced it will keep Canadians out of their market. The whole purpose was to keep Canadians out. If Canadians are kept out of the market which makes up 88 per cent of lumber exports, obviously there will be cut-backs in Canadian operations. If there are cut-backs in Canadian operations, some plants will close and there will be lay-offs. Lay-offs will occur earlier in the year than normal and recalls will occur later in the year than normal. The effect of this will be very negative.

• (1200)

I would ask government Members what will happen to single-industry communities that depend upon this industry when a mill will actually close and thousands and thousands of people will lose their jobs? I say that because we have heard so many reports from experts indicating that from 5,000 to 25,000 jobs may be lost. I do not want to say that 25,000 jobs will be lost but what compensation will there be for the thousands of people who will lose their jobs?

Mr. McDermid: How many?

Mr. Riis: I would like to remind Hon. Members that a 1971 employment—

The Acting Speaker (Mr. Paproski): Order, please. I regret that the Hon. Member's time has expired. Questions or comments.

Mr. Gormley: Mr. Speaker, I listened with interest to the comments of the NDP House Leader and I wish to ask him a question about the impact of this issue on Saskatchewan. I spend considerably more time in my riding than I do here in Ottawa. I was fortunate enough to take a tour of my constituency in the days after the announcement of the tax. People in the forest areas consistently told me that the NDP criticism of this tax was uninformed, fear-inspiring and out of touch with people who actually live and work in logging areas.

There were four particular points made by many of these people who live in Big River, Meadow Lake and other areas. First, they acknowledge the reality of growing American protectionism. Second, they accept the alternative Canada has had to take. Third, in the case of Saskatchewan, they see the money coming back into forest development, silviculture and reforestation. Fourth, and this was the interesting criticism, they found the question of sovereignty as argued by the NDP to be the lamest excuse. They saw this in particular as being nothing but fear-mongering.

I would like the question that I will put to the Hon. Member to be answered in one word, either yes or no. Anything more than a yes or no answer will indicate that the NDP is waffling on this issue. Did the NDP House Leader or members of the NDP travel to Saskatchewan's forestry areas to find out how the people there would respond to this issue, yes or no? Did they go to Meadow Lake, Big River, Hudson Bay or Prince Albert to ask these questions, yes or no?

Mr. Riis: Mr. Speaker, this is interesting.

Mr. Gormley: No?

Mr. Riis: For Conservative Members, the world is yes or no, black or white.

Mr. Gormley: Yes or no?

Mr. Riis: I would like to tell my hon. friend across the way that for many, many days, members of the New Democratic Party toured the West, the North, northern Ontario, the Province of Quebec and Atlantic Canada. We phoned mills and mill operators across Canada.

Mr. Gormley: You didn't go to Saskatchewan.

Mr. Riis: No matter where we went, no matter with whom we spoke, we found that the people thought that the disastrous decision of the Government would set this industry back significantly.

If perhaps as many as 27,000 jobs are lost, the highest estimate that I have read—

Mr. McDermid: I can't believe this.

Mr. Gormley: Are you going to put your seat on the line?

Mr. Riis: I'm not going to put my seat on the line. I just said that the highest estimate made by experts is 27,000.

Mr. Keeper: Put Tory seats on it.

The Acting Speaker (Mr. Paproski): Order, please.

Mr. McDermid: Mr. Speaker, I have one or two comments to make. I am glad we have now heard an estimate from the member of the New Democratic Party as to how many jobs will be lost. The record shows that NDP Members say that there will be up to 27,000 jobs lost because of this. That is very interesting.

Mr. Waddell: He said it was the highest quote. Get it right.

Mr. McDermid: I want that to be understood. The Hon. Member was asked how many jobs would be lost and he did not give an answer. Then he said that up to 27,000 jobs would be lost. I would like to find out from whom he quoted, if it is a quote. I wish he had given someone credit for it, but he did not. I do not think we will find anyone who said that. It is typical of the exaggeration and fear-mongering of the New Democratic Party that brings us those kind of statistics. He has no foundation for that statement whatsoever.

Since this deal was made, lumber prices in the United States have risen by 13 per cent.

Mr. Riis: That's the point, to keep us out of their marketplace.

Mr. McDermid: This indicates that the Americans are paying the tax. Shipments have not dropped. Americans are still buying Canadian lumber and are paying 13 per cent more since the agreement was signed.

Mr. Riis: You've got to be kidding, John. If you believe that, you think there are fairies floating around in here.

Mr. McDermid: Those are the facts. Read them.

Mr. Nystrom: No wonder you're in third place.

Mr. McDermid: I have here a letter from the International Woodworkers of America, friends of the NDP. I think the President of the Woodworkers of America will run for the leadership of the New Democratic Party. Here is what this group has to say:

> During the past few days, the softwood lumber settlement has been severely criticized on both political and economic grounds. We would suggest that many negative comments have been both ill-informed and ill-founded. All seem to be based on the assumption that somehow the 15 per cent duty could have been substantially reduced if a negotiated settlement had not been entered into. That is simply untrue. The only question which remained to be answered was whether the United States or Canadian governments would be permitted to collect the revenues.

Even the friends of members of the NDP are saying that their fear-mongering is not working and is unfounded.

Mr. Riis: Mr. Speaker, it is interesting that the Parliamentary Secretary has suggested, incorrectly as usual, that I mentioned the exact number of lay-offs that will occur. He is normally an intelligent man. I simply said that one of the quotes—

Mr. McDermid: From whom?

Mr. Riis: —from one of the experts predicting the impact of this was as high as 27,000 jobs to be lost in the forest industry.

Mr. McDermid: Nobody said that.

Mr. Riis: He represents the Government that has negotiated this deal that is placing thousands of Canadian jobs at risk. Surely the Government has done some analyses. Surely the Government has looked at the impact of this. However, I would like to ask a specific question of the Hon. Member.

Mr. McDermid: No, no, you're the guy who's supposed to be answering.

Mr. Riis: Perhaps the next government Member who speaks will answer this question. Back in 1971, the House passed the Employment Support Act which was designed to help industries harmed by retaliatory trade practices. In other words, there is legislation in place to help a single-industry town. If there are massive lay-offs in a community, there is a mechanism in place now that would allow the Government to take immediate action. I would suggest to Hon. Members opposite that as soon as we start providing a list of those mills that are closed and those single-industry towns that are placed in a position of jeopardy, the Government take immediate action to provide whatever remedy is required to help the people harmed as a result of the Government's disastrous decision on the softwood lumber issue.

Mr. McDermid: Mr. Speaker, I would point out to the Hon. Member that employment in the lumber industry has gone down by 30 per cent in the last 10 years while the industry is 30 per cent more productive. The marginal mills have been closing down or modernizing all along. They have had to. That is why our producers are far superior to the American producers. That is why we are selling lumber and still selling lumber in the States. To say that there will be thousands of jobs jeopardized, that towns will close down because of this, is absolutely and totally unfounded.

Members of the NDP are putting fear into this industry like they put fear into the shakes and shingles industry. Just because of the fear-mongering that went on, the shakes and shingles industry closed down for a couple of months. Lo and behold, people still wanted to buy shakes and shingles. The only difference was that the Americans were paying more for them. The industry is going full tilt again and the same thing will happen to this industry. The big losers are the American consumers.

We will still sell lumber to the American consumers and we will still be competitive. The Americans like our lumber because it is of a better quality than theirs. All this fear-mongering about mills and towns closing down and 27,000 people being put out of work is absolute balderdash.

• (1210)

Mr. Riis: Perhaps it is time for a challenge, Mr. Speaker. The Parliamentary Secretary says that there will be no mills closed and virtually no lay-offs.

Some Hon. Members: "Baldrige-dash".

The Acting Speaker (Mr. Paproski): Order, please. I ask the Member to give a short response. His colleague, the Member for Yorkton—Melville (Mr. Nystrom), would like to

ask a question, but I will have to cut him off. Therefore, I will allow the Hon. Member to respond.

Mr. Riis: Mr. Speaker, the Parliamentary Secretary, who obviously feels very knowledgeable on this issue, says there will be virtually no lay-offs and no plant closures as a result of the 15 per cent. Is he prepared to put up his seat, as I am, and say that if there are any lay-offs or any plant closures as a result of this he will step down from his seat? Will he accept my challenge? Does he have the courage of his convictions, or will he hide behind the veil of empty promises to the people of Canada? If he believes what he is saying, he will put his seat on the line.

The Acting Speaker (Mr. Paproski): The period for questions and comments is now terminated. I will recognize the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) on debate.

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I have been struck by the comments of journalists who say that it is time for Canadians to have sympathy for the poor Tories. Brian Mulroney is now the Joe Blpftsk of Canadian politics. Everywhere he goes he carries a cloud around with him. It is now time for Canadians to go to the wailing wall and light candles for the poor, benighted leadership of Brian Mulroney who, day after day—

The Acting Speaker (Mr. Paproski): Order.

Some Hon. Members: Order, order. Relevance.

Mr. Gormley: You are totally irrelevant.

The Acting Speaker (Mr. Paproski): Order. Question Period begins at 2 o'clock. I would hope to have a little more decorum here. I would like to hear the speech of the Member for Winnipeg—Fort Garry. However, he has been here long enough to know that the Prime Minister (Mr. Mulroney) is the right hon. gentleman and is not referred to by his name.

Mr. Axworthy: Thank you, Mr. Speaker. I was quoting. I should have put quotation marks around the words of those who are now soliciting this wave of sympathy for the stumbling and fumbling that we have watched with interest. One would be hard pressed to be sympathetic after listening to the speech of the Minister for International Trade (Miss Carney) yesterday. While the negotiations were being conducted she was nowhere to be seen. Now, with bravado and bluster, she is attempting to defend the indefensible by going on the offensive and blaming everything on the Opposition or someone else. There is always someone else to blame.

This typifies the deep sense of panic and fear which has gripped this administration as it realizes the mistakes it has made in governing. I suppose there are those within the administration who are not smart enough to realize the trouble they are in, but the Canadian people know what trouble they are in. Any Government that was elected with a massive majority and is running third in the polls two years later has some cause for worry. However, we see only increasing arrogance.

The Minister returned from Hawaii declaring a grand victory, which compares with the eloquent statements of Neville Chamberlain who upon returning from Nuremberg and Munich said he had won the peace. The fact is that ignorance is being masqueraded as bravado. Canadians must be concerned about the lack of understanding of this issue.

I will comment on statements made by the Minister and we will see how they hold up. Yesterday she tried to make the case that this agreement was somehow good for the lumber industry of Canada. It is totally absurd to assert that the results of these negotiations will have no negative impact on the lumber industry and that Canadians should be thankful for these negotiations. She was trying to say that anyone who raises the problems which will be faced by the lumber industry is misguided. The Parliamentary Secretary has said that this is a great campaign of misinformation.

The profit margin of the lumber industry was only 3 or 4 per cent last year. How is it possible to extract $500 million or $600 million from such an industry and say it is good for them? How do you bleed an industry to death and say that it will lead to vitality? It does not make sense.

This morning representatives of the secondary lumber manufacturers are on the Hill pleading with various caucuses. There are 80 mills in British Columbia, Alberta, Saskatchewan and Manitoba engaged in the secondary manufacturing of wood products that will be closed down because they are paying 200 or 300 per cent more as a result of the negotiations of the Government. They would have been happier with the countervail. Under the countervail at least they were only paying on the primary products. They are now paying on a whole range of manufactured products. We were led to believe that the Government was interested in encouraging value-added, labour intensive development. Instead, the Minister's wonderful agreement will result in major shut-downs and lay-offs in the secondary lumber products industry.

The Minister went on to say that the Government has saved the industry, that it will put $600 million back into provincial coffers. The Government has not taken into account the amount of money which will be lost to the industry. The report on the economic impact on the Canada and U.S. softwood lumber industry prepared by Widman Management points out that the loss of corporate taxes will be $282 million, that the increased unemployment insurance payments will be $163 million, and that the loss of personal income tax will be $59 million. The net loss as a result of this agreement will be $500 million. What great advantage has been gained by this agreement which will result in a major withdrawal of funds from the corporate sector?

Is it not strange, Mr. Speaker, that the Conservatives, who were elected in 1984 on the platform of national reconciliation and working with private industry, have now engaged in the dirtiest, bloodiest insult match with private industry that we

have ever seen? I am amazed by the language which the Minister for International Trade has used to describe members of the lumber industry. Only weeks ago those people were paragons of virtue. They are now being called the worst kind of traitors. The Minister said that you cannot trust them, that they do not know what they are talking about. This is the Government of free enterprise. This is the Government which was going to support the private market. It is now telling the industry that it does not know what it is doing, that the Government knows better. The Minister for International Trade, the well-known expert on lumber matters, knows much better than the industry.

There is one major difference between 1983 and 1986 with regard to the softwood lumber industry. In 1983 the lumber industry was allowed to fight its battle with the support of the Government. In 1986 the Government intervened and replaced the lumber industry. All the brave speeches about allowing the private industry to decide its own best interests ring hollow. I recall very well that the strategy in 1983 was to allow those who knew best to act. We did not have a Minister for International Trade wallowing in, with all her new-found knowledge, to displace the industry in its process. The industry negotiated for itself and won the battle. However, we now have a Minister who knows so much better, and we have lost. That says something about the hypocrisy we have heard.

• (1220)

The Government talks about this agreement being so good for the industry. We want to know why the industry is saying this agreement will require it to translate the export duty into stumpage fees and substantially raise the cost of the domestic product. That can translate into an extra $1,000 per house for Canadians and into substantially higher costs for exports to other countries. Not only are we in a catch-22 situation with the U.S., we are also going to penalize our own consumers and our other export markets. That is the great economic advantage that the Minister for International Trade has won for Canada. She has repudiated the industry. She has an agreement that does not work. We have a formula which will lead to higher prices in our domestic and other export markets. That is the economic advantage.

The Minister says we had no choice. That was the only thing we could do. Balderdash. What stupidity to say there was no other choice. We had another choice, that of following the trade rules which were worked out over the years with both the U.S. and the internaticnal community. If we had followed those trade rules there could easily have been no duties imposed at all. We would not be talking about 15 per cent or 10 per cent or 20 per cent. We had the option of continuing to fight on the issue and end up with no duty being imposed. That wonderful, all-knowing, omniscient Minister of International Trade ignored the report the U.S. Department of Commerce put out on December 23 which said that lumber prices were increasing. That, in the admission of the Department of Commerce, substantially weakened the lumber coalition's case. We forgot that and pushed on for negotiations, and you have to ask why. We know why. My Leader said why yesterday. The Minister of International Trade had orders; clear off the irritants, get rid of this problem between us because we have to have a quick-fix deal within three or four months.

What was the other option? We were told directly that the international tribunal under the GATT was prepared to give its first report in February. They were prepared to give a ruling at that time which would have put the U.S. on the defensive. They fully understood what this Government does not understand, that the U.S. is attempting to tamper with our right to set natural resource prices. That is totally contrary to GATT and international trade rules. With that ruling the U.S. would have had to either roll back its decision—

Mr. McDermid: Or?

Mr. Axworthy: Or repudiate a GATT ruling—

Mr. McDermid: Or?

Mr. Axworthy: At a time when they are trying to negotiate a new multilateral agreement.

Mr. McDermid: Or?

Mr. Axworthy: Then Canada could have had the right to take retaliation against U.S. products under GATT.

Mr. McDermid: That is right.

Mr. Axworthy: That is right. What about computer products and other business equipment? What the Tories have totally forgotten is that we negotiated under the Tokyo round free access to the U.S. lumber market and gave the Americans access to the Canadian market for computers and business equipment. We already paid the price for that access. Under GATT we could have had the right to repudiate that agreement. That is what the Government does not understand.

The only way a country like Canada can properly protect itself in the world of international trade is if we play by the rules and strengthen them, not try and get around them. The Government has simply no comprehension of that fact. It may give lip service to a multilateral system, it does nothing to use it or reinforce it. The Government thinks instead that it can get by with the Dale Carnegie approach to negotiations, a song and a dance, a smile and a wink, and somehow President Reagan is going to give in to us. That seems to be the specific approach to Canada-U.S. relations.

That brings me to the other assertion made by that great and all-knowing Minister of International Trade that sovereignty is a phoney issue.

Mr. McDermid: It is.

Mr. Axworthy: The Parliamentary Secretary agrees with her. That shows how far he has retrogressed in the past few years. The fact of the matter is that sovereignty is an issue. I do not think the Tories understand what it means. That is their

problem. They do not understand what sovereignty or independence means. They have no conception of how you go about defending sovereignty. They have no concept of what it means to this country. For their edification I will refer to some international law books. Reading from the standard text by Charles Fenwick, sovereignty means the repudiation of the right of a stronger state to intervene in the affairs of a weaker state. It has come to represent the will of smaller states to exist as separate and independent members of the international community.

That has always been Canada's assertion. We have a particular problem because we share a continent with the largest and most powerful country in the world. That is something Canadians have always been sensitive to. We recognize the need to maintain a balancing act between dealing properly with our friends and allies who share the continent and at the same time defending our independence and sovereignty. That is a balancing act and no one says it is easy. It has to be a central preoccupation of any Canadian Government and it has been over the years. We all know how important it is to make sure you do not shift the balance too far one way or the other.

We have recognized that one important way of ensuring that the balance is maintained is to establish, through the international community, rules which restrain the exercise of the power of the stronger state, whether it is on matters of the environment, defence or trade. Canadian regimes of all political stripes, Conservatives and Liberals, up until now have recognized that the best way to preserve and maintain that balancing act is to strengthen the international community, to put procedures in place where other countries of similar size and nature can help determine the rules. We recognize that that is the best way of maintaining our sovereignty and protecting ourselves.

The fact of the matter is that the Government across the way is the first Government since the end of World War II which has totally abandoned that theory. I think it is the peculiar preoccupation of the present Prime Minister (Mr. Mulroney) that he can somehow establish with the Reagan administration this palsy-walsy informal approach and somehow get around them. Yet he has been proven wrong time after time. The Americans, because they are tough and smart negotiators, when they see weakness, are going to take advantage of it. That is what they have been doing. Whether it concerns pharmaceuticals, publishing or softwood lumber, they see weakness and take advantage of it.

That is the problem with this agreement. It negotiates on the political side and does away with our right to use the rules of the game. Can you imagine signing an agreement where we totally give away our right to go to GATT? We will now rely upon the American President, who has the necessary retaliatory powers, to determine whether there is a breach or not. The people who signed this letter are senior cabinet officers of our partners in the agreement. They are not inconsequential individuals. They are saying, here is our interpretation of the agreement. Are they saying that the fact that Canadians cannot reforest or even build roads in the forest areas does not mean anything? That shows how little they know about international law. The Americans are partner to the agreement and if the Parliamentary Secretary read the agreement as he should, he would see that they have a right to pull the trigger if they see a breach.

• (1230)

Mr. McDermid: Why do you not believe the Canadians?

Mr. Axworthy: When you read agreements, you take both partners into account and do not just look at one side. You should understand their interpretation of the agreement.

If the Government wants to establish Canada's position, where is its letter in return that refutes that statement? Why has it not told Canadian lumber producers and the Canadian provincial Governments, in a clear written document that will have the same standing as the Yeutter-Baldrige letter, what Canadians can do and clearly put on the record that the Government is prepared to refute that statement?

Yesterday in the House I asked the Prime Minister whether he is prepared to ask Vice-President Bush tomorrow if he will repudiate the Yeutter letter and make it clear that their views are the same. He refused to do so. He has refused to put anything in writing.

The Government cannot tell me its interpretation when it does not have the guts to put it down in writing or negotiate it with the Vice-President of the United States. How does the Government expect Canadians to believe its stand when it will not say what it is prepared to do?

We know that the agreement has given the rights to the Americans to monitor our industry, become involved in evaluating the price of our industry and, furthermore, to say whether and how we can determine programs and policies to help our industries. If the Americans are not satisfied they will pull the trigger on the agreement and bring a Section 301 action. We are told this is not an imposition on our sovereignty. That is what frightens Canadians. If the Government believes this is how to sign an agreement, then God help this country.

[*Translation*]

Mr. Fontaine: Mr. Speaker, my first remark . . . I heard the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) talking about nationalism and the Constitution. After being on the team that included his colleague from Quebec—I see him and I can hear him shouting—the team that totally ignored 27 per cent of the population when the last constitutional agreements were signed, I think the Hon. Member is hardly in a position to rise in the House today and talk about nationalism and protecting the rights of Canadians.

I wish he would be more forthcoming with his facts and remember to tell Canadians—I want to ask him about this—what he would do about the 60,000 jobs affected by our

lumber exports, including 11,000 jobs in Quebec. And perhaps he could say what should be done to maintain our $4 million worth of exports to the United States.

I also wish he would tell the people in his riding, in his province and the people of Canada that we managed to reduce the initial demand for a 36 per cent tax that would otherwise have been applied by the Americans last summer and would have cost us $1.44 billion. First we brought it down to $600 million in taxes that would have been collected by the Americans, while today, we are going to collect that tax ourselves and redistribute the money among the provinces. Perhaps he would care to comment on that and say what he would have done.

Furthermore, I wish he would comment on the position taken by the International Woodworkers of America. Thirty-one thousand people wrote to the Minister for International Trade (Miss Carney) to show their support and express the hope the our negotiations would be successful.

Finally, would he care to comment on the fact that our lumber exports rank third and that he would have those exports eliminated altogether?

Mr. Speaker, I wish the Hon. Member for Winnipeg—Fort Garry would explain his position and the position taken by his colleague, the Hon. Member for Saint-Henri—Westmount (Mr. Johnston), on the same matter, so that we can understand what is going on in the Liberal Party, and if they can agree, perhaps they could explain to their Leader, the Leader of the Opposition, what he should be saying on the same subject.

I would appreciate some clarification, Mr. Speaker.

Mr. Axworthy: Mr. Speaker, I shall be glad to answer the questions of the Hon. Member for Lévis (Mr. Fontaine). First of all, he said that 60,000 workers would be affected by this decision. Where does he get his figures? What is his source? For all we know they come out of the blue, since we do not have the source of the documents provided to Hon. Members.

Mr. Speaker, there is no way I can answer the Hon. Member's question unless I know where he gets his facts. So now for the other questions, we had a meeting with Mrs. Saucier, President of the Quebec Chamber of Commerce and spokesperson for the lumber industry in the province of Quebec. At this meeting she said that the Government's decision to levy this tax would create a very serious and very dangerous problem for the industry in Quebec. I may add that her views are highly respected in the province.

I am surprised the Hon. Member for Lévis has not contacted Mrs. Saucier. She is an excellent person to consult.

[*English*]

At the same time he wants to know our position on this issue. It has been clear from the beginning that we felt the Americans had an unfair, unjustified initiative and that ours was the correct position before the international and U.S. tribunals. We believed that to be the position of the Government until October 26. The Minister for International Trade declared with great eloquence in the House that we would fight to the end in those tribunals, but she shifted ground and changed her mind. She sold out, but our position has been consistent throughout this matter.

I suggest to the Hon. Member that there is bound to be major problems when this matter is negotiated. That problem now exists. We have had the same position all along and if the Hon. Member had followed the advice of the Official Opposition he would not be in the mess that his Government has created for him at the present time.

Mr. Riis: Mr. Speaker, the Hon. Member will be aware that according to the agreement only 20 companies out of hundreds involved in the Canadian softwood industry were granted exclusion from this tax. This includes seven companies in B. C. and others throughout the rest of Canada. Has the Government taken any major steps to ensure that other companies that ought to be exempt from this tax will be included in an agreement? Are renegotiations taking place and, if not, should they?

Mr. Axworthy: Mr. Speaker, the Hon. Member quite rightly points to one of the most serious and immediate problems facing us. There are some 80 to 100 secondary manufacturers of lumber products in this country. The majority of them, some 40 to 50 enterprises, are in British Columbia, and approximately 20 more in Alberta. On Friday, I met with some eight to 12 companies who are so affected in my home province of Manitoba. They are producing secondary products that are not part of the list of those that will be excluded. There are many companies themselves that are not excluded, yet the Government has not undertaken any renegotiation. It has made no effort to reopen the agreement to provide for amendments in order to come to the rescue of those companies. This simply illustrates our point, that the Government has become blind in its fixed notion that what it is doing is right.

This is a part of the problem facing the Minister for International Trade. Perhaps as a result of embarrassment, fear, or ignorance, she has exhibited the worst examples of inflexibility. This matter has become a crusade rather than one of ministerial responsibility or intelligent and reasoned public policy when one tries to obtain the best arrangement out of a difficult situation. The issue has become a great crusade.

If there is any item that must be altered in that agreement, it is with regard to those manufacturers. They must be given some opportunity, otherwise they will continue to pay 200 per cent to 300 per cent more under the Canadian imposed export tax than under the previous countervail duty that the Americans introduced. I suppose increasing the cost by 200 per cent or 300 per cent is what the Tories call great public policy.

Mr. Waddell: Mr. Speaker, I am not an expert in this area like the Hon. Member and some of my colleagues. He might

be aware that yesterday John Ferguson stated in his column entitled "Opposition's Crying Wolf Over Lumber Deal with U.S.", that the Opposition criticized very severely the previous tariff on shakes and shingles. In fact, the impact has been minimal and the 35 per cent tariff was really passed on in higher prices to U.S. consumers and the mills are still working with the loss of few jobs. He goes on to say that the American consumers seem to be absorbing a big chunk of this tax as well. I wonder if the Hon. Member could answer that point? In other words, I suppose Mr. Ferguson is saying that this will be passed on to American consumers and in the end will not hurt Canadian industry. I ask the Hon. Member that because I would like to look at this more objectively myself.

• (1240)

I would like to put a second question with respect to that point. Is it not a fact that our industry was being subsidized? How does one lose $200 million running the forest industry in British Columbia unless proper economic rents for the resource owned by the Government is not charged? It seems to me pretty difficult to have a forest like that in British Columbia and lose $200 million.

Let me put those two tough questions to the Hon. Member and ask him, if he been Minister for International Trade, how he would have approached the issue? What would he have done differently? Would he have insisted that the Province of British Columbia, for example, charge proper economic rents and therefore perhaps stop the Americans from complaining? Or would the Hon. Member have taken any other measures differently from the Government?

Mr. Axworthy: Mr. Speaker, first let me recount a discussion we had last week when I visited Washington and met with the coalition against unfair import taxes. It is an American coalition of lumber dealers and consumer groups who have been fighting up until October 26 on the same side as Canada. They recognize that the imposition of the countervail was a wrong move and are now desperately against the Canadian imposition of the export tax. That is certainly because they recognize that it will mean very major hardship for American consumers. There is no doubt about that. They are estimating an additional cost of $700 or $800 to $1,000 for some of the products used by Canada. At the same time they point out that the housing market in the United States, which is the major user of Canadian softwood, has been going through a boom period for three or four years. Coming out of the recession there was a major pick-up in housing demand, but that has now slackened. The projected number of units will be down 200,000 or 300,000 next year, which they obviously assume will have a deflationary impact on prices and there would be far less ability to pass those prices along through the import tax. That means that a large part of that tax will have to be swallowed by the manufacturers or they will simply go out of business. Certainly those in the marginal sawmills will be put out of business.

The second major question which must be asked is what is the impact upon our own consumers and our other export markets? The Government has said its intention is to move from the export tax to increased stumpage fees. The stumpage fee itself applies to trees, and to be able to carve out an end use product from one piece of cedar and say that is destined for the U.S. market is virtually impossible. Therefore, the stumpage fee increase will impact on our own domestic market as well as on our other export markets. That would make Americans even happier because they will be able to compete more equally with us in other export markets.

In answer to the final point, I simply reiterate that if we were the Government we would have done as we did in 1983, use the rules we have and, by using those rules, strengthen them. We have recourses in the international system and in the American tribunal system. The best defense of our interest is to use those rules, to fight for them, and to make our best case. Particularly, and this is the issue at stake, what precedent has been established? We have now conceded that we subsidize our industries. We had never conceded that before. That was simply a matter of public policy in Canada. We have now made a historic mistake in saying we agree that we provide subsidies on our natural resources through Government action. That will open up a whole host of reactions and we already have new coalitions in the United States emerging to fight them.

The Acting Speaker (Mr. Paproski): The time for questions and comments has now terminated. Debate.

Mr. Jack Shields (Athabasca): Mr. Speaker, it is indeed a pleasure to take part in this debate. However, before I get into the meat of my remarks, I would like to make a comment for the benfit of the two previous speakers, the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) of the Liberal Party and the Hon. Member for Kamloops—Shuswap (Mr. Riis) of the New Democratic Party. I believe there was a common thread running through their remarks, and that was to first attack the Prime Minister (Mr. Mulroney) and then to attack in a very vicious way the Minister for International Trade (Miss Carney). Of course, their attack on the Minister for International Trade, their biggest argument, is that she was on holidays in Hawaii while the final negotiations were taking place. Both of those Hon. Members know full well that there are telephones, telefax and telecopiers. The Minister was not involved in the negiations on a one-to-one basis. There was a negotiating team sitting in the room during the negotiations and she was in contact with them at every moment or at any time those people wanted to get in touch with her for direction, and those Hon. Members know that. The Hon. Member for Winnipeg—Fort Garry has been in that position himself when he was Minister for Manpower and Immigration. When things were happening in Ottawa and he was not here—he might have been out of the country—he was in contact with his Department and his negotiators. Let us be fair.

Mr. Axworthy: I never did that, Jack. I was never away when those important negotiations were going on.

Mr. Shields: The Minister was carrying out her responsibility and the Hon. Member for Winnipeg—Fort Garry and the Hon. Member for Kamloops—Shuswap know that. I am surprised the Hon. Member for Winnipeg—Fort Garry would take that tact. I had associations with him when he was a minister. I worked with him on a number of pieces of legislation. I remember approaching him with a very serious problem faced by my community. The fresh-water fishermen were having problems. The Hon. Member for Winnipeg—Fort Garry, as a minister, obliged me in my representations. Therefore, I am surprised, because he knows the difficulties in carrying a ministerial load.

The Hon. Member for Winnipeg—Fort Garry also indicated that the Minister said that with the deal we worked out to solve the softwood lumber dispute with the United States there would be no impact on the industry and no injury. That is just not true. No one from this Government, the Minister, the Parliamentary Secretary or anyone else, ever indicated there would be no impact and no injury. Of course, there could be injury and there could be impact. We all know that. However, the Government and the Minister were faced with a very difficult choice in counteracting the 15 per cent countervail duty which was placed by the United States on the import of softwood lumber.

The Hon. Member for Winnipeg—Fort Garry said we could continue to fight the issue and win the removal. He said we should have fought it out. However, he failed to say that that was going to take perhaps three or four years and that all the time it was being fought through GATT and through the courts, the tribunals and so on, the import tax duty which was there would still be collected and would still be going into the coffers of the United States. He also failed to say that even if we were lucky enough to win, the mood in the United States right now in Congress and the Senate is such that action would have been taken at that level to impose the same kind of restrictions through GATT which are there now, and GATT be damned. The Hon. Member knows that the whole mood of the United States is one of protectionism and of putting up barriers to international trade. He knows that is going on. He knows of the number of individual Bills which are being sponsored through Congress right now.

• (1250)

Thus the Government was faced with a difficult choice. We could either pay a countervail duty to the United States Treasury to the tune of $800 million per year, or even larger, and hope that we would win the case by following the rules. Over the next four years that would bring the total sum up to approximately $2.5 billion. We could have conceded the issue and suspended any action until Canada brought about offsetting measures, such as the imposition of a countervail duty. By doing that we would have started a trade war with our biggest trading partner. That is what we are talking about. We are not talking about a dispute with a country on which we do not depend for a great deal of our trade. We are talking about a country which accounts for 75 per cent to 80 per cent of all our foreign trade.

The third option we had was that of negotiation. We could sit down and negotiate our way out of a mess which was created by a countervail duty without affecting other negotiations which were ongoing to secure access to markets. We could get out of the mess without setting a precedent that would affect other sectors of the economy. In other words we had to sit down like reasonable people and try to negotiate a solution to a very serious problem which affects a significant Canadian industry.

I have the impression as a result of listening to the Members of the NDP and the Liberal Party that we should not negotiate with the Americans. I am left with the impression that they think if we negotiate with them we will lose. They seem to say that we should fight, put up barriers and throw hand-grenades. And then when they do come out with a policy which may affect Canada we have to run to them and say: "You have to exempt us because we are one of your best friends". We cannot do that sort of thing.

So what did the Minister do? She instructed her officials and we moved in to negotiate an agreement. The federal Government did not move in to negotiate an agreement unilaterally. It did not go in as a centralist government and say: "We will negotiate". What the Government did is it went to the provinces, sat down with them and then brought them in on the negotiations. The approach they would dictate is defined by their going to the United States and sitting down with their counterparts to negotiate this agreement. There was co-operation all the way. As a result, nine provinces out of ten agreed with the final position taken. The one province which did not agree was the Province of Ontario. However, it will come onside when the issue is finally resolved.

What the softwood lumber dispute illustrates to all of us is just some of the trade problems faced by Canada and the U.S. It also demonstrates how essential it is for our two sovereign countries to get together and hammer out new rules to settle such disagreements. We cannot allow our trade position with the United States to deteriorate to a point that we will find these types of problems popping up every week or every second week. We have to put a system in place by which disputes of this nature can be solved in a reasonable manner, as was done with the lumber dispute.

I would also like to speak for a moment about the sovereignty issue which I think is very important. I believe that sovereignty is extremely important to all Canadians, just as it is extremely important to all Americans. We have heard members of the NDP and members of the Liberal Party talk about sovereignty and how it has been eroded as a result of our entering into a bilateral agreement with another country on a trade issue. What they fail to say, and most assuredly why they failed to say it is clear, is that when this country entered into

the GATT agreements we gave up, in a sense, some sovereignty or some decision making simply because we have agreed to abide by certain conditions. If we break those conditions then certain things will happen. We will lose our sovereignty in terms of being able to change the rules as we want because we have entered into an agreement.

Each time we enter into a bilateral agreement with any country on any trade issue, whether it be in the area of fisheries, hydro projects in British Columbia or in Quebec, or others, they are monitored by both countries. What members of the Opposition fail to say is that we also monitor bilateral agreements with the United States. We monitor what is going on in the United States. So in the truest sense I suppose that the United States also gives up some of its sovereignty. Through GATT we monitor events which are taking place in the United States, and the United States gives up some of its sovereignty. But that is not the issue. It is a red herring and Members opposite know that.

Let us look at some of the results of the agreement which has been entered into. The Coalition for Fair Lumber Imports is now withdrawing its petition which led to the countervail decision. As a consequence we are introducing legislation to impose a 15 per cent export tax on softwood lumber, excluding all those small plants and companies which impose a value-added levy to the products they ship to the United States. The 15 per cent will not be imposed on those groups. The 15 per cent on the primary production of softwood lumber will be imposed as an export tax. The money from the export tax will go directly into the federal Government coffers. Rather than going into the United States coffers, it is now coming into the Canadian coffers.

• (1300)

The next part of the agreement with the provinces is that the money will be redirected to the provinces that are producing the softwood lumber and shipping it to the United States. They will be able to use it for reforestation, silviculture, or any displacement that may take place in the labour force. The key is that the provinces still control the resource, the federal Government does not.

The Hon. Member for Winnipeg—Fort Garry stated that we should have maintained what they did in 1982 or 1983. Yes, they acted. They were the ones who brought in the national energy policy and attacked the resources of the provinces. I suggest that if they were in Government today that they would be collecting the export duty and keeping it here in Ottawa. This Government is saying that the resources belong to the provinces and they are responsible. Therefore, the export tax that will be collected on exports to the United States will be redirected to the provinces, as it should be.

The agreement essentially maintains exemptions for exports of certain Canadian companies operating in British Columbia, Ontario, and Quebec, most of the producing provinces that do have value added to the lumber before it is shipped to the United States. It will not apply to the value added in the remanufacturing process. That is a commitment that we have.

Most important is the argument we hear, "Gee, you entered into this agreement with the United States on the softwood lumber. My goodness, that will affect all other areas and every other agreement that we might want to develop or reach with the United States". The indications are very clear that this is not so. The proposal to the U.S. Government that was made between Canada and the United States on the softwood lumber was made without prejudice. Without prejudice means that this can never be used as an example of what was done before which can be used in another area. Without prejudice is a common term that lawyers use. They write a letter and put on it "without prejudice", which means that this agreement was drawn up without prejudice.

It is a good agreement. Certainly there will be cost. As the Members over there have clearly indicated, this cost will be passed on to the consumer in the United States. Indications are that the price of lumber has already gone up about 13 per cent in the United States and our sales from Canada to the United States should not be affected.

I rest my case, Mr. Speaker, and thank you for the opportunity.

Mr. Waddell: I have one comment and a question. First of all, my colleagues and I were listening to the Member's struggle with the NDP Party. We were trying to figure out if the Hon. Member does it on purpose, or does he not understand, as is the case with many Conservative back-benchers. Maybe the Hon. Member could privately tell me. It is like saying, the New Democratic Party Party. You cannot have an NDP Party. It is the NDP. Maybe the Member could get his mind around that.

The Hon. Member in debate says that the deal is done without prejudice, therefore, we are safe. It is without prejudice to other matters. That seems to me to be an impossibly naive position to take. The Hon. Member is Parliamentary Secretary to the Minister of Energy, Mines and Resources (Mr. Masse). Did the Member notice that recently the American regulatory body for natural gas tried to intervene and hold up the Canadian practices of pricing gas? In fact, they are intervening with our own ways of dealing with the pricing of our resource. Is that not very similar to what went on in the countervail tariff on lumber? Is that not another example of the Americans intervening in Canadian sovereignty, trying to tell us how we should tax and deal with our resources? Is it not another step in the path of the eventual absorption of Canada by the United States, down which this Government is rapidly leading Canada? Does the Member not understand why Canadians and the Opposition are so upset about the loss of sovereignty in this deal? Would the Member answer that question?

The Hon. Member will recall that a few minutes ago I put a question to the Liberal critic, the Hon. Member for Winnipeg—North Garry (Mr. Axworthy), and asked him what he

would have done had he been the Minister. He answered me that above all he was very concerned that Canada had set a precedent, had conceded that we subsidized our resources. That is what the Member said, and he was concerned with that precedent.

I wish to reiterate the question. Is the Member not being impossibly naive when he says that this is all done without prejudice? Are the Americans not starting to do the same thing with our natural gas industry?

Mr. Shields: First of all, I will try to answer all the convoluted statements made by the Member for Vancouver-Kingsway (Mr. Waddell). One, the NDP Party—I know it sounds as if there is a stutter there. They always take two positions, so I feel that they cannot be referred to as the New Democratic Party, because there is the NDs in Alberta, and there is the NDP in British Columbia that take opposite positions to what that Hon. Member states. It is a repeat—NDP Party—and I will continue to use it. They dropped the "Party" in Alberta for NDs—that does not sound quite right, but it is NDs. There are some problems. We do not have them here, but they have them over there.

Mr. McDermid: It stands for "no dimension".

Mr. Shields: The Hon. Member talked without prejudice.

Mr. Waddell: You did.

Mr. Shields: The Hon. Member for Vancouver—Kingsway is a lawyer and knows what "without prejudice" means. This understanding is without prejudice and this is written in the understanding which I wish to read to him:

> This Understanding is without prejudice to the position of either Government as to whether the stumpage programs and practices of Canadian governments constitute subsidies under United States law or any international agreement.

That is pretty plain. As the Member often does, he asked a question without going to the facts and finding out for himself. I hope that explains it. If the Hon. Member does not have that in his possession, I would be happy to let him have a copy.

The Hon. Member then tries in some convoluted way to link up natural gas. The Member says that the regulatory bodies on natural gas have made a request similar to that of the lumber people. That is not true. The Hon. Member knows full well that the regulatory body in the United States is talking about the transportation costs of natural gas. They are not talking about the pricing of natural gas. They are asking whether the cost of transportation should be included in the price. The Hon. Member knows that full well.

The Hon. Member says that I am being naive when I talk about bilateral agreements. I wish to point out to him that all the bilateral agreements are agreements. There are bilateral agreements for fishing off the West Coast, and for fishing off the East Coast. There are bilateral agreements for the production of energy, electrical power, and the shipping of power across the border. The automotive agreement is another bilateral agreement.

• (1310)

In all of these somehow the United States gives up something; it cannot do certain things if it signs a bilateral agreement. In Canada we give up certain things if we sign a bilateral agereement. It is not sovereignty; it is reasonable people sitting down and working out a problem facing both countries and trying to come up with the best solution. It is much better doing it that way than using the NDP way of doing it, that is, throwing hand-grenades at our largest trading partner and one of our most secure partners in the trading world.

Mr. Deputy Speaker: I will take two more questions—one from the Hon. Member for Saskatoon East (Mr. Ravis) and one from the Hon. Member for Egmont (Mr. Henderson).

Mr. Ravis: Mr. Speaker, I want to pick up on a point concerning the Minister's absence from the country during the Christmas vacation. I was very annoyed at that point being raised because the Minister is probably one of the hardest working Ministers in the Government. I think it is reasonable that a person can expect to spend some time with his or her family during the Christmas vacation, particularly when we realize that the Minister was prepared to spend time on the telephone every couple of hours, as I understand it, keeping in touch with the officials while the negotiations were going on. If Ministers are derelict in their duties, they deserve every bit of criticism they receive from the media or from the public. However, that is not the case in this situation. Even though the damage has been done by our friends in the media and in the Opposition, I think the point should be corrected. This Minister does not deserve that reputation.

Let me return to some of the realities facing the American Government today. They have been mentioned before in the debate, but I want to refer to an article that appeared in *Business Week* which goes back not only to last month but almost a year in terms of the trade deficit situation suffered by the American economy. The Americans thought they could stop their trade deficit at $125 billion, at $150 billion, and at $175 billion, but they found that they could not turn it around. If that situation faced Canada, in all probability we would want to retaliate against some of our trading partners as well.

I would like to put my question to the Hon. Member for Athabasca (Mr. Shields). It is my understanding that the United States has been dealing with some of its other major trading partners, namely, Japan and the European Common Market. Is it not true that we in fact ended up with a much better deal in our softwood lumber situation, in terms of at least keeping the money in the country, than Japan and the European Common Market where it is costing their economies literally hundreds of millions of dollars?

Mr. Shields: Mr. Speaker, the Hon. Member is absolutely correct. The protectionist sentiment now rampant in the U.S. Congress and Senate has generated something like 300 independent protectionist Bills in those two Houses. This has

created a very dangerous situation from which Canada is not exempt.

If we are not able to sit down in some way and negotiate with our largest trading partner problems such as as the softwood lumber one, we will be facing real problems. We cannot allow this to happen, and that is why the total initiative is taking place.

I want to return to the comment about the Minister being in Hawaii on holidays over the Christmas period. First, Christmas is pretty sacred to most families; she is a single parent and she was with her family. Second, the Minister was constantly in touch with the negotiating team. I think it is sleazy politics when members of the Liberal Party and of the NDP, and some former cabinet Ministers, hammer away at this, knowing full well that with telephones and the telecommunications system it is not true that a Minister has to be sitting on the doorstep or in the next room. They know the Minister was in touch with the negotiating team. It is just not true and it is very sleazy. The journalism which has resulted from these accusations is sleazy journalism, and I feel that very strongly.

Mr. Henderson: Mr. Speaker, I should like to make a brief comment. I will not become involved in the debate on whether the Minister should or should not have holidays, be they in Hawaii or wherever she was. However, some Maritimes lumber producers told me that they could not care less whether she is in Hawaii for 365 days of the year.

I think the Hon. Member for Athabaska (Mr. Shields) would agree that this agreement has some serious implications for Maritimes lumber producers. It imposes a 15 per cent tax on all but five Maritimes lumber producers.

As Hon. Members will know, stumpage fees in the Maritimes are higher than they are in any other Canadian province. Basically this deal was struck for British Columbia, Ontario, Quebec, and Alberta. However, Maritimes lumber producers are very scared about what is happening; they have told this to me and to other Hon. Members. In fact, the Hon. Member can ask some government Members from Atlantic Canada about that. It will have a severe effect upon their industry, and some of them will have to close their doors. Time will tell if that is the case or not. Their concern is not only because of their sales to the United States, but also the competitiveness of Quebec and Ontario lumber coming into Atlantic Canada if there is an impediment affecting the sales of Quebec and Ontario lumber into the United States. There is no way the martime provices can compete with that. In many cases we do not have the quantities of good quality lumber to compete in those areas.

I do not want to be always whining about Atlantic Canada, but almost every program implemented by the Government seems to be tuned to some of the larger and richer provinces and has a detrimental effect upon industry and jobs in Atlantic Canada. All we have to do is look at the unemployment rate in Atlantic Canada where there has not been a turnaround in the economy since 1983. The unemployment rate in Ontario is quite low, but it is very high in Atlantic Canada.

Would the Parliamentary Secretary tell us whether there is provision in the agreement to exempt the Maritimes lumber industry which will be affected more drastically than any other part of the country by the agreement?

Mr. Shields: Mr. Speaker, I thank the Hon. Member for asking a very valid question and expressing a concern on behalf of the maritime provinces. Whenever any agreement is signed or worked through, it seems that one part of the country is hurt more than another part of the country because of population and a number of other factors. I agree that there are some specific problems facing the industry in the maritime provinces. However, I also know that these problems will be addressed very clearly. They have been expressed to the Government by other Members from those areas.

The basic underlying philosopy of the present Prime Minister is that all of us must become sensitive to the various regions of the country. When a policy is signed specifically for one province or one area, sometimes it has a counter-effect upon another area. We must all work toward becoming much more sensitive to this. I agree with the Hon. Member. I will certainly help him as much as I can to rectify any problems faced by the maritime provinces because of the agreement.

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I should like to make some brief comments on the Minister's speech yesterday. My friend in the Liberal Party, a former Minister of Transport, accused the Minister of inflexibility. I must say that of all the possible accusations that could be levelled against the Minister for International Trade (Miss Carney), inflexibility is the very least about which I would be concerned. We have seen the most flexible Minister for International Trade in the country's history. At one time she was dead set to fight this matter to the bitter end. A short month or so later she flip-flopped completely and sought to undermine our negotiations just as the preliminary decision was coming down. But, as soon as that preliminary decision came down, she immediately flip-flopped again and said: "We will fight it to the end". With complete flexibility, she flip-flopped yet once more and gave us a strong, tough argument for following a course of action exactly opposite to that which she had recommended previously. I must not, I am afraid, accuse the Minister of anything that smacks of inflexibility. I wish she had been a little bit more inflexible. I wish for the sake of the country she had stood up and stuck to her position and fought through this issue, as the lumber industry wanted to see it fought through, and as two out of the three trade unions involved in the industry wanted to see it fought through. A great many industry analysts who had looked at just how strong the U.S. case was wanted to see the issue fought through. A little less flexibility would not have been a subject of criticism from me.

• (1320)

I must say that the Minister in her tone in the debate yesterday presented to the House the spectacle of someone whose back is very much against the wall. She must, I have to

say, bless the events of the past weekend. Were it not for the events this past weekend the focus would be entirely on her. The thrust would be on seeking her resignation and trying to replace this present weak ineffectual Minister with somebody who would fight for the interests of Canada.

This whole debate that has taken place over the lumber question is a debate which is, in itself, extremely interesting, a debate which is very important to the future of the country. But it is not in itself nearly as important as what this incredibly damaging set of concessions to the United States demonstrates about the wider issue of free trade with the Americans. We have been shown in this case a very clear picture of just precisely how we will be leveraged, how we will be hit and how we will be squeezed in the free trade negotiations taking place. If there is any Member of this House who does not recognize the power that the United States exerted to achieve this agreement, which achieves every single objective the Americans sought back two years ago—

Mr. Darling: Wrong.

Mr. Langdon: —a year and a half ago—

Some Hon. Members: Wrong.

Mr. Langdon: —if they do not recognize that, then I think they are the people who, to use the Minister's ridiculous phrase, are blinking, the people who are blind and the people who are not able to face reality and see it clearly.

This perspective which we present on what has happened to the lumber industry and what is likely to happen as a consequence of the agreement is not the result of sitting back in Ottawa or elsewhere in the world on vacation, or not and looking at what we hope will happen, it is the result of direct and detailed discussions with industry and trade union representatives right across this country which took place in the period after Christmas. It is the result of a survey of lumber companies; it is a result of an attempt to meet face to face with lumber people right across Canada.

I must say that the Minister has distorted, I hope without any deliberate intent, the results of that attempt to reach out and talk to lumber people. She indicated in her speech yesterday that Members of the New Democratic Party travelled across Canada with a task force and as the media reported, could not find any lay-offs directly attributable to the export tax. The letter which was written to the Minister herself as a consequence of that cross-country tour, which I have in front of me, states: "Hundreds of workers have already been laid off—

Mr. McDermid: Not because of that.

Mr. Langdon: —and we found those specific examples, and Maritime producers alone talk of 9,000 to 11,000 jobs at risk".

I do not mind a debate with the Minister which is direct, upfront and vigorous, but I do mind a debate which attempts to distort information which she herself has in her possession from our attempt to provide her with more information.

It has been suggested by the last Conservative speaker that the question of sovereignty, the future independence of our country—because that is what it is about—is somehow a red herring. I have here in front of me a text, not of a U.S. letter to its lumber producers, but a text of the Federal Registry of the United States of America, the register of a decision taken by the President of the United States and signed by Ronald Reagan himself. It indicates quite clearly within that text:

—I intend to take or to authorize all appropriate action in response to any future failure by the Government of Canada to meet the objectives and commitments of the Understanding.

What precisely does that mean, Mr. Speaker? It means that we have to look to what the Americans understand by that agreement. Clearly what they have taken under their federal authority is the responsibility to see to it that Canada puts it into effect.

• (1330)

Of course, what the Americans have indicated is quite clear. The letter written by the American trade negotiators to the lumber producers in the United States indicates that the United States will monitor what will be taking place in Canada. One expects monitoring to be part of an agreement, but they will monitor closely the operation of this agreement "to ensure the amounts collected through the export charge or replacement measures are not returned to or otherwise used to benefit producers or exporters of Canadian softwood lumber". In other words, our hands have been tied when it comes to the assistance we can give to those hard-pressed lumber producers who will be hurt by this 15 per cent export tax.

The American trade negotiators have also said that any changes whatsoever made with respect to the agreement without U.S. government approval would be considered a violation of the understanding. If the understanding is violated, the axe will be over our heads. This is something which has not been recognized by those who have been attempting to analyse this agreement.

The letter written to the U.S. lumber producers says that should the Canadian Government breach its obligations under the understanding or terminate this agreement, the U.S. Government will take all appropriate action such as acting under Section 301 of the Trade Act of 1974 to impose import duties equal to the charges which the agreement contemplated would have been collected by the Government of Canada and/or the provincial Governments. In other words, the Americans, without any recourse to yet another countervail debate, would have the right at once to impose its import taxes on our products without allowing for an appeal through U.S. courts.

Our sovereignty has been damaged in a way that should surely leave every Hon. Member of the House of Commons shamed by what is taking place. According to this agreement, we cannot even provide grants, low-cost loans or other benefits

to the lumber companies that will be hurt. We cannot even award contracts for silviculture, road building or recreation and other foresting activities on a non-competitive basis. In short, we have to follow precisely what the United States wants us to follow with respect to how we deal with reforestation, recreational activities in the forests or anything related thereto. That is shameful. I wish the Government would have the courage to say honestly that it recognizes the shameful position it has put us in.

I must speak to some degree as well of the details of the legislation and the agreement. I would like to deal particularly with Atlantic Canada. In Atlantic Canada the situation is so unfair and so grossly unjust that I cannot believe that a Canadian Government, particularly one with a forestry Minister from that part of the country, would have permitted such a thing to take place. As reported to me by the Maritimes Lumber Bureau, 97 firms in the Maritimes are not exempt from this export tax.

One might ask if these are the big firms that can afford not to be exempt, the firms that are the most powerful and influential and therefore the most able to penetrate the U.S. market. No, these 97 firms are small and 40 of them are the single source of support for employment and economic prosperity in one-industry towns. Those firms are required to pay the 15 per cent export tax despite the fact that many of them depend entirely on exports.

The Atlantic producers worked very hard to promote their position after the preliminary determination was made. On December 4 they all visited Washington to make the point that they should be exempt. On December 15 they visited Washington to stress again the need for fairness represented by an exemption for them. On December 18 they came to Ottawa to make precisely the same point. Everyone was quite clearly aware that these firms with much higher stumpage fees would be hit very, very hard. Yet nothing happened that would assist these 97 lumber producers or their thousands of workers located in one of the worst hit parts of Canada. What injustice, unfairness and unthinking uncaringness about a part of the country which is crucial to the future of Canada.

Not only was there that injustice, there was originally a list of firms and products in British Columbia which were exempt from the U.S. countervail. That list was significantly shortened by the negotiations toward the agreement. As a consequence, thousands of workers who had not felt threatened by what was taking place will be hit immediately and hard by this oversight. Was it an oversight? Was it yet one more concession? Was it one more bargaining chip that had to be given away? All one can say is that it was an incompetently organized and worked out agreement, and that had to bear some relationship to the fact that the Minister for International Trade was not trying, either in Ottawa or Washington, to be on top of the negotiations. I cannot believe that a Minister charged with that responsibility would not be right there seeing to it that these crucial points were established in the final agreement.

• (1340)

This is the start, not the finish, of serious disasters for natural resource producers throughout Canada. Already natural gas producers are experiencing what has taken place in this case. Already pulp and paper producers are feeling the same pressure. Already European and Asian producers are starting to explore similar moves against Canada because we have admitted that we subsidize our lumber industry. That is the shame of this agreement and that is why I felt a sense of great natural grievance when I heard the agreement had been signed and when I saw the details as they came out at the start of this year.

Mr. Deputy Speaker: Questions and comments.

Mr. Orlikow: Mr. Speaker, I would like to direct a question to my colleague. He has talked about the effect of the way in which the Conservative Government handled the lumber question. We have been told that the Government had to make the deal because if it did not it would be subject to the same kind of pressure in many other fields. I want the Hon. Member to comment on a report which appeared in the January 5, 1987 issue of *The Financial Post*, that great radical journal. It talks about something which the Hon. Member for Athabasca (Mr. Shields), who spoke a few moments ago, should be interested in, natural gas. It says that just last month Washington's Federal Energy Regulatory Commission ruled Canada's long-standing method of charging U.S. pipeline customers for natural gas must be changed to conform to internal U.S. practices. The requirement now being appealed by Ottawa could force Canadian gas exporters to absorb much of the cost of shipping to the border instead of passing it on to U.S. customers.

I have seen figures which indicate this could cost Canadian producers of natural gas something in the neighbourhood of $200 million. Will the Hon. Member comment on that possibility?

Mr. Langdon: Mr. Speaker, that is one example of the kind of thing taking place as a consequence of our demonstrating that when it came to negotiations over lumber we were patsies. We proved ourselves to be the kind of people who buy the Brooklyn Bridge. I am surprised that the Minister for International Trade (Miss Carney) did not come back from her overseas travel with that in her suitcases.

There is a recognition in that article of what is taking place in many sectors of the U.S. Canada is a serious competitor in very many natural resource areas. Contrary to the past, when Canada was seen as an important source of supply and therefore a country to be encouraged to supply these kinds of natural resources, we are feeling increased pressure in area after area. In this particular case, quite complicated changes in rulings ordered by the U.S. agency involved runs absolutely and directly counter to the April 15, 1985 Shamrock Summit conclusion by President Reagan and the Prime Minister which

indicated that we were to move toward free market arrangements in natural gas and a whole host of other related products. What has taken place in this case is that detailed contracts have been overthrown by the agency concerned. It is just one more sign of what will hit us in the future as a consequence of the weakness we have shown in this case.

Mr. Wilson (Swift Current—Maple Creek): Mr. Speaker, I come from an area of the southern prairies which is almost devoid of timber. In fact, we have but one tree in our riding about five miles north of Swift Current. It is actually fairly well-known. We have come to revere it and some people tie ribbons and other things to it. Notwithstanding the lack of timber, I do feel constrained to make a couple of comments and ask a question of the Hon. Member for Essex—Windsor (Mr. Langdon).

I felt reasonably good this morning upon awakening. It was a new day and the sun was shining. However, after hearing the usual gloom and doom from that harbinger of horror and purveyor of pessimism I feel obliged to suggest that there is a bit of hope out there.

In my area we are concerned about grain and beef. Our producers are very much threatened by the subsidization put in place by other Governments. We had the spectacle under the previous Government of many, many thousand of pounds of beef coming into this country from the European Common Market. Our producers were very much concerned about that. They quite properly made application to the import tribunal in this country and secured the application of a countervailing duty.

Mr. Foster: That was after the capitulation of your Government.

Mr. Wilson (Swift Current—Maple Creek): The Hon. Member for Algoma (Mr. Foster), whose Government allowed that flood of beef to come into the country in the first place, thinks otherwise and leaves the Chamber.

The grain producers also have great cause for concern. The intervention by Governments everywhere in subsidizing the uneconomic production of grain has greatly distorted the market-place and caused our farm people difficulty. Those of us in the Prairies feel that the beginning of enhanced trade talks with the Americans bilaterally and all countries multilaterally through GATT is absolutely essential. We have to retain and enhance our market access if we are going to survive.

I am very confused over the lumber issue because I am hearing a number of lumber-producing provinces saying this is the best deal possible. It is in fact a good deal. I think I hear the NDP in British Columbia saying this is a good deal. I think of several situations in the past where my friend from Essex—Windsor complained bitterly about the de Havilland privatization, Boeing taking over, and the suggestion that numerous jobs would be lost. I recall the shakes and shingles controversy and the suggestion by the Hon. Member's Leader that 4,000 jobs would be lost. In fact, nothing of the sort has happened. I believe everyone would say that the privatization of de Havilland was an excellent thing. The shakes and shingle industry has survived intact. People will note that our lumber industry is strong. Due to the quality of the product and the exchange rate, it is quite likely that we can withstand this lumber transaction, that the jobs will be preserved, and that the American consumer will be stuck with extra money which will accrue to the Canadian Treasury.

• (1350)

Will the Hon. Member clarify why he and the other members of his federal Party find so much wrong with the agreement while his provincial counterparts in British Columbia, the unions in British Columbia, and a number of the provinces think it is a pretty good deal?

Mr. Langdon: Mr. Speaker, there was a great deal wrapped up in one final question. I will not deal with the points which led up to the final question but, instead, will deal briefly with the final question itself. I have talked with my provincial colleagues in British Columbia, including the leader of the New Democratic Party there. It is their view that this deal does represent, for precisely the reasons which are detailed in my speech, an extremely dangerous assault on the economic independence of this country which will affect a whole set of natural resource industries besides softwood lumber.

That is also the expressed view of trade unions such as the Canadian Paperworkers Union and the Sawmill Workers Union which represent those who, quite frankly, work in the most vulnerable of the mills, those in northern Ontario, the Maritimes, and some of those in Quebec. They, too, are very strongly opposed to this agreement because of what they expect it will do to them. First, they expect it will represent a threat to their jobs. Second, they expect that the lumber companies themselves, because of the severe cost pressures which they will feel, will attempt to reduce wages, which will affect them quite significantly as well.

The final point I would like to make is that this agreement was worked out with a tremendous amount of concessions being given by our side. I challenge any Member of the Conservative side of the House to tell me of one single solitary concession made by the United States in this lumber agreement. In reality, they made no concession. We gave up everything and they gave up nothing. That is what I fear will happen in our free trade talks as well.

[*Translation*]

Mr. Deputy Speaker: Resuming debate. The Hon. Member for Montreal—Sainte-Marie (Mr. Malépart).

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, this is a sad day for Canada because the result of the debate is that, on this issue, the Canadian Parliament is acting as a branch plant of the American Government. This decision and this Bill introduced by the Government do not reflect the will of Canadian men and women, nor that of the Canadian

Government or of the Official Opposition, they quite simply are dictated by the American Government.

I am not surprised that we should have reached that point after two and a half years under the administration of the present Prime Minister. We need only remember recent events and remind ourselves that this man was appointed president of Iron Ore just so he would shut down operations without fanfare. Well, Mr. Speaker, again today we are witnessing a lack of leadership and courage in this matter. It is imperative that the people who are listening and watching should know why we are stooping so low, why the Canadian Parliament is being forced to follow the dictates of a foreign Government and impose a tax on Quebec and other Canadian companies, a tax which will be paid by Canadian workers.

Mr. Speaker, Quebec is hit as hard as the other provinces. For instance, the Saguenay—Lac-Saint-Jean region unfortunately is represented by four Conservative Members: yet not one of them has spoken against this measure. The forest industry is a major employer in that region and it will be severely affected by the decision of the Government. Abitibi is also represented by two Conservative Members, yet we have not heard a peep from them even though workers in those ridings may indeed lose their jobs. We must bear in mind that people like our grandparents fought against annexation by the United States. There are people who took up arms to keep this from happening. Even Quebecers, who sometimes like to set themselves apart from the rest of Canada, even Quebecers joined up with people from the other provinces to ensure that Canada would not become an American state. But as luck would have it, the landslide in 1984 brought us Chicken Little who was elected Prime Minister, so that today, in 1987, the debate is on legislation and decisions that are not being made by the elected representatives of the Canadian people.

Yesterday, I heard the Hon. Member for Charlevoix (Mr. Hamelin) say it was the best possible settlement. There was nothing else we could do. I say that when people get to the point where they say there is nothing else they can do, there is something they can do: they can resign and make way for others who are prepared to protect and support the interests of Canadians.

Mr. Speaker, all this bullying and today's decision to agree to impose a 15 per cent tax on the lumber industry, a decision forced on us by the United States, all this will lead to further pressure. Tomorrow, the Americans will say: We don't like your unemployment insurance system, and you are going to change this and that. Conservative Members will say, with their Leader: Yes Sir, Mr. President, anything you say. And it will be yes, Sir, again, when the Americans start criticizing something else. For instance our health insurance plan, the best in this country, which enables all Canadians to be insured, whatever their income and gives them access to the best medical care, and helps them survive. With the kind of arrangement the Conservatives are accepting on bended knee today, tomorrow the Americans may well be telling us, since they do not have this kind of health insurance: We think you should get rid of your health insurance plan because you are competing unfairly with such and such an industry. That is what it will come to, Mr. Speaker.

When I think that the Hon. Member for Lévis (Mr. Fontaine)—oh, I'm not surprised. He is never on the right track, which is why the shipyards in Lauzon are in such poor shape. And speaking of tracks, Mr. Speaker, I have the impression he thinks Lauzon makes trains instead of ships, which is probably why the Hon. Member is so confused.

Mr. Speaker, I realize I don't have much time left. I want to make it clear that I intend to support my Leader in his battle to ensure that this Bill is not passed and that Canadians will continue to hold their heads high and decide for themselves what they will do to protect our lumber industry and uphold the dignity of this country.

• (1400)

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

DAY CARE CENTRES

GOVERNMENT'S RESPONSIBILITY

Mrs. Lucie Pépin (Outremont): Mr. Speaker, last week the Minister of National Health and Welfare tried to minimize Canada's urgent need for a comprehensive system of quality day care services. The Minister attempted to shift this responsibility onto families by making the most of the feelings of guilt and ambivalence of working parents who must leave their children in day care nurseries. The Minister's message to those parents is clear: he is not prepared to help such families despite the fact that they now form the majority of Canadian families.

The Minister stated that, in his opinion, day care services for children are a provincial responsibility, and he thinks it is rather interesting that the provinces should expect the federal Government to show leadership in this sector. Such an attitude flies in the face of the national leadership tradition which prevails in the case of all other major social programs in Canada.

On Thursday and Friday he will be meeting with his provincial counterparts to talk about day care. Mr. Speaker, I sincerely urge the Government to give this important task to a Cabinet member who can fully appreciate our needs and provide the kind of strong national leadership required in these circumstances.

S.O. 21

[*English*]

MEMBERS OF PARLIAMENT

CONTENT OF HOUSEHOLDER MAILING

Mr. Barry Turner (Ottawa—Carleton): Mr. Speaker, it will not take me 60 seconds to express my indignation and disgust concerning an example of a blatant abuse of public funds.

In the *Member's Manual*, our bible for honest and fair guidance in the exercise of some of our privileges, Members are reminded that the contents of their Householders should be non-partisan.

I have a recent Householder that is, for all intents and purposes, a political mail-out paid for by the people of Canada. At one point it refers to Conservatives as stupid and insensitive, which is blatantly untrue and unacceptable partisanship. Page after page is critical of the Government's sincere attempts to strengthen Canada's economy and our standard of living. I find this to be the most disgusting, politically partisan publication I have seen since coming to this Chamber. It cannot go unchallenged.

In case you are wondering from whence it came, call the office of the Member for Ottawa Centre (Mr. Cassidy).

* * *

VIA RAIL

RED CAPS LAID OFF IN WESTERN CANADA

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, I want to bring to the attention of the House the indignation and anger felt in western Canada with respect to the fact that VIA Rail was allowed to lay off all its Red Caps in western Canada while Red caps were kept on in major centres in eastern Canada. This is another insult to western Canadians by the Progressive Conservative Government, and another attack on groups of people who least deserve to be attacked, including the disabled and pensioners, many of whom are CN and CP pass holders who make good use of Red Caps. They have been basically told no longer to use train service, particularly if they are from western Canada, because VIA has been allowed to lay off the Red Caps.

Furthermore, the new equipment for VIA Rail still has not been ordered, and I heard a rumour this morning that while VIA Rail claims not to have enough equipment it is actually contemplating leasing out some of its equipment elsewhere. I call on the Government to order the new equipment and take action on the discrimination against western Canada and the elimination of the important symbol and service provided by Red Caps.

FISHERIES

SEAL POPULATION GROWTH—DAMAGE COSTS SUFFERED BY FISHERMEN

Mr. Lawrence I. O'Neil (Cape Breton Highlands—Canso): Mr. Speaker, one year ago I appeared before the Malouf Royal Commission on Sealing and outlined the serious costs associated with not arresting the growth of the seal population. Fishermen whom I represent are suffering because seals are damaging nets and traps, contributing to the spread of parasites, and consuming fish.

One seal consumes 3,200 pounds of fish annually. There are in excess of 100,000 grey seals consuming millions of pounds of fish each year off Atlantic Canada.

At a time of conservation of stocks and increasing emphasis on quality, millions of dollars worth of fish are being lost. The loss in terms of jobs is also substantial.

In my view the situation requires a seal cull as soon as possible. The issue is critically important to the Atlantic Canadian fishery and all of Atlantic Canada.

* * *

HUMAN RIGHTS

FATE OF RAOUL WALLENBERG

Mr. Roland de Corneille (Eglinton—Lawrence): Mr. Speaker, I want to congratulate you on permitting an exhibition of paintings by Canadian artist Armand Vallée in honour of Raoul Wallenberg, here in the House of Commons. Forty-one years ago this month, during World War II, Raoul Wallenberg of Sweden was seized by Soviet police. He was in Hungary where it was his task to direct efforts to save Hungarian Jews from deportation to Nazi death camps.

• (1405)

Raoul Wallenberg showed tremendous courage and total disregard for his own safety by saving an estimated 100,000 Jewish men, women, and children. He has been kept prisoner in the Soviet Union since 1945, with reports insisting he is still alive. This House of Commons in 1985 unanimously passed a Bill which made Raoul Wallenberg an honorary Canadian citizen. At that time we also encouraged the Secretary of State for External Affairs (Mr. Clark) to take all diplomatic steps necessary to secure his release.

I urge the Government to increase its efforts to save Raoul Wallenberg. This violation of human rights by the Soviet Union cannot be tolerated. We must show the Soviet Union that Canada has not and will not forget this hero to humanity.

[*Translation*]

POLITICAL PARTIES

DESIRABLE OBJECTIVES

Mr. Gabriel Fontaine (Lévis): Last weekend, Mr. Speaker, the socialists convened their hordes of renegades, former foes and political upstarts from Manitoba and Saskatchewan in an attempt to cajole Quebecers and win votes on rather theoretical subjects. Their efforts fell somewhat short and the socialists are still divided on the language issue.

When it comes to Quebec, Mr. Speaker, the socialists might take a more practical approach and do something to create jobs. Not to offend his Manitoba colleague, the leader of the socialist party spoke against the F-18 project in Montreal, to the detriment of Quebec.

During their weekend meet the socialists also failed to mention the economic fall-outs of the NATO program in the Labrador region, or the dissident views of Newfoundland socialist party leader Peter Fenwick concerning armaments and peace.

Mr. Speaker, the socialists should show more concern for job creation than for theories and advocate the same policy throughout Canada.

* * *

[*English*]

INVESTMENT CANADA

WEST KOOTENAY POWER AND LIGHT COMPANY—APPROVAL OF SALE TO UNITED STATES CORPORATION

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, Investment Canada recently approved the sale of West Kootenay Power and Light to an American firm, Utilicorp. of Kansas City, Missouri, U.S.A. West Kootenay Power is a crucial western Canadian utility involving both the generation of hydroelectric power and strategic water rights in the Kootenay region of British Columbia.

Investment Canada approved this sale even while the B.C. Utilities Commission hearings were taking place. At the very least the B.C. Utilities Commission should be allowed to complete its deliberations and bring down its report prior to Investment Canada approving this utility's sale to a foreign company.

I protest the undemocratic way in which the Investment Canada decision was made, essentially behind closed doors, with Parliament in recess, and beyond access by the elected representatives of the people of Canada. It should be noted that this decision by Investment Canada is in direct contravention of the commitment of the federal Government that Canadian resources should be Canadian owned.

S.O. 21

PENITENTIARIES

OPENING OF ATLANTIC INSTITUTION

Mr. W. R. Bud Jardine (Northumberland—Miramichi): Mr. Speaker, this Friday, January 23, the Atlantic Institution will be officially opened by the Solicitor General (Mr. Kelleher). This institution is a maximum security prison located in an economically depressed area of my riding which has a chronically high rate of unemployment.

The project was initiated by the previous Government at this site to satisfy a requirement by Correctional Services Canada for additional units, and to create jobs. I thank the previous Government for that. It was completed by the present Government for the same two reasons—requirement and long-term employment. We are most grateful. Surely all Hon. Members will find no fault with that logic and I dare say will continue to lend their support to similar institutions in other areas of the country with the same requirements—need and employment.

* * *

REFUGEES

REFUGEE APPLICATIONS BACKLOG—CALL FOR NEW LEGISLATION

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, on May 21, 1986, the former Minister of State for Immigration promised to table new legislation in the fall session to deal with the refugee determination process and the growing backlog of cases. This followed the report of the Plaut Commission which was completed on April 17, 1985, and the reports of the Standing Committee on Immigration tabled November 7 and December 19, 1985. Both reports recommended legislation to deal quickly and fairly with refugee applications. In this way the Government could avoid large backlogs and discourage fraudulent claims.

It is now January 20, 1987, well beyond the target for tabling this legislation, and still no Bill is available. As a result, the backlog continues and phoney claims are encouraged. When will the Government act to deal with this important matter? It is well beyond the time to do so.

* * *

• (1410)

ENVIRONMENTAL AFFAIRS

ACID RAIN—NEED FOR ACTION BY UNITED STATES

Mr. Stan Darling (Parry Sound—Muskoka): Mr. Speaker, many Canadians are concerned about recent commitments to acid rain abatement from south of the border. While the United States claims to have spent over $6 billion on clean coal technology in 1986, Environment Canada officials are

currently investigating whether actual acid rain abatement will occur. The Minister of the Environment (Mr. McMillan) is closely monitoring the situation and shares the concern of every Canadian on the acid rain issue.

Our Prime Minister (Mr. Mulroney) will reiterate the need for acid rain controls when he meets with the Vice-President of the United States on Wednesday, and again when the President comes to Ottawa in early April.

For our part, Canada's plan to reduce 1980 sulphur dioxide emission levels by 50 per cent by 1994 is bang on target. This is the first Government to deal with the issue effectively. We will continue to seek an agreement with the United States on transboundary pollution.

* * *

SHIPBUILDING

PROPOSED CONSTRUCTION OF POLAR 8 ICE-BREAKER

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, the federal Government is reportedly again on the brink of announcing the construction of a Polar 8 ice-breaker. After more than a decade of indecision, confusion, and broken promises by both Liberal and Conservative Governments, the Government is apparently still toying with various design and construction options. Most recently it appears that the design may come from a foreign-owned company at a cost of $120 million more than designs put forward by Canadian firms. Ten years and millions of dollars worth of taxpayer-paid research may be discarded.

This ongoing saga is not amusing to the shipbuilding industry, or to the skilled labourers who need work badly. I implore the Government to move quickly, award the contract, and put our skilled shipbuilders back to work. Let us get on with strategies to renew Canada's shipbuilding industry across the country.

* * *

AGRICULTURE

APPOINTMENT OF FEDERAL APIARIST ADVOCATED

Mr. Lee Clark (Brandon—Souris): Mr. Speaker, there are almost 20,000 honey producers in Canada, nearly 5,000 of whom live on the Prairies. Unfortunately, like so many agricultural producers today, they are having a difficult time getting a fair price and establishing new markets for their honey.

While there are many problems which have to be resolved in this industry I think that recreating the position of federal apiarist would be an important first step. Unfortunately, this position was cut from the Department of Agriculture in the 1960s.

Part of the federal apiarist's job would be to enhance interprovincial trade. Furthermore, this person would be of great assistance to beekeepers who are now trying to expand honey exports to other countries, particularly in Europe and the Middle East. Ensuring that Canada maintains a high quality product for export would also be part of the job description.

Finally, I think that this person could become a federal ombudsman for Canadian honey producers and as such his or her assistance would be greatly appreciated.

* * *

UNEMPLOYMENT INSURANCE

TREATMENT OF PENSIONERS

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, I wish to voice my strong disappointment in the Government for its treatment of pensioners who have had their UI benefits cut.

The December 5 statement of the Minister of Employment and Immigration (Mr. Bouchard) has only added to the confusion. Though the Minister directed his Department to re-examine cases in which people made retirement decisions on the basis of inaccurate information from federal government sources, some UI offices are telling pensioners to wait because they do not have enough information to know how to deal with their cases. It is also known that benefits will not be restored until legislation is passed in the House, something which is not expected until April.

The Government is to blame for these delays. It decided to wait until the Forget Commission reported, only to ignore its recommendations and only to allow some of the pensioners to reclaim their UI benefits.

The Minister's December 5 statement is unacceptable. The delays and hardship which our pensioners have had to endure are even more unacceptable.

* * *

PHARMACEUTICAL INDUSTRY

PROSPECTS FOR DRUG RESEARCH

Mr. Don Ravis (Saskatoon East): Mr. Speaker, there is an ongoing debate in the country regarding the need for more primary research to enhance our economic recovery through exports and to reduce our brain-drain.

Last week I had the opportunity to meet with faculty and graduate students at the University of Saskatchewan College of Pharmacy. They are looking forward to conducting drug research at this university in Saskatoon, and to finding research jobs in their own country.

• (1415)

Thanks to the opposition Parties and the media, the drug legislation debate has only focused on increased costs, rather than on long-term medical and technological benefits. I particularly regret the frustration felt by our seniors. Doris Campbell, a quadriplegic suffering from Lou Gehrig's disease, stated in *The Winnipeg Sun*:

> The issue is not whether a new drug will cost you a few dollars more, the issue is developing cures through research to save the lives of Canadians.

When research and new discoveries are under way at our universities and laboratories by Canadian scientists, then we can be proud for making the right decision.

* * *

HOUSE OF COMMONS

RESIGNATION OF HON. MEMBER FOR YUKON

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I am honoured today to rise along with my friends, the Leader of the Opposition (Mr. Turner), and the Leader of the NDP (Mr. Broadbent), to pay a tribute to the Hon. Member for Yukon (Mr. Nielsen).

His resignation was greeted with sadness on this side, and obvious relief on the other side. Erik Nielsen has known triumph and tragedy, attack and applause. None of these was able to distract him from his chosen course. He is one of the remaining Members of the small band who served with such distinction under the leadership of the late Right Hon. John G. Diefenbaker in government and opposition, in good times and bad.

Words are inadequate tools to express the debt owed to Erik Nielsen by Parliament, by this Party, and by this country.

Occasionally the halls of Parliament bear witness to skill and dedication far beyond the normal. I will acknowledge that from time to time Erik was partisan. I owe him a special debt because I came into the House as a brand new Member never having been here before. I sat down over there, after walking in for the first time, not even knowing the sounds, and what have you. It is an intimidating experience to be here for the first time, and also to be here as Leader of a political Party. I had a few rough days or weeks in the process—very rough, in fact. One night I called my mother to ask her how I was doing. She said, "Brian, you are doing just great. You are doing fine. But when Mr. Nielsen says sit down, sit down."

Some Hon. Members: Oh, oh!

Mr. Mulroney: Erik Nielsen as a parliamentarian is worthy to stand with the giants of the past. Those of us who had the good fortune to sit with him in the House must know that this was a man of no ordinary compass.

Hon. Erik Nielsen

[*Translation*]

He was fully devoted to the service of his country. He flew with the allied forces during World War II and upon his return from Europe he studied law and opened his own law office in Whitehorse.

His first election was controversial, and perhaps this was an indication of the kind of very tumultuous political career he was going to have. Throughout his 29 years on the parliamentary scene he has always been right where the action was—or certainly never far from it.

[*English*]

If there is one word characterizing Erik Nielsen's approach to life—irrespective of partisan differences—that word is duty. He made no excuses for himself and accepted none from others. He has always been relentless in the demands he placed on himself, holding down at one time the posts of President of the Privy Council, Deputy Prime Minister, and Minister of National Defence.

Erik Nielsen for 29 years epitomized the best qualities of parliamentary democracy. He enjoyed friendships on all sides of the House. I appreciated, on behalf of all Members, the generous comments of the Leader of the NDP yesterday, and of the Leader of the Opposition last evening. That was in the finest traditions of Canadian parliamentary life. As I say, Erik enjoyed friendships on all sides of the House, in spite of his reputation as a rough and tumble parliamentary fighter.

Erik has not always been the tough, relentless prosecutor pictured by the media. When circumstances warranted, he has frequently been known to temper the wind to the shorn lambs on the other side. Parliament will miss him, because he is a man who understood Parliament, and who worked tirelessly to make it more effective.

May I express the hope that he can be persuaded to serve Canada in the future in other ways.

Some Hon. Members: Hear, hear!

• (1420)

Mr. Mulroney: I know I speak for all Hon. Members of the House in that regard.

May I say personally that I shall miss his loyal service and his unflinching courage. He has been a very good friend and a very valued colleague.

In peace and in war, Erik Nielsen has served Canada and all of us honourably and well.

Some Hon. Members: Hear, hear!

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, may I respond to the words of the Prime Minister (Mr. Mulroney) in rising today to pay tribute to a man who has served the House of Commons more than half his adult life, indeed almost 30 years.

Hon. Erik Nielsen

I have had the privilege of knowing Erik Nielsen even before that because our law firm at the time used to handle his appellate work out of the Yukon. I have a genuine respect for him, and probably know him as well as anyone on our side of the House.

He is a very private man. He is a man who has suffered deep personal tragedy in his life and has overcome it. Few have known loyalty to friends, to Party, to cause, and particularly to country as has Erik Nielsen.

Publicly, yes, indeed he was a fierce partisan. We on this side of the House, particularly when we were on that side of the House, felt the sting of his attacks on innumerable occasions.

No one knows the rules of the House better than Erik Nielsen. No one knows how to use them better, and no one can use them with more effect, precision, and from time to time even ruthlessness.

[*Translation*]

When he led the Opposition in 1983 he proved to be a fearsome opponent and displayed great skill in his attacks against the Government then in office. He had for this House an intuition which was practically unequalled during his heydays here in Parliament.

[*English*]

He has a reputation for being terse in his comments both to the media and indeed on the floor of the House. He has many secrets. I happen to know a few of them—

Some Hon. Members: Oh, oh!

Mr. Turner (Vancouver Quadra): —and that may be my only protection, because I understand he is thinking of writing his memoirs.

I have read a lot of political books in the last year or so—

Some Hon. Members: Oh, oh!

Mr. Turner (Vancouver Quadra): —but this is one I will really be looking forward to reading.

We call him "Yukon Erik". There is no more beautiful riding or territory in Canada than the Yukon. Erik Neilsen has a great love for that territory, for its rivers and lakes, for the Ogilvie Range, and indeed for the tranquility of his cottage on Quiet Lake.

When I was Parliamentary Secretary to the late Arthur Laing—he was Minister of Northern Affairs—I used to be paired on several occasions with Erik as we travelled around his constituency. What a young man of faith I was; I rode with him in his aeroplane as we travelled over his constituency. One morning we were taking off from the Stewart River and we nearly did not make it. To use Erik's air lingo, "we nearly bought it", and I have never known to this day whether we were really in trouble or whether Erik Nielsen was testing me out.

Some Hon. Members: Oh, oh!

Mr. Turner (Vancouver Quadra): This brings us to the reminder that he was a fine pilot. He was a great bomber pilot during the war. He won the Distinguished Flying Cross.

When in May, 1985, the House was paying tribute to our Forces on the fortieth anniversary of VE-Day in Europe, Mr. Nielsen was sitting in the chair now occupied by the Minister of Justice (Mr. Hnatyshyn). I do not think any of us ever heard a more eloquent tribute to those who fought and sacrificed for Canada during both wars than what we heard from the lips of Erik Nielsen.

• (1425)

I think all Members will confirm that, whether we agreed with him or not, and in this corner of the House more often than not we did not agree, he commanded our respect and even, from time to time, our admiration. I admire him particularly because he has dedicated his life to public service in war and in peace without flinching, without favour, without fear, without compromise, and with an absolute and total dedication to this House and to our country.

Some Hon. Members: Hear, hear!

Hon. Edward Broadbent (Oshawa): Mr. Speaker, we have a very interesting tradition and rule in this House. It is an unstated tradition that we say absolutely nothing good about one of our political opponents while he or she is in office if we can possibly avoid doing that. And then we do just the opposite, of course, when a person leaves the House of Commons. We find ways only to say good and honest things about that individual. For some of us it is more difficult than for others, but we avoid putting emphasis at all upon those matters on which one happens to disagree.

I would like to begin by joining with the Prime Minister (Mr. Mulroney) and the Leader of the Opposition (Mr. Turner) in saying that Erik Nielsen is a man who served his country well in time of need when it was singularly necessary to have men and women come to the defence of this nation in wartime to protect the liberties and freedoms we are now exercising. Erik Nielsen was at all times there front and centre doing, in an exemplary way, what was required.

After that he became a local politician and went from there to being elected to the House of Commons. He has sat on this side of the House as a vigorous member of the Opposition. He has been a member of the Cabinet, and Deputy Prime Minister. For a few months he had an aberration of common sense and he actually became Leader of a Party. He quickly recovered, made it very clear that that was a temporary job, and he got out of it.

I do want to note at this time, however, that there are at least two other people in this House who will know that Erik Nielsen regarded the leading quality of any Member of Parliament was that of unquestioning loyalty to his Leader. I

think that that is one of those commendable principles which Erik Nielsen followed.

Some Hon. Members: Hear, hear!

Mr. Broadbent: We all have our anecdotes about Erik Nielsen. The Leader of the Opposition talked about visiting the Yukon. I remember the first time I was there. I had the pleasure of flying over Mr. Nielsen's—I do not know if it is his cottage or his permanent home—I think it is his campsite—his location of recreation, and a beautiful site it was. I came back, told him, and was told something about an attempt that was made to hit my small plane with rocks. Had it been anyone else who told me the story I would have been sure he was kidding.

Some Hon. Members: Oh, oh!

Mr. Broadbent: But, being the partisan Tory that Erik was, I am sure he made the effort. I want to tell my friends in the Conservative Party that even then he was a loyal and dedicated Tory.

Some Hon. Members: Oh, oh!

• (1430)

Mr. Broadbent: He was, as has been said, devoted to this House. He did everything with a great deal of enthusiasm. Although on policy matters, as I had the occasion to say yesterday, I agreed with him on perhaps only 5 per cent of matters, I respect his commitment to what he believes in, and I admire his total dedication to the supremacy in our system of parliamentary democracy itself.

ORAL QUESTION PERIOD

[*Translation*]

THE ADMINISTRATION

EXTENT OF PRIME MINISTER'S INFORMATION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, my question is directed to the Prime Minister. In his statement on Sunday, the Prime Minister told reporters twice that the Minister of State for Transport had been forced to resign because of facts that had been brought to his attention. The Prime Minister did not say allegations or accusations but facts. The obvious question is: What are those facts? Is the Prime Minister going to make a full statement before the House? We are talking about the resignation of a Minister of the Crown, and Canadians have a right to know the reasons for that resignation.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I said that certain facts were brought to my attention which I checked as soon as possible, and once I was fully informed, I took immediate action by asking the Minister to resign and asking for a full police investigation. All the information I had was immediately made available to the police. I think I have fulfilled my obligation to Parliament—

[*English*]

REQUEST FOR PUBLIC INQUIRY INTO GRANTING OF OERLIKON CONTRACT

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, we are having some difficulty getting at this matter. We are not talking about potential illegality nor are we talking about potential criminal events. We are talking about whether or not a Minister acted properly.

It is not illegal that one of the Prime Minister's key Tory organizers is now a director of Oerlikon's land subsidiary; it is not illegal that one of the key Tory organizers in Quebec is a paid lobbyist for Oerlikon; it is not illegal that a former member of the Prime Minister's staff is now working for Oerlikon. We are talking about other facts that have been revealed in the last 24 hours that, in our view, demand a public inquiry.

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): Once again, will the Prime Minister order this inquiry so that the facts which may have been persuasive to him can become public and Canadians may have a full, impartial view of everything that went on in Saint-Jean surrounding the granting of the Oerlikon contract?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I think the overriding concern is the protection of the public interest. Having initiated a police inquiry of the most complete nature, I think it is important that we allow the RCMP to conduct this inquiry fully and to the very best of its abilities within the earliest time frame as it always does.

All of the information I had I conveyed to the police immediately upon requesting that they conduct a complete investigation. Of course, I do not establish the parameters of any inquiry. Because it is a complete inquiry, the police are free to go wherever the evidence leads them in the search for any wrongdoing of any kind. I do not think that anything ought to be done that would in any way inhibit that process. I believe the Canadian people want that kind of decisive action taken. They have received such action and can look for no better independent agency to conduct this kind of full and complete inquiry than the Royal Canadian Mounted Police.

DISCHARGE OF MINISTERIAL DUTIES

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, if we were merely talking about the comportment of an individual, whether he were innocent or guilty of criminal charges, then the presumption of innocence about which the Prime Minister spoke yesterday and the RCMP inquiry might be relevant. However, this goes beyond that. We are talking about the proper conduct of a Minister in the course of fulfilling his duties. There must have been something that persuaded the Prime Minister to act the way he did.

We are not talking about a private RCMP inquiry that should properly be private to preserve the presumption of innocence. We are talking about a public inquiry that can re-establish confidence in the administration of the country's business. Once again, will the Prime Minister not yield and grant the country a public inquiry so that that confidence may be restored?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, it is not a question of a reluctance to yield in any way. It is a desire to do the right thing for the country. I think the action I have taken, both in requesting the Minister's resignation immediately and in initiating a full and complete Royal Canadian Mounted Police inquiry, is exactly the way one should go.

It may very well be that in the future, as the police inquiry goes on, other action will be required by this House, the Government, or the police. It may very well be that the action undertaken now will result in criminal prosecutions launched at some time in the future against some individual, in which case it is clear that nothing ought to be done that would compromise the ability of the RCMP to prosecute fully the initiatives they will have undertaken. It is my desire to make sure that the Canadian public interest is well protected, consistent with our obligation toward the presumption of innocence. I acted completely, fully and effectively in the action I took.

INFORMATION TRANSMITTED TO JEAN BAZIN

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, my question is also directed to the Prime Minister. On August 25 a Mr. Lassonde wrote Jean Bazin's law firm, Byers Casgrain, expressing concern about irregularities that occurred in the land transfers in Saint-Jean. Is the Prime Minister informing the House that between August, 1986, and Tuesday, January 13, 1987, his good friend Jean Bazin never once mentioned these irregularities to the Prime Minister or his office?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I indicated my position and the information I had in the public statement I made on Sunday. Jean Bazin is a lawyer in Montreal and, I understand, is the President-elect of the Canadian Bar Association. He is a senior partner in Byers Casgrain and represents, as all lawyers have in the past, clients in a client-solicitor relationship, and was acting in good faith on behalf of his client, as have both the Leader of the Opposition and I in the past.

I made public the facts that were made available to me when they were made available. Because of Mr. Bazin's distinguished career in the law and as President-elect of the Canadian Bar Association, should anything have occurred, I presume he would have acted in the interests of his client pursuant to instructions received from his client. All I can tell the House are the facts, and those were the ones that were set out in the statement on Sunday.

MONEYS ALLEGEDLY RECEIVED BY RIDING ASSOCIATION PRESIDENT

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, yesterday in a response the Prime Minister denied the existence of a specific letter concerning the—

Some Hon. Members: No, he did not.

Mr. Frith: He said he did not know of the existence of a specific letter in which Oerlikon alleges that $970,000 was channelled to the president of the Saint-Jean riding association. Will the Prime Minister inform the House whether or not Mr. Bazin, when he met with the Prime Minister's principal secretary on January 13, informed the principal secretary of the allegations concerning the $970,000 being channelled to the president of the PC riding association?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I want it to be clearly on the record that there was a substantial error in the prefatory remarks made by the Hon. Member in regard to yesterday's statement in the House of Commons. I know my hon. friend would want to withdraw that in the interests of accuracy.

• (1440)

The information imparted by Mr. Bazin to my principal secretary was provided to me and immediately turned over to the RCMP. That resulted in two things happening: (a), the removal of the Minister and, (b), the initiation of a full and complete police inquiry. That is exactly what came to my attention and that is exactly what I did in the public interest.

Some Hon. Members: Hear, hear!

Mr. Speaker: I might say to all Hon. Members that the Chair, in hearing the Hon. Member for Sudbury, took the view that if an error was made in the beginning of the question, the Hon. Member took steps to correct it during the question. Certainly that is the way the Chair took his comment.

CONTENTS OF AUGUST, 1986, LETTER

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Prime Minister. Given Mr. Bazin's position with the land acquisition firm related to Oerlikon, given his position of counsel for Byers Casgrain, it seems almost inconceivable that the August 12 letter just alluded to would not have been known to Mr. Bazin some months ago. I would like to ask the Prime Minister if, in his conversations with the Prime Minister's principal secretary last week, Mr. Bazin drew to the attention of Mr. Roy the contents of that August letter?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I am not acquainted with the dates my hon. friend mentions except to say this. Information imparted to me and what I have seen indicated to me there were transactions that took place which appeared to be odious and completely unacceptable, and at variance with the kind of conduct

Canadians expect and are entitled to receive. It was for that reason that I initiated a full RCMP investigation and I know the police will prosecute whomever they deem to be involved in this matter, as they should.

REQUEST THAT PRIME MINISTER QUERY MR. BAZIN'S KNOWLEDGE OF LETTER

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I think that is about the third time the Prime Minister has not dealt with the specific question being asked. I would like to ask it in a somewhat different way. He has already indicated that Mr. Bazin should become a member of the Senate of Canada. Yesterday, in a different context, he alluded to the possibility of obstruction of justice if certain information was not brought forward at the time it ought to have been. Can he assure the House that he will find out if Mr. Bazin knew the contents of that letter written last August which called into question the land transaction, at that time or any time since then, prior to the discussions which took place with his principal secretary last week?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, no, I will not find out; the police will find out. That is exactly what this is all about. If anything was done wrong they will prosecute.

Some Hon. Members: Hear, hear!

REQUEST THAT PRIME MINISTER MAKE INQUIRIES PRIOR TO MR. BAZIN BECOMING SENATOR

Hon. Edward Broadbent (Oshawa): Mr. Speaker, it is not the RCMP who are naming someone to the Senate of Canada; it is the Prime Minister. He has the responsibility to get an answer to that.

Some Hon. Members: Hear, hear!

Mr. Broadbent: Since there is every reason to believe that Mr. Bazin ought to have known of the contents, and I will not put it stronger than that, a long time ago, will the Prime Minister take steps to ensure that before Mr. Bazin is sworn in as a Senator the Prime Minister will find out if he knew the contents of that letter?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the information we are considering today was brought to my attention by my principal secretary who received it from Mr. Bazin. That is clearly, in my judgment, the act of someone who wants the truth to be known and action taken. My hon. friend will not want to set aside consideration of the solicitor-client relationship which exists. The reason for my action was to make sure that the most independent police authority of which I am aware, namely, the Royal Canadian Mounted Police, be given a full mandate to begin the complete inquiry which is necessary. I am not saying this in an argumentative manner but my hon. friend appears to be in disagreement with that approach. All I can indicate to him is that I believe it is the proper way to proceed.

All of the information made available to me was immediately given to the police with instructions to initiate the fullest investigation. I say to my friend, not in any argumentative way, that if he has any information, or if any member of the Opposition has any information, give it to the police so the prosecution can be ongoing, because that is the way it should be done.

Mr. Broadbent: It is a political responsibility.

DEFENCE CONTRACT TENDERING PROCESS—POSSIBLE ROLE OF MR. BAZIN

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is directed to the Prime Minister as well. I would like to ask him if he knows personally whether at any time during the tendering process for the LLAD system Mr. Bazin acted as a lobbyist or representative for the firm of Oerlikon, making representations to any senior official of the Government to obtain the contract for Oerlikon?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I have no knowledge of that at all except I can tell my hon. friend that Mr. Bazin, as I say, is a lawyer from Montreal who represents clients. I am not aware of that client list but I can tell him that he is not a lobbyist, he is a distinguished attorney. He may from time to time represent people here or elsewhere. However, I am not personally acquainted with any of the suggestions made by my friend.

[*Translation*]

INQUIRY WHETHER PRIME MINISTER DISPOSED TO ASK MR. BAZIN TO DELAY BEING SWORN IN AS SENATOR

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I would like to ask the same question I asked the Prime Minister yesterday.

Considering the present controversy involving Mr. Bazin, would the Prime Minister agree to call his friend Mr. Bazin and ask him to voluntarily postpone his swearing-in as a member of the Senate until this investigation has come to an end, for the same reason he decided to ask one of his colleagues to step aside temporarily, as he said, as a Member of Cabinet until the investigation is over with? Is he prepared to make that telephone call now?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, as far as I know, there is no controversy, to quote my hon. friend, involving Mr. Bazin. The facts about his professional involvement in a matter were brought to the attention of the public, the same facts were brought to my attention and I immediately asked for a police investigation. And no one will receive special treatment in this respect: neither you nor I nor Mr. Bazin. All the facts are important and must be considered by the police, as far as Mr. Bazin is concerned, and I assume the same applies to anyone who has information on this case.

INQUIRY WHETHER PRIME MINISTER WILLING TO POSTPONE MR. BAZIN'S ENTRY TO SENATE UNTIL RCMP INVESTIGATION COMPLETED

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I wish to direct a question to the Prime Minister and it has to do with the same point, specifically.

As a lawyer and member of the Oerlikon board of directors, Mr. Bazin may have been entitled to keep to himself the information he was bound to have had concerning this land deal and the possibility of improprieties taking place in Saint-Jean during the period from August to January when the Prime Minister's Office was told about this matter.

With respect to a future senator, keeping in mind his character and involvement, we wonder whether the Government, which is led by the Prime Minister, should accept that Mr. Bazin be sworn in before the investigation has been completed. In light of this, is the Prime Minister prepared to delay Mr. Bazin's Senate swearing-in until the Royal Canadian Mounted Police have completed their investigation?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I may be mistaken but I have always been under the impression that according to Canadian tradition a Senate appointment becomes effective the day it is announced. The equivalent of the appointment itself constitutes the swearing-in and all the necessary requirements so that the appointee may become a member of the Senate.

That being so, in referring to Mr. Bazin my friend is making certain allegations which, I would suggest, are dangerous and do not seem to be substantiated or supported by documents.

In any case, the only way to analyze and study these facts so that justice be done is to ask, not you nor me but the RCMP, Canada's police force, to make an independent investigation to do justice and shed light in this case.

• (1450)

[*English*]

REQUEST THAT ENTRY TO SENATE BE POSTPONED

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, Mr. Bazin was a director of the company which was informed in August that there were apparent improprieties connected with its purchase of land in Saint-Jean. As director, he would presumably have been informed of this. In declaring the innocence of the former junior Minister of Transport, the Prime Minister nonetheless asked him to resign. Therefore, while accepting at this time the innocence of the prospective Senator, Mr. Jean Bazin, would the Prime Minister not act accordingly and defer his entry into the Senate until this matter is resolved by a parliamentary inquiry, a judicial inquiry, or the RCMP?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the question is essentially the same in English as it was in French. The answer is essentially the same as well. My friend mentions that there ought to be no presumption of guilt, and he is right. There is none, in any case.

Mr. Riis: How about the Minister?

Mr. Mulroney: Neither for the Minister. He is a Minister of the Crown.

Mr. Riis: You dumped him.

Mr. Broadbent: You fired him.

Mr. Mulroney: I indicated that that in no way implied a presumption of guilt.

Mr. Broadbent: Well, hold up the Senate appointment as well.

Mr. Mulroney: I do not think my hon. friend suggests otherwise. There is only one way that I am aware of to ensure that the facts with regard to any prosecution, any violation of any statute of any kind, be made available to the proper authorities. That is not by the Hon. Member, not by the Leader of the Opposition, or not by me, but by the RCM Police so that a full and exhaustive inquiry can be made and whatever charges are appropriate can be laid against the appropriate persons.

[*Translation*]

REQUEST FOR PUBLIC INQUIRY

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, my question is directed to the Prime Minister. In the case of the inquiry involving the former Minister of Regional Industrial Expansion, the Prime Minister initiated a public judicial inquiry, chaired by Chief Justice Parker. However, in the case of the former Minister of State for Transport, he has asked for a police investigation, which means that there will be no public disclosure. Why the double standard? Why isn't the public entitled to a public inquiry in this particular case?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, as I said before, the information brought to my attention was entirely different in each case. In this particular case, the information was immediately brought to the attention of the police. That was a value judgement which I as Prime Minister made very quickly, and I think that was the right thing to do.

INQUIRY WHY GOVERNMENT DECIDED NOT TO ESTABLISH JUDICIAL INQUIRY

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, in justifying his decision to have a judicial inquiry, on May 16 the Prime Minister said in the House, and I quote: "I think we have acted properly. I would think that most Canadians would applaud the appointment of an impartial person." Why has the Prime Minister dropped the idea of a public judicial inquiry? Why would the public no longer be interested in finding out how the Government is running this country?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I have dropped nothing. I opted for the instrument I considered to be effective and most appropriate in the circumstances, considering the facts that were brought to my attention, and that was an investigation by the RCMP, where the police establishes—

[*English*]

An Hon. Member: Cover up.

[*Translation*]

Mr. Mulroney: A Liberal Member says this is a cover-up. He doesn't trust the RCMP—

[*English*]

The Liberals apparently do not believe that the RCMP are independent. We do believe that they are independent and competent.

SCOPE OF RCMP INQUIRY

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, my question is for the Solicitor General, the Minister responsible for the RCMP. Will the Minister confirm that the scope of the RCMP inquiry in the Bissonnette affair is limited solely to potential breaches of federal law and does not include questions of morals, public ethics, or conflicts of interest? Will the Minister confirm as well that, if no charges are laid as a result of the RCMP inquiry, the public will never learn the facts underlying this whole sleazy affair? How can he justify that?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, we indicated that the inquiry conducted by the RCMP would be a complete inquiry. That is exactly the kind it will be. There have been no requests or instructions of any kind imposed upon the police. Quite appropriately, they have been given complete freedom to do exactly as they think appropriate. They will follow the facts wherever they lead.

[*Translation*]

QUERY CONCERNING WHO WILL UNDERTAKE INQUIRY

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, yesterday the Prime Minister confirmed that this matter involved not only criminal law but, to quote the Prime Minister, morals and perhaps public ethics. Considering the fact that the RCMP cannot investigate matters of morals or public ethics or conflict of interest, who is going to investigate these fundamental issues? God the Father?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I really don't see what the Hon. Member is worried about. I said in response to a question by the Hon. Member for Saint-Jacques that we were not excluding any other options but that we were faced with a certain number of facts. On the basis of these facts I decided that the most appropriate and most effective instrument would be an RCMP investigation. The RCMP will conduct a full investigation, and we shall see whether any further action would be appropriate, but for the time being, I think we should support what is being done by the RCMP.

* * *

[*English*]

ENVIRONMENTAL AFFAIRS

ACID RAIN—CANADIAN POSITION

Mr. Alan Redway (York East): Mr. Speaker, my question is directed to the Minister of the Environment. Many Canadians agree with the recent statement of an American Senator that it is time for the Canadian Government to get tough with the United States over acid rain. Will the Minister advise the House what action the Canadian Government intends to take with the United States on the issue of acid rain? Is there anything which Canada can do other than shout, scream, and write angry letters?

Hon. Tom McMillan (Minister of the Environment): Mr. Speaker, the approach of shouting, screaming, and writing angry letters was taken by the previous Government and it got us nowhere.

Some Hon. Members: Oh, oh!

Mr. Broadbent: You're really making progress.

Mr. McMillan: In fact, by June, 1982, the Government of the day broke off negotiations with the U.S. Government on that subject.

As I have said publicly, we are disappointed with the lack of progress in the United States, specifically with regard to the Canada-U.S. acid rain envoys' report. We are going to insist tomorrow when we meet with Vice-President Bush that that report be implemented in its entirety as the President of the United States indicated would be the case. We believe that Canada must come to the issue with our hands clean.

I have met all day with the Environment Ministers from across the country who, with the federal Government, have renewed their commitment made in February, 1985, to slash acid rain causing emissions in Canada by 50 per cent by 1994 based on 1980 figures. In that connection the federal Government hopes to sign bilateral accords with the individual provinces before the President and the Prime Minister meet later this year.

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THE ADMINISTRATION

OERLIKON LAND TRANSACTION—MONEYS PAID TO P.C. RIDING ASSOCIATION PRESIDENT

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, my question is directed to the Prime Minister. Is he

able to assure the House today that none of the nearly $1 million which was paid to Normand Ouellette, the President of the P.C. riding association in Saint-Jean, Quebec, has found its way into the accounts of the P.C. Party of Canada?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, that is for the RCMP to investigate. If any of the money involved went to the NDP, the Liberals, or the Conservatives, that should be prosecuted as well.

• (1500)

Mr. Speaker: I should point out to Hon. Members that the Chair very much appreciates the discipline that all Hon. Members have shown in this matter. However, questions ought to be carefully directed at the Prime Minister or a Minister on matters over which the Minister or the Prime Minister has jurisdiction, and immediate jurisdiction.

POSSIBLE ESTABLISHMENT OF COMMISSION OF INQUIRY

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, in light of statements given by the Prime Minister earlier in Question Period in response to the Leader of the Opposition, that other forms of investigation or inquiry may follow an RCMP investigation, is the Prime Minister telling us that he has not closed the door on the possibility of a public commission of inquiry into this whole affair?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I am saying that the full Royal Canadian Mounted Police inquiry was and is the most appropriate and necessary means of inquiry in this matter. Nothing should be done that would in any way inhibit the fullness of that inquiry and the celerity with which it ought to be conducted. Clearly, at any time I would be guided by their results and their advice, or new facts that might in any way be worthy of consideration in that regard.

PRIME MINISTER'S POSITION

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, my question is directed to the Right Hon. Prime Minister. On one hand he fired the former junior Minister of Transport for involvement in this affair while, on the other hand, he will not delay the swearing in of Mr. Jean Bazin to the Senate. Will he tell the House precisely why he is treating the two of them differently? After all, he has a choice.

Some Hon. Members: Oh, oh!

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I have answered that question.

CONTENTS OF AUGUST, 1986, LETTER—MR. BAZIN'S KNOWLEDGE

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, in light of the fact that he has not answered the question, I want to ask the Prime Minister a very reasonable supplementary. Since Mr. Jean Bazin has not yet—

Mr. Speaker: Hon. Members can see the difficulty when questions which are very similar if not exactly the same are asked again and again.

Mr. Nystrom: Mr. Speaker, I will put a different question. In light of the seriousness of this affair, before Mr. Bazin is sworn in as a Senator will the Prime Minister personally call Mr. Jean Bazin to find out when he became aware of the contents of the August 12 letter?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, that is exactly the same question to which I gave the same answer.

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TRADE

SOFTWOOD LUMBER EXPORT TAX—REQUEST THAT CANADA-UNITED STATES NEGOTIATIONS BE REOPENED

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, my question is directed to the Prime Minister. Yesterday in the House the Minister for International Trade said that she knew of no lay-offs directly attributable to the direct export tax that the Government has brought in. However, this morning a number of representatives from the secondary manufacturing industry in western Canada said lay-offs are already taking place because of the close to 200 per cent to 300 per cent increase in costs related to the direct export tax.

During his discussions with Vice-President Bush tomorrow, will the Prime Minister seek to reopen the negotiations on the softwood lumber agreement to ensure that all manufactured lumber products are excluded from that agreement and that these lay-offs which threaten the existence of 80 to 100 plants in western Canada will not take place?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I want to point out that we take no lessons about job losses from the Hon. Member who served as Minister of Employment at a time when the unemployment rate in this country was the highest it ever was in the post-war period.

Mr. Axworthy: I thank the Minister for that enlightened, expansive answer to the question.

POSITION OF UNITED STATES GOVERNMENT

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, the Secretary of State for External Affairs threw a hand grenade at his counterpart, Secretary of State Shultz, saying that the Government of Canada doubts the sincerity of the U.S. administration's actions and efforts on acid rain. If the Government doubts the sincerity of the U.S. Government's action on this very important issue, how can it have full trust in the sincerity of the U.S. Government that it will live up to its obligations in the softwood lumber agreement as well as the

broader issue of free trade? How can we doubt the sincerity in one and not in the other?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I think there was a message being sent *sotto voce* by the failed Minister of the Environment, the Member for Davenport. If he wants to put a question to me, he can find the courage to stand in his place in the House of Commons and put it.

Ms. Copps: A failed Prime Minister.

Mr. Crosbie: Quiet, Copps.

Mr. Caccia: Read the envoys' report.

Mr. Speaker: Order. The Hon. Secretary of State for External Affairs.

Mr. Clark (Yellowhead): Mr. Speaker, we are deeply disturbed about the failure of the U.S. administration so far to act on its undertakings with regard to acid rain. It is precisely to address that concern directly that the Vice-President of the United States was invited to Ottawa by the Prime Minister. That matter will be discussed tomorrow as will other questions, naturally.

We believe that the way to deal with differences that exist between our two countries is to raise them directly and discuss them civilly, and make it very clear that Canada expects action on the acid rain commitments that have been given to us by the President of the United States.

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ENVIRONMENTAL AFFAIRS

ACID RAIN—FORTHCOMING MEETING WITH UNITED STATES VICE-PRESIDENT

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, my question is directed to the Prime Minister. It concerns the question of acid rain and tomorrow's visit by Vice-President George Bush. Does the letter by the Secretary of State indicate that the Prime Minister intends to take a tougher line with the U.S. on acid rain? Will the Prime Minister ask the administration to go beyond the Davis-Lewis report and do something that will actually reduce acid rain emissions in the United States in the foreseeable future? Will he ask for that kind of action from the American administration?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, we are seeking the honouring by the U.S. administration of the commitment that was given to us by the President with regard to acid rain. We are asking for an honouring of the recommendations in the Davis-Lewis report which were approved by the President of the United States. We believe that action on those recommendations would mark a considerable step forward in the fight against acid rain. As my colleague, the Minister of the Environment, indicated earlier in the House today, it is essential for us to approach this issue with clean hands and to take as much action in Canada as we can. We have done that.

Mr. Blaikie: No one is quarrelling with the clean hands argument. The question is whether or not the Prime Minister, in his meeting with Vice-President Bush tomorrow, will be pushing the administration to act not only on the Drew-Lewis report but to go beyond it.

ROLE OF U.S. MEMBERS OF CONGRESS

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, my supplementary question is directed to the Prime Minister. If it becomes obvious that the Reagan administration has no intention of living up to that agreement or doing something concrete about acid rain, will he be frank enough with himself and Canadians to abandon putting all his faith in his special relationship with the President and seek to co-operate with members of the United States Congress who are ready to do more than is recommended in the Drew-Lewis report when it comes to acid rain?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, of course we are working with members of the U.S. Congress on the question of acid rain. However, if it is the proposal of the representative of the New Democratic Party that we should abandon our attempts to get action from the U.S. administration that would improve the acid rain situation in Canada, we will not abandon that action. The acid rain problem posed for this country is far too grave and serious for us or any Party to walk away from.

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IMMIGRATION

CIRCUMVENTION OF LAW BY AIRLINE PASSENGERS

Mr. John Oostrom (Willowdale): Mr. Speaker, my question is directed to the Minister of Immigration. People are circumventing and abusing Canada's immigration laws by using airline stopover points as a means of entering Canada. Will the Minister consider the application of in transit visas to stop this abuse, and the burden it is imposing on Canadian taxpayers?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the transit visas referred to by the Hon. Member are one of the measures the Government is considering in an attempt to provide an immediate remedy for problems connected with the use of certain points of entry to this country, namely Toronto, Vancouver and Montreal, as transit points to stay in this country. It is one of several measures we are considering, on which decisions will be forthcoming in a matter of weeks.

Oral Questions

DAY CARE CENTRES

REQUEST FOR INCREASED FUNDING

Mrs. Lucie Pépin (Outremont): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. Since we are on the eve of a federal-provincial conference at which day care centres will be on the agenda, could the Minister, to demonstrate to provincial governments the Conservative Government's sincerity in this matter, inform the House whether his Government is prepared to increase funding for day care centres within the framework of the Canada Assistance Plan?

• (1510)

[*English*]

Hon. Jake Epp (Minister of National Health and Welfare): Through you, Mr. Speaker, to the Hon. Member, the Prime Minister and others in the Government, including myself, have said clearly that to advance day care further, additional commitments will have to be made. That includes financial commitments. In terms of the Canada Assistance Plan, the Government of Canada now has a financial commitment of approximately $105 million this year. There are some points being made that if the provinces triggered more access to the Canada Assistance Plan, that could even be done. Therefore, the financial exposure is quite clearly known by all of us.

That is one approach the Hon. Member puts forward. I think she would recognize that is but one of a number of approaches which should be considered.

[*Translation*]

REQUEST THAT GOVERNMENT TAKE ACTION

Mrs. Lucie Pépin (Outremont): Mr. Speaker, in view of the urgency of the situation with respect to day care centres and considering the fact that the parliamentary committee's report on day care will not be tabled until March 1987, why doesn't the Government implement its priorities and set aside $150 million in its next Budget for capital and operating expenditures for day care centres? If it is a priority, why not act accordingly?

[*English*]

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, I cannot discuss any budgetary proposals. The Hon. Member has made a representation in this House which has been heard, I imagine, by all members of Cabinet.

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TRADE

SOFTWOOD LUMBER TAX—REQUEST THAT CANADA-UNITED STATES NEGOTIATIONS BE REOPENED

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, my question is directed to the Prime Minister. The Coalition of B.C. Secondary Softwood Lumber Manufacturers has provided us with a list of 23 firms which will either wholly or partially close because of massive increases in prices because their final products have not been made exempt from the 15 per cent lumber export tax. Will the Prime Minister tell Vice-President Bush tomorrow in his discussions with the Vice-President that we must reopen this negotiation and get those jobs and firms safeguarded for the future?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I do not think the Hon. Member for Essex—Windsor is presenting the facts. I would like to remind him that one of the reasons we negotiated the settlement with the Americans was to be able to recapture funds in Canada which could be returned to the provinces for silviculture, job creation, and worker retraining.

Mr. Axworthy: What has that got to do with it?

Mr. Broadbent: What has that got to do with the issue?

Miss Carney: Without our negotiation we would have a countervail and the provinces would have no funds. In the case of manufacturers, the NDP is consistently telling the Canadian public that the tax applies to the added value of the product.

Mr. Axworthy: It does.

Mr. Blackburn (Brant): It does. Check with your officials.

Miss Carney: And I continually say that in the agreement we negotiated it only applies to the lumber input, not to the added value.

Mr. Axworthy: So why are they going broke?

Miss Carney: That was a major concession we won—

Mr. Blackburn (Brant): That is not the way they are applying it, no way.

Miss Carney: —because the final determination would have done away with it. Just in closing, I want to point out—

Some Hon. Members: Order.

Mr. Speaker: The Hon. Member for Essex—Windsor, a short question.

TAX EXEMPT PRODUCTS

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I have to tell the Minister that there have been very significant changes made in the product lists included between the countervail and the agreement. I wish the Minister would understand my question, and I will direct it to the Minister responsible for forestry in hopes he may understand. Is it possible that discussions can take place with Vice-President Bush, because this is a crucial trade issue, to see to it that these products are extended so that it is possible for these

companies not to face increases of 230 per cent, 250 per cent and 260 per cent in their costs of production and have to shut down?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the Hon. Member lacks a certain credibility when it comes to his job losses—

An Hon. Member: Look whose talking.

Miss Carney: May I point out that in May, 1986, concerning shakes and shingles, the Hon. Member told the House: "Yesterday shake and shingle producers told us almost 4,000 jobs will disappear in British Columbia".

Mr. Blackburn (Brant): Stick to the question.

Mr. Riis: We will fight them on the beaches. We will fight them in the surf.

Miss Carney: They have not disappeared in British Columbia.

Mr. Riis: We will fight them in the palm trees.

Miss Carney: Only one firm has asked for funds for worker retraining. I suggest that the Hon. Member's estimate of job losses—

An Hon. Member: Back to the beach.

Miss Carney: —is terribly exaggerated.

An Hon. Member: You are a joke and you are incompetent.

Mr. Speaker: Hon. Members know that the Question Period is nearly at an end. I just want to advise that about 15 minutes were spent on the first three questions and answers. I know Hon. Members will understand that while there are still Hon. Members wishing to ask questions, the Chair does have to close it off. However, I will accept one question from the Hon. Member for Nunatsiaq and that will be the last question.

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FINANCE

TAXATION OF NORTHERN BENEFITS—TRAVEL EXPENSE DEDUCTIONS

Mr. Thomas Suluk (Nunatsiaq): Mr. Speaker, my question is directed to the Minister of Finance. It concerns the taxation of northern benefits with regard to travel assistance. It is my understanding that travel assistance paid by employers to designated points in southern Canada will not be taxed. However, travel assistance taken in the territory will not be tax deductable. Since many northerners perceive this as an inequity, can the Minister, first, review the decision reached in December, 1986, and, second, can he provide an acceptable explanation in layman's terms of how this decision was reached?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I appreciate the interest of the Hon. Member in this particular matter. What we are trying to do is put into place a permanent regime of what has been up until now a temporary regime provided under a tax remission order. The terms of the permanent regime are no different in this particular regard, transportation, than was the case under the temporary duty remission scheme.

What it is meant to do is provide people who live in the north access on a preferred basis to vacation in the nearest designated city. I appreciate the concern expressed by the Hon. Member and I will review the Hon. Member's comments accordingly.

Mr. Speaker: I should advise Hon. Members, including the Hon. Member for Montreal—Sainte-Marie, that there are a number of points of orders and questions of privilege. The Hon. Member for Glengarry—Prescott—Russell on a question of privilege.

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PRIVILEGE

PRIME MINISTER'S STATEMENT DURING QUESTION PERIOD

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, yesterday you will recall that I served notice to you of my intention to rise today on a question of privilege. I have now had a chance to review *Hansard* carefully and I believe my privileges have been breached and that the Standing Orders of this House have been broken. I also served notice of my intention to rise on a question of privilege with the Prime Minister (Mr. Mulroney) a few moments ago.

If you deem I have a *prima facie* point of privilege, Mr. Speaker, I am prepared to move the motion necessary to refer the matter to the Parliamentary Committee on Elections, Privileges and Procedure.

• (1520)

As reported at page 2362 of yesterday's *Hansard* the Prime Minister said: "If he has had that information for some months why did he not bring it to the attention of the RCMP—" and the next part of the sentence is the truly important part. It states: "—since his failure to do so could result in the obstruction of justice?" By inference, the Prime Minister in the House has accused me of performing a criminal act.

I draw to Your Honour's attention the fact that Section 127 of the Criminal Code very clearly states the definition of "obstructing justice". Clearly, I believe that I have not committed such a criminal act but, beyond that, the Prime Minister does not have the right to make such accusations in

the House of Commons. I believe, Sir, that if I or anyone else were to accuse another Hon. Member of being a thief, a murderer or any other similar thing, that it would not be permitted by the House, and rightfully so. The same applies to this particular criminal accusation as well.

Section 127 of the Criminal Code deals with judicial proceedings, formal investigations, and attempts to convince others to falsify testimony. While I am not a lawyer, I fail to understand how the Prime Minister could make such accusations since he, of course, is learned in the law.

I draw to Your Honour's attention page 11960 of *Hansard* of March 19, 1976, where Speaker Jerome stated that where the charge is a direct allegation it must be withdrawn.

Further, I draw to your attention, Sir, Beauchesne's *Rules and Forms of the House of Commons of Canada*, Fifth Edition, page 107, where it is noted that on several occasions it has been decided that to accuse anyone of an illegal act is improper.

I also draw to Your Honour's attention Bourinot's *Parliamentary Procedure*, Fourth Edition, in which the following is stated:

> In the Canadian House, questions of privilege take a wide range, but it may be stated in general terms that they refer to all matters affecting the rights and immunities of the house collectively, or to the position and conduct of members in their representative character.

I also draw to Your Honour's attention the following from the same publication which states:

> The large number of rulings on the subject of parliamentary language, as applied to a member in debate, clearly indicate that any expression derogatory to his character as an honourable gentleman in private life or to his honour and personal character as a representative of the people is out of order.

On page 362 of the same document it is also pointed out that it is improper to attribute unworthy motives.

Finally, in the same document it states that when a Member has intimated that he would move the adjournment, or that he would in any other way threaten a Member of this House, the Speaker has interposed and called him to order for using language which is menacing to the House. In this case, language which is menacing to a Member is, in my view, menacing to the House of Commons.

In conclusion, I remind you, Mr. Speaker, that Beauchesne's also speaks to this issue. Citation 316 states that to make a personal charge against a Member is against the rules of the House and is identified in certain ways which are set out. Apart from the prohibitions contained in Standing Order 35 it has been sanctioned by usage that a Member, while speaking, must not make a personal charge against a Member.

Citation 326 states that threatening language is also unparliamentary. It states that when a Member has intimated that he would move the adjournment of the House, as I said previously, according to Bourinot, that that indeed would be deemed to be threatening the House and therefore disorderly and improper. For the same reason, and for all the reasons that I have expressed to you today, Mr. Speaker, I believe that the accusations made yesterday by the Prime Minister are improper and should be withdrawn. If they are not I intend to continue to ask that the matter be referred to the committee responsible for dealing with such matters, if Your Honour finds that I have a prima facie case of privilege.

It is my hope that that will not be necessary and that the Prime Minister will choose to withdraw the unfortunate remarks of yesterday.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I submit that the Hon. Member does not have a prima facie case of privilege, that an accusation was not levelled by the Prime Minister (Mr. Mulroney), and that the Prime Minister did not accuse the Hon. Member of a criminal act. To put the issue into context one has to reread the question and answer.

In the course of the Hon. Member questioning the Prime Minister, as reported at page 2362 of *Hansard*, he pointed out—in fact he boasted—that the media, certain Members and many Canadians had been aware of the transactions for two months already. I will deal later with the portion of the Prime Minister's reponse which the Hon. Member finds offensive.

I also understand that the Hon. Member went outside the House and boasted about the fact that he knew about the allegations and had information about this incident two or three months ago. If that is so then he is duty bound and he clearly has an obligation to provide that information to the RCMP.

Mr. Gauthier: Including Jean Bazin?

Mr. Mazankowski: Yes, including any Member he alleges to have information about. He has a duty to the House and his country to do just that.

The point is that the Prime Minister indicated in his response to the Hon. Member that if he has such information then he should rise in his place in the House of Commons to tell the House who has the information, what it is and, if he has had it for some months, why he did not bring it to the attention of the RCMP since his failure to do so could result in the obstruction of justice. The Prime Minister did not accuse the Hon Member but, rather, invited him to do this.

What I think the Right Hon. Prime Minister was doing was providing the Hon. Member with some good and timely advice. I think he should take it in that spirit. Quite frankly, if the Hon. Member is not prepared to substantiate what he alleges, then I think he should take that advice and consider it and perhaps reconsider his question of privilege.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I listened closely to the case being made by my colleague. Indeed, I believe there is evidence for a prima facie case of privilege. However, I would like to argue it in a different way.

The phrase uttered by the Prime Minister (Mr. Mulroney) yesterday states: "If he has had that information for some

months why did he not bring it to the attention of the RCMP since his failure to do so could result in the obstruction of justice?" I remember clearly when the Prime Minister delivered that response to the Hon. Member that he used a very threatening pose. He raised his voice and used very strong language.

Some Hon. Members: Order, order.

Mr. Riis: As you well know, Mr. Speaker, threatening language itself is unparliamentary. There is no question that when one suggests to an Hon. Member that his behaviour could be interpreted as an obstruction of justice that that in itself is threatening language, particularly when used by the Prime Minister. I submit to you, Mr. Speaker, that as a lawyer who understands very clearly the allegations of "obstruction of justice" that you know just how serious that particular allegation is. It is language unbecoming a Member of this House, certainly when spoken by a Member in the position of the Prime Minister.

• (1530)

I believe the Prime Minister would serve the House well if he would consider the case being made today, and do the honourable thing and withdraw his remarks, rather than have you, Mr. Speaker, deliberate as to whether we have a case of privilege.

Mr. John Nunziata (York South—Weston): I rise on the same point, Mr. Speaker. I wish to take issue with the comments made by the Deputy Prime Minister (Mr. Mazankowski). He indicated that the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria), or indeed any Canadian who had knowledge of the facts surrounding the Oerlikon affair, was duty bound to bring the matter to the attention of the Royal Canadian Mounted Police. I wish to ask the Hon. Deputy Prime Minister to point to some jurisprudence that substantiates the position that he has taken.

As was indicated by the Hon. Member for Glengarry—Prescott—Russell, and confirmed by other individuals involved in this particular transaction, some months ago it was known that there were land flips involved in the awarding of this contract. Does the failure to report that type of information to the RCMP constitute an offence under Section 127(1) of the Criminal Code of Canada, which speaks to the offence of obstructing justice?

I wish to read from the Criminal Code which states:

127. (1) Every one who wilfully attempts in any manner to obstruct, pervert or defeat the course of justice in a judicial proceeding—is guilty of

(c) an indictable offence and is liable to imprisonment for two years, or

(d) an offence punishable on summary conviction.

In this particular case, I would submit that there was no judicial proceeding in effect at the time. The RCMP had not laid any criminal charges in the matter. There was no other judicial or quasi-judicial proceeding taking place. I take issue with the Deputy Prime Minister when he says that the Hon. Member for Glengarry—Prescott—Russell, or anyone else who had certain information or facts, was duty bound by law to bring the matter to the attention of the Royal Canadian Mounted Police.

Another point in passing, Section 127 speaks—

Mr. Speaker: Order, please. I may be able to assist Hon. Members, and the Hon. Member for York South—Weston (Mr. Nunziata) who is quite correctly stating what the general law is. He is addressing the Chair with a succinct and reasoned argument. The Chair understands completely the exact point that the Hon. Member for Glengarry—Prescott—Russell has made. I hope that Hon. Members will stay away from arguing another issue now arising, that is, what the Hon. Deputy Prime Minister (Mr. Mazankowski) may have said with respect to his view of the law.

The point that the Chair has to decide is whether the words used by the Right Hon. Prime Minister (Mr. Mulroney) yesterday, and in their context, amounted to an accusation which is unparliamentary and which has worked against the interests of the Hon. Member for Glengarry—Prescott—Russell to speak freely in this Chamber. As a consequence, if they do, they should be withdrawn. That is the narrow point that the Chair must look at. The Chair must also take that in the context of the question asked.

I wish to advise Hon. Members, and it may save undue debate on this point, that yesterday the Hon. Member for Glengarry—Prescott—Russell came to the Chair and he was clearly and visibly concerned. I assured the Hon. Member that this matter would be heard today. I have very carefully read the transcript. I am not quarrelling with the law as set out by Hon. Members. I am certainly not quarrelling with the law as set out by the Hon. Member for Glengarry—Prescott—Russell with respect to what is or what is not privilege. That was again a very succinct and clear argument. I wish to assure Hon. Members that I have the point, and I will look at it very carefully. I will, of course, return at an appropriate time. That may assist Hon. Members who may be impelled to feel that the Chair has not got the point from restraining in exercising their clear right to speak, and it may save some Hon. Members from needing to enter into the argument.

I return to the Hon. Member for York South-Weston, who I know will want to complete his remarks shortly.

Mr. Nunziata: I appreciate your comments, Mr. Speaker, and I take your advice.

The reference that I was making to Section 127 of the Criminal Code was in reply to the statement made by the Deputy Prime Minister. You are quite correct in stating that the issue is whether it is appropriate for one Hon. Member to accuse another Hon. Member, whether directly or indirectly or by implication, of criminal activity. I would submit that the words used by the Prime Minister (Mr. Mulroney) yesterday, while he may not have directly accused the Hon. Member for Glengarry—Prescott—Russell of criminal activity, certainly

implied that the Hon. Member had breached the Criminal Code of Canada.

How can any Hon. Member in this House operate effectively when another Member, especially the Prime Minister, accuses a Member of criminal activity? I suggest that the privileges of the Hon. Member for Glengarry—Prescott—Russell have been affected. We all know how reckless the Prime Minister is at times with his rhetoric. In this case, the Prime Minister got carried away.

Mr. Speaker: I know that Hon. Members when arguing procedure and the law about an event that happened in the past would not, out of enthusiasm, wish to create another incident that would have to be discussed and dealt with by the Chair tomorrow. I note with some satisfaction that there are smiles on both sides of the House.

Hon. Herb Gray (Windsor West): Mr. Speaker, I wish to make some comments about the point of privilege. In doing so, I will bear in mind your admonition of a few moments ago.

I wish to read into the record the words complained of by the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria). The Prime Minister (Mr. Mulroney) said yesterday when speaking of the Hon. Member for Glengarry—Prescott—Russell:

> If he has had that information for some months why did he not bring it to the attention of the RCMP since his failure to do so could result in the obstruction of justice?

I submit that the Prime Minister, speaking as he did about what the Hon. Member for Glengarry—Prescott—Russell may or may not have done in the past, was in effect alleging a wrongdoing of a type that was contrary to the Criminal Code.

The Government House Leader (Mr. Mazankowski) said that the Hon. Member for Glengarry—Prescott—Russell had a duty to bring the information in question to the attention of the authorities. If that is the view not only of the Government House Leader but of the Prime Minister, even though it is erroneous and incorrect on a reading of the section, and the cases of the courts interpreting it, it clearly shows, I submit with the utmost respect, what was the purpose of the Prime Minister in making the remarks yesterday.

● (1540)

I want to support what the Hon. Member for Glengarry—Prescott—Russell said about there being grounds for a question of privilege. If it should happen, despite the very persuasive arguments of the Hon. Member for Glengarry—Prescott—Russell in support of there being a question of privilege, that you do not happen to agree with him, then I submit it is also and still open to you, Mr. Speaker, to find that the language of the Prime Minister was unparliamentary and therefore subject to be withdrawn on your direction.

It is very clear according to Citation 319 that it is improper "to impute to any Member or Members unworthy motives for their actions in a particular case". Furthermore, Citation 324 reads:

> It is impossible to lay down any specific rules in regard to injurious reflections uttered in debate against particular Members, or to declare beforehand what expressions are or are not contrary to order; much depends upon the tone and manner, and intention, of the person speaking;—

I submit that not only are there grounds for you, Mr. Speaker, to find a prima facie breach of privilege but, in the alternative, to find that the Prime Minister's words were unparliamentary and therefore subject to being declared such by yourself and ordered to be withdrawn.

I also submit that the manner in which the Hon. Member for Glengarry—Prescott—Russell approached you yesterday with his concerns about the language used by the Prime Minister, which you were good enough to place on record a few minutes ago, would constitute the notice ordinarily required in order to raise a matter of unparliamentary language.

I submit to you, Mr. Speaker, that not only are there grounds so ably argued by the Hon. Member for Glengarry—Prescott—Russell and by the Hon. Member for York South—Weston (Mr. Nunziata) for finding a breach of parliamentary privilege; in any event there are grounds for you to find that the language used by the Prime Minister is unparliamentary and should be withdrawn.

Mr. Speaker: I want to thank Hon. Members for the interventions which will assist me in deciding this point. I assure all Hon. Members, especially the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria), the Deputy Prime Minister (Mr. Mazankowski) and others, that I will give this matter appropriate and careful consideration.

I think the Hon. Solicitor General (Mr. Kelleher) wishes to raise another question of privilege, or it may be a point of order. It is one of the two; perhaps the Hon. Minister could clarify that, to begin with.

* * *

POINTS OF ORDER

ALLEGED WRONGDOING

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, I rise on a point of order. Yesterday during Question Period a question was put by the Hon. Member for York South—Weston (Mr. Nunziata) in which he raised the issue as to whether I as Solicitor General did not perform my responsibilities properly and did not act promptly in the matter of allegations against an exempt staff member who worked for the Minister of State. Indeed the Hon. Member's question and request for an RCMP investigation into my role in the affair implies wrongdoing on my part. The facts are as follows, and they will be very brief.

On November 5, 1986 my office received correspondence from a Montreal citizen that included allegations against unnamed individuals, including an unnamed staff member in an unnamed cabinet Minister's office.

On November 7, in keeping with standard practice in such cases, my office forwarded the correspondence to the RCMP for review, and a reply was made to the citizen's letter on December 19, 1986, indicating that those concerns were being looked into by the Royal Canadian Mounted Police.

On November 17, 1986 the Hon. Member for York Centre (Mr. Kaplan) provided me with copies of that correspondence, asking assurance that I would turn that over to the RCMP. I assured that Hon. Member by letter on November 27, 1986 that indeed I had already done so.

I was advised by the RCMP of the results of this investigation on January 8, 1987, and within hours the member of the ministerial staff was relieved of his duties.

Further, I am advised that the RCMP has no record of being informed with respect to this matter in May 1986, as the Hon. Member for York South—Weston has stated.

The Solicitor General has no responsibility for the administration of the Government's security clearance screening program. I reject categorically the suggestion that I was in any way involved in the security screening process in this case. As the chief law enforcement official for the Government of Canada and as a Member of Parliament, I cannot allow these imputations and allegations to go unchallenged.

Mr. Speaker: I see the Hon. Member for York South—Weston (Mr. Nunziata) indicating that he wishes to rise in response to the point of order of the Hon. Solicitor General (Mr. Kelleher). Of course I will hear the Hon. Member, but I want him to know that I have looked over very carefully the comments complained of. It would seem—and this may help shorten debate—that the Hon. Member for York South—Weston asked a question in which he said that it concerned the conduct of two Ministers, one being the Solicitor General. He was asking why a routine security check could not have been done and indicating that the Solicitor General, at least on the information which apparently the Hon. Member had at that time or perhaps thought he had, was notified in October.

Then the question is: in view of this will the Prime Minister (Mr. Mulroney) initiate an RCMP investigation into the conduct of another Member, but this matter concerns the Solicitor General.

It is interesting that the Solicitor General has not risen on a question of privilege. The Solicitor General has merely come before the Chamber to say that he feels the question which was asked imputed some kind of wrongful or negligent behaviour on the part of the Solicitor General. What the Solicitor General has done today is read a statement in which he lays out very carefully certain facts. Of course when the Solicitor General, as all Hon. Members, makes statements like that, those facts are to be accepted in this Chamber, naturally.

It may be that the Hon. Member for York South—Weston will be satisfied with that relation of facts as they are. If by some chance the Hon. Member for York South—Weston is not satisfied with that relation of facts, then it would be appropriate, at another time, to rise in his place and put a question to the Hon. Solicitor General.

I would hope that in recognizing the Hon. Member for York South—Weston—and his comments may assist me—that we will not get into an argument over the facts, because this is not the place to do it. The Hon. Member for York South—Weston is of course the Hon. Member who asked the question, and I think it is appropriate that he rise and make an intervention. I hope it will be a short one, under all the circumstances.

I call upon the Hon. Member.

Mr. John Nunziata (York South—Weston): Mr. Speaker, I can assure you that my submissions will be short. I simply wish to indicate that I have facts in my possession which appear to be at variance with the facts as indicated by the Solicitor General (Mr. Kelleher). You are quite correct in saying, Mr. Speaker, that this is not the forum in which to debate which version of the facts are accurate.

The Solicitor General has made a statement today. He is an Hon. Member, and I must accept his facts for the time being, and I will do so.

Mr. Speaker: The comments of the Hon. Member for York South—Weston are very fitting for the adjournment of a debate on such a point.

Is the Hon. Member for Don Valley East (Mr. Attewell) seeking the floor on a question of privilege or on a point of order?

ALLEGED UNPARLIAMENTARY LANGUAGE

Mr. Bill Attewell (Don Valley East): Mr. Speaker, I rise on a point of order concerning unparliamentary language used by the Hon. Member for Burnaby (Mr. Robinson). At the finish of a question which he directed to the Prime Minister (Mr. Mulroney) in today's Question Period, if I am correct in my memory, he used the term "sleazy affair".

• (1550)

I think in all honesty, Mr. Speaker, you are to be commended for the new levels of decorum and dignity you have brought to this House along with the co-operation of Members in last few months. I am compelled to say that the language I heard makes the Hon. Member simply guilty of base political exploitation. I think the language is wrong on two counts. First is the word itself. Second, a very delicate sensitive case was launched just 48 hours ago, and to start almost pre-judging the situation with the use of the language used by the Hon. Member for Burnaby is unparliamentary. I would ask for your ruling on this, Sir.

Mr. Speaker: I thank the Hon. Member for raising the matter. The Chair heard very clearly this afternoon the comments of the Hon. Member for Burnaby (Mr. Robinson) who, unfortunately, is unable to be in the House at this time due to other duties that he is performing on behalf of his constituents. I will look carefully at the words.

I might say that the word sleazy is hardly comforting to those it is used against and probably does not help debate very much. There is some question, however, as to whether the Hon. Member for Burnaby was referring to the accusations that in some wrongful way, land was as they say in real estate terms, flipped and as a consequence some wrongful thing was done perhaps because of some kind of knowledge or some knowledge of some sort that ought not to have been available. If the word sleazy was referring to that particular accusation, then that is a matter of judgment for all citizens to consider. I would hope that when I look at the words of the Hon. Member for Burnaby that that is where the word sleazy is confined. If, of course, it refers or if it was meant to refer to the conduct of the Prime Minister (Mr. Mulroney) and the action which the Prime Minister took then that obviously would give me more difficulty.

I will consider the matter. I should say to the Hon. House Leader of the New Democratic Party that I will communicate with the Hon. Member for Burnaby and make the Hon. Member aware that this matter has been raised. The Hon. House Leader may wish to do the same. If the Hon. Member wishes to make an intervention, that can be arranged with the Chair at some time in the next few days.

I thank the Hon. Member for Don Valley East (Mr. Attewell) for bringing the matter to the House.

GOVERNMENT ORDERS

[*English*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee, and the amendment of Mr. Turner (Vancouver Quadra), (p. 2393).

Mr. Speaker: Order. Could the Hon. Member for Windsor West (Mr. Gray) stay for a moment to deal with my request. The Hon. Member for Montréal—Sainte-Marie (Mr. Malépart) last had the floor and his debating had not been finished. The Chair is quite prepared to wait a minute or two if the Hon. Member is coming back. Perhaps the Hon. Member for Windsor West could advise the Chair.

Mr. Gray (Windsor West): Mr. Speaker, we appreciate very much your courtesy in this matter. We have been checking, but we find that the Hon. Member for Montréal—Sainte-Marie (Mr. Malépart) is unavoidably committed elsewhere at this point. He will simply have to forego the time otherwise available for the completion of his remarks. I again thank you, Mr. Speaker, for your courtesy.

[*Translation*]

Mr. Gabriel Desjardins (Témiscamingue): Mr. Speaker, it is with great interest that I take part in the debate on Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products.

Mr. Speaker, I cannot remain silent after listening to the previous speaker, the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart), who in the course of his remarks made an unwarranted and shameful attack against Members from the Abitibi—Témiscamingue region. I would point out to the Hon. Member for Montreal—Sainte-Marie that Members from Abitibi—Témiscamingue do not have to listen to his lectures on behaviour or conduct. The fact that he did lecture us shows that although the Member for Montreal—Sainte-Marie may be overly anxious to champion every cause in Canada, he does have his own limits and sometimes—quite often indeed—he talks through his hat.

When I listen to him talking about softwood lumber I am not quite sure whether the Hon. Member for Montreal—Sainte-Marie knows that when we in Abitibi—Témiscamingue talk about softwood lumber we are referring to sizes such as 1 by 3, 2 by 4, 2 by 8, and beams.

Sooner or later, Mr. Speaker, a Member reaches his level of incompetence, and I think this is what has happened to the Hon. Member for Montreal—Sainte-Marie.

Mr. Speaker, I simply wanted to set the record straight because I think that Members from Abitibi—Témiscamingue are proud to protect the interests of their constituents here in the House, and they do so in a dignified and responsible manner. Indeed, Mr. Speaker, responsible parliamentarians are expected to explain to the Canadian people what is at stake when important decisions are to be made. The decision we are talking about today is extremely important and we simply must explain to Quebecers and other Canadians why we decided to come to a compromise on softwood lumber, a compromise which was deemed to be both quite acceptable and the best option available to us under present circumstances.

Mr. Speaker, when they tell us regional Members don't talk about softwood lumber . . . Yesterday, the Hon. Member for Abitibi (Mr. St. Julien) spoke in the House about the woodchip problem we have in Abitibi—Témiscamingue. Unfortunately, the Hon. Member for Montreal—Sainte-Marie was not in the House as so often happens when we have something to say. He was probably out and around, stirring up trouble across Quebec. However, people realize that while he is often

just clowning around, work is a serious matter. And there are people here in the House who realize that as well.

Mr. Speaker—

Mr. Rossi: Mr. Speaker, on a point of order.

The Acting Speaker (Mr. Paproski): The Hon. Member for Bourassa (Mr. Rossi), on a point of order.

Mr. Rossi: The Hon. Member just referred to the fairly frequent absence of the Hon. Member for Montreal—Sainte-Marie from the House. With respect, I submit that the Hon. Member from Montreal—Sainte-Marie is in the House regularly and that the Hon. Member opposite was taking advantage of the fact that he is not in the House but in his office. He is not supposed to refer—

[*English*]

The Acting Speaker (Mr. Paproski): I appreciate the comments from the Hon. Member for Bourassa (Mr. Rossi). I would hope that the Hon. Member for Témiscamingue (Mr. Desjardins) would not reflect on the absence or the attendance of any Member in this Chamber.

[*Translation*]

Mr. Desjardins: Mr. Speaker, I just want to point out, since he said we did not address our regional problems in the House, that this is the third time I have risen in the House to speak to the softwood lumber issue and that my hon. friend from Abitibi has also done so. I want to set the record straight so that we are judged accordingly.

Mr. Speaker, regarding the softwood lumber debate, I want to say that the region I represent here in the House is certainly the one in Quebec most severely affected by the 15 per cent export tax on softwood lumber. In my riding of Témiscamingue, we have the biggest softwood lumber producer in Eastern Quebec, and I am referring to Normic Perron. There are other companies in the forestry sector that are also very important such as Howard Bienvenue, Tembec—a very important company that is also involved in pulp and paper—and the Taschereau sawmill. Anyone who is aware of the importance of the softwood lumber trade with the United States knows that it ranks third among our exports. After cars and pulp and paper comes softwood lumber, a $4 billion market with 60,000 jobs in Canada and 11,000 of these in Quebec. Of that 11,000, there are several thousand in my riding and in the riding of my hon. friend from Abitibi.

Mr. Speaker, I spent the holidays in my riding, in my three riding offices, from December 19 to January 15, being available to the local population and explaining what the softwood lumber issue was all about. As a parliamentarian, I felt a moral responsibility to be in my riding to listen to the people and to explain the repercussions of the 15 per cent tax to the local media. When we take the time to explain the events and the agreement to our people and our industries in Abitibi—Témiscamingue, we find that they have been through worse in the past, Mr. Speaker. For families like the Perrons and the Bienvenues in Abitibi, who came to the area 50 years ago, working for the forest industry in Abitibi—Témiscamingue was not always easy. These people have been through worse. Naturally, they are not happy with the 15 per cent. They did not jump for joy and say that this was the best thing that could happen, but they understand the facts. They know that it was inevitable. There had been clear signs for a few years that such a compromise would be inevitable and that the Americans would eventually take strong action against our substantial lumber exports to the United States. This is indeed what happened. It was inevitable.

• (1600)

We had to act and we did so in the best interests of Canadians. People in our regions understand this. They know that the forest industry is subject to fluctuations, that it is a cyclical industry. In our region like elsewhere in Quebec and Canada, sawmills have had to close these last few years. However, others have been built and the trend will continue in coming years. The market fluctuates a lot and the 15 per cent tax will change nothing in the short-term for forest products in our region. I have some major producers in my region, but the smaller sawmills in Abitibi—Témiscamingue often sell 100 per cent of their products locally or regionally, which means that there will be no job loss.

Mr. Speaker, as I was saying, we have a responsibility as parliamentarians since we cannot really count on the Opposition to inform the population, even though we have to admit that certain Opposition Members can show good sense in such a debate. In any case, I think that it is our responsibility to inform the public and explain why the Government has to take certain action. We have to explain what we do, and the public understands.

I would like to give a chronological outline of what has been happening in the lumber industry this last year, but first, Mr. Speaker, I would like to point out that this issue is nothing new in Canada. It goes back at least 50 years to 1932 or 1933. Lumber was already a contentious issue between our two countries and there is therefore nothing new about this debate. The issue has been around for 50 years, and most recently in 1982 and 1983, when the forest industry won its case, except that—

Mr. Della Noce: Not by much.

Mr. Desjardins: As my colleague says, not by much. Our industry won a very close case in 1983 and it was obvious that the Americans were just biding their time.

After the 1983 victory the forest industry increased its softwood lumber exports to the United States. Our share of the American market expanded from 25 to 33 per cent, or thereabouts. Inevitably, sooner or later the Americans were bound to say enough is enough. The American industry put up an impressive and influential lobby which made strong representations to Government authorities and, in the past year, their signals and messages have been clear. Lawyers

representing both countries were quite sure that this time countervailing duties would be imposed. For a year our Canadian ambassador in Washington had been telling the federal Government, the provinces and the forest industry to get ready because the next time around everything would break loose and we would have to negotiate every inch of the way.

If I may, Mr. Speaker, I should like to recall briefly the chronology of events during 1986. Mr. Speaker, in late May or early June the alarm was sounded: the American Commerce Department Secretary was considering launching an investigation into the allegedly illegal Canadian softwood lumber competition in the United States and thinking in terms of imposing a 35 to 36 per cent levy on our softwood lumber exports. This was in early June, Mr. Speaker. At the time the Secretary of State for External Affairs vehemently expressed our anger with respect to the American reaction. They were talking about 36 per cent, and this was enough to prompt us to marshall the most elaborate concerted effort of all interested parties in this country, including forest industry spokesmen, federal and provincial Governments, and labour unions. We set up one of the most extensive consultation process ever seen in this country on such an important issue. Mr. Speaker, consultations were held from beginning to end in this case, and nobody will ever be able to claim that the dispute was unilaterally settled by the federal Government. What should be understood, Mr. Speaker, is that natural resources like lumber belong to the provinces. It was the provinces' responsibility to defend their interest, but it was felt the federal Government was in a better position to do so. We decided to get involved because the industry and the provinces called on us to solve the matter on their behalf. This shows we did not act unilaterally but in consultation at all times.

Back to the sequence of events, Mr. Speaker, I was referring to early June, when the U.S. announced or planned a 36 per cent tax, which was unacceptable. I personally rose on two occasions in this House on behalf of the forest industry of Quebec and of my own area, to oppose that 36 per cent tax and to support the Secretary of State for External Affairs (Mr. Clark) who had issued a call for calm and action, which we heeded.

So, on June 13, federal and provincial ministers decided to meet—that was on June 13, 1986, Mr. Speaker—to work out a strategy and fight that planned 36 per cent tax on our lumber exports. Again, during the whole summer of 1986, the various parties involved in the issue worked steadily answering a questionnaire, a sort of indictment, at the request of the U.S. Secretary of State. Because of alleged illegal competition, we had to produce a 7,000 page document in answer to the American questionnaire—7,000 pages, Mr. Speaker. We would be faced with exactly the same kind of thing if we had decided to go through the legal process—the Americans would have won the day and we would have been forced at any time—the industry, the governments, the various levels of Government—to open our books and to fill 7,000 page questionnaires as we had to submit on August 13. There would have been several of them in the future, and the industry was not interested in getting stuck in that red tape any longer.

Mr. Speaker, on September 13, 1986, the Government reached the practical decision to work out a strategy to offer a compromise to the industry and to our American friends. We brought forth, we proposed to the Americans a 10 per cent compromise. That was no unilateral step by the Government. The forest industry and the provinces were in agreement. We felt that, faced with a 36 per cent evil, why not come up ourselves with a less stringent proposal, let us say 10 per cent. We submitted that proposal on September 30 in a diplomatic note that went to the Embassy, to the U.S. Government in Washington, and the answer was no. That proposal was turned down, and later there was a preliminary finding that was not in our favour and there also was a 15 per cent proposal submitted by the American Government. So we met at a federal-provincial conference on November 20-21, one month before the December 30 deadline that had been set for the 15 per cent proposal.

Mr. Speaker, during the two-day federal-provincial conference held on November 20 and 21, we had to act and find a solution to a problem that had to be solved. There were three alternatives: first, go through the legal process, all the way—that was the Ontario position, the one that was often advocated here by their Big Brother in this House. However, Mr. Speaker, it is clear that this legal process was prejudicial to Canada. It would probably have meant the implementation of a tax exceeding 15 per cent and such a tax might not have been collected by the federal treasury and would probably have been set at 30, 35 or 25 per cent, a level which would have been most detrimental.

The second possible alternative would have been to withdraw from the negotiations as I have heard it suggested, Mr. Speaker, but that was not a solution. The United States would have carried on and would probably have levied, as I said earlier, a 30 p. 100 tax which would have entailed a terrible loss of jobs in Canada.

The third alternative was that as reasonable people, and as responsible governments which would like to solve the problem, we would find a third solution and reach a compromise. This is why we should congratulate our Minister for International Trade (Miss Carney) and our Minister of State for Forestry and Mines (Mr. Merrithew) who sought the agreement of nine provinces. However, it should be stated, Mr. Speaker, that following extensive consultations, nine provinces out of ten approved the arrangement put forward at the federal-provincial conference. We should reconsider that arrangement which clearly stated that the 15 per cent tax appeared to us as the lesser evil, but the main thing was that the revenues were reinvested in Canada and redistributed among the provinces and it is on that issue that we won the day. This is not a major victory about which we should be mightily pleased. No, but as the elected government we had to

assume our responsabilities and take action and we did so in the national interest.

On December 30, at midnight, therefore, everybody could watch on television the signing of this agreement and I will return to this in a minute. Let me say that people are more likely to believe comments made by well-informed editorialists and economists than those made by politicians anxious to make political gains. Well, according to the former, this compromise was the best possible deal under the circumstances, and I will quote some of their comments later on. So, on December 30, the agreement between our two countries was finalized.

But how did people react to it? The important point I am trying to make is the manner in which politicians, the media and the industry itself reacted the following day. Mr. Speaker, I am not likely to forget what happened on December 31. I was spending the holiday in my riding watching the situation as it developed. The ink on that document was not yet quite dry when the Hon. Member for Laval-des-Rapides (Mr. Garneau) and the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) stated that the Government had sold out Canada to the United States, that it was outrageous. Mr. Speaker, there are times when a Parliamentarian feels that his colleagues should behave in a more dignified and responsible fashion. I was really shocked to see these Liberal Members of the Official Opposition behaving in such an objectionable and irresponsible way, trying to make petty political gains on such important issues.

As it was to be expected, Mr. Speaker, both opposition parties reacted as usual in a childish and ridiculous fashion. But we, on the Government side, are responsible administrators and we must make decisions. This one was clearly in the interest of Canada.

Everybody will agree, I am sure, that the provincial governments were satisfied with this compromise, especially those of Quebec and British Columbia which were delighted to recover all the money they could have lost. Therefore, nine of our ten provinces were all for it. The only province which was against it was Ontario. But what was Ontario doing debating the lumber issue, considering that it produces hardly 5 per cent of all the lumber in Canada? It was easy for the Premier of that province to make capital gains on an issue such as this. He did not hesitate to do so. But I feel that his views lacked credibility. Such was not the case of those of Quebec and British Columbia because they were the provinces most concerned and this compromise was acceptable to them. Mr. MacDonald, the Quebec Minister of Trade, said so in so many words. He said that this agreement is good, under the circumstances, because we intend to invest the money we are recovering in reforestation and retraining of the workers.

Mr. Speaker, I also wish people would mention the reactions of the media and our editorial writers. In fact, I would like to focus on the francophone media in Quebec, since a number of journalists have looked at the matter—how time flies, Mr. Speaker—and I would like to point out that people like Michel Roy and Alain Dubuc of *La Presse* who are not known as Conservatives but whose critical insights are often very apt, have said that in the circumstances there was no reason to panic, that the negative reaction of the Opposition should be ignored and that in this case, it was the best possible compromise. And, Mr. Speaker, I think we can count on the dynamic approach of the forestry industry in Abitibi—Témiscamingue.

We have seen worse, we will survive this and we will keep on working.

• (1610)

Mr. Nystrom: Mr. Speaker, I have a question for the Hon. Member for Témiscamingue (Mr. Desjardins).

Mr. Speaker, he just told us that the Bill before the House represents the best possible compromise in the circumstances. I remember clearly when I was here in 1973 and 1974, when we had a similar situation and I am referring to the oil crisis in this country when the Trudeau Government levied an export tax. After that, there was a terrific crisis in Alberta, British Columbia and Saskatchewan because we in Western Canada thought that oil was something that was "within the wings of the provinces", in other words, that it was under provincial jurisdiction.

You said that there had been consultations with the provinces about the lumber issue. However, there has not been any agreement with the provinces. In my opinion, this is very important, and I believe that the Member from Quebec will recognize that it is indeed important to have the agreement of the provinces. I recall quite clearly what I said about this at the time of the oil crisis 12 years ago in Alberta and Saskatchewan.

Mr. Speaker, I would like to ask the Hon. Member whether, as a Quebecer and a Canadian, he believes that, in our federal system, it would be a good thing to go against the rights of the provinces by having consultations only without any official agreement even though the provinces have some rights in this area. Would he really agree that it would be a good thing for our country and our federal system?

Mr. Desjardins: Mr. Speaker, I thank the Hon. Member for his question because this matter also concerns me.

He spoke about getting the agreement of the provinces on this important subject. However, I pointed out in my speech that we had the agreement of nine out of ten provinces about the compromise which we accepted.

Before taking action, must we always wait to have the agreement of all ten provinces? We have been elected to govern, to make decisions, and its seems to me that, in this case . . . The Hon. Member mentioned what happened in 1973 and 1974, but I was very young at the time, and I can only speak about what I know well, namely the present lumber situation. Nine out of ten provinces is very close to a consensus. In my opinion, we could not go any further to reach a consensus.

Mr. Speaker, the only province not involved in this consensus, and I think that this has to be said, is Ontario, as I have already pointed out. With 5 per cent of the national lumber production, this province does not seem to have big stakes in this economic sector.

Mr. St. Julien: In answer to my colleague from Témiscamingue, Mr. Speaker, I might point out that on March 25, 1985 Quebec and Ottawa signed another economic agreement, this time with a third partner, the Quebec Lumber Manufacturers Association. This $3.42 million agreement is aimed at expanding our foreign markets to reduce the dependence of that industry upon the North American market.

I had three other points I wanted to mention to my colleague whose riding is next to mine. Since 1985 I have been in touch with the 27 forest companies in my riding to keep them up to date, because it is very important that our companies be aware of the latest developments with respect to coniferous trees, new agreements, and so on.

I would also point out to my friend and colleague that on August 1, 1985 I wrote a letter to the President of the United States concerning softwood lumber in my riding and in Canada. I got a reply from the President of the United States, signed by John J. St. John on behalf of the Administration, which reads as follows:

> On behalf of the President, I respond to your letter dated August 1 concerning the bill which is still pending before the American House of Representatives and which is aimed at imposing specific duties on Canadian lumber imports. As you probably know, under our system Members of Congress can introduce legislative measures without the authorization of the Executive Branch. The Administration is not responsible for nor does it support legislative measures which come before Congress and which might affect Canadian lumber exports. The Administration is opposed to protectionism and remains fully committed with respect to the Quebec City declarations concerning goods and services.

In conclusion, Mr. Speaker, I would say to the Member for Témiscamingue, and especially to a certain Member from the Montreal area—his riding probably extends over ten square kilometres at the most, whereas we in Abitibi—Témiscamingue cover 50 per cent of the whole territory, roughly 800,000 square kilometres—that we have a lot of work and regularly attend House of Commons proceedings. I might add that for the first time in 100 years, in December 1986, the Minister of State for Forestry and Mines (Mr. Merrithew) was in the Abitibi—Témiscamingue region, in Val-d'Or to be specific, where he officially opened a Canadian Forestry Service office as a result of my request of May 1985. Mr. Speaker, in twenty years of Liberal rule, there was not a single Liberal MP available to help us open that office in Abitibi—Témiscamingue. But within two years we did it. I am happy for our Abitibi—Témiscamingue forest producers, for this will help them. We are going to help them day after day, week after week. I realize that sometimes there are difficult situations, but we are now going through a really fantastic period, and for that reason I support my colleague for Témiscamingue.

• (1620)

[*English*]

The Acting Speaker (Mr. Paproski): Perhaps the Hon. Member for Kamloops—Shuswap (Mr. Riis) would like to ask a question.

Mr. Riis: Mr. Speaker, this is the period for comments and questions.

Mr. McDermid: That was a brilliant statement.

Mr. Riis: It was an interesting statement indeed. I have three short questions for the Hon. Member. First, would he explain why so many companies, perhaps as many as 120, which ought to have been exempted from the 15 per cent tax, were not exempted? Is he aware whether negotiations are planned to include these companies on the present list of 20 exempt companies?

Second, is the Member aware that the provincial governments have now guaranteed that the entire portion of the $600 million collected through the tax which will accrue to their provinces will be invested in the maintenance of the forest resource in the respective jurisdictions? Third, and perhaps most important, is the Member aware of studies which the federal Government has completed which would indicate, as closely as can be determined at this time, the potential or real damage which the new 15 per cent export tax will cause in the industry?

[*Translation*]

Mr. Desjardins: Mr. Speaker, I would like to thank the Hon. Member for his comments and questions. As he will himself admit, the question he raises is a very involved one. The decision has been made, it has just come out. Certainly we have experts in our departments, responsible people who will look seriously at his representations and a decision will be reached in a relatively short time frame on the questions he has asked me. Although I am not an expert on trade matters, I am quite sure our department will study and analyse the matter he has raised and answers will be provided in due course.

Mr. Cassidy: Mr. Speaker, I appreciate your support for the Ottawa Rough Riders.

But returning to the subject at hand, I should like to direct a very specific question to the Hon. Member for Témiscaminque. Is the Hon. Member aware that the Freight on Board or FOB price at the lumber mills in his own riding is much higher than in Western Canada, in British Columbia, and that because of this, the 15 per cent tax which his Government has just imposed will represent a larger amount for the Quebec lumber than for the British Columbia lumber? In fact, there will be a difference of $10 in the PCM between Quebec and Western Canada. My question is this: Does the Hon. Member feel it is fair that because of this tax, Quebec lumber producers will be more heavily taxed than their British Columbia counterparts? How could he justify this unfair

difference between the tax treatment of these two regions of our country?

Mr. Desjardins: Mr. Speaker, I entirely disagree with the statement made by the Member for Ottawa opposite. The same conditions used to exist and I can assure my colleague that the forest industry in my riding is quite efficient, it takes in decent profits and it has always been successful in the past. I met with those people. They told me they could live with this 15 per cent tax. They have modern technological equipment and such a tax should not have any negative effect. Of course, they were not very happy but they are responsible businessmen and they told me. "Of course, our profits will be lower, but this is not the be-all and end-all." The Abitibi area has gone through many other problems in the past. We can live with that kind of a tax without massive layoffs and without scaring the Canadian people. I find those men very responsible and much more dignified than the Members opposite.

The Acting Speaker (Mr. Paproski): I regret but the period for questions and comments is now over.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Paproski): It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Spadina (Mr. Heap)—External Affairs—Nicaragua—(a) Bombing missions launched from Honduras (b) Request that government urge Honduras to disarm Contra forces; the Hon. Member for Surrey—White Rock—North Delta (Mr. Friesen)—Immigration—Action taken by Immigration Appeal Board; the Hon. Member for Ottawa—Vanier (Mr. Gauthier)—National Research Council—(a) Algonquin radio observatory (b) Professionals' future prospects.

* * *

[*English*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee, and the amendment of Mr. Turner (Vancouver Quadra), (p. 2382).

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, I would like to say a few words on this issue which is important to most of the provinces. Believe it or not, in Saskatchewan we also have a softwood industry. It is not as big as that of British Columbia, Quebec, Ontario or other parts of Canada, but we do have an industry and are concerned about the legislation before the House. This is an important issue just as is free trade. The issue of free trade is beginning to concern more and more Canadians. I have just spent a couple of weeks in my riding. More and more people in my constituency are concerned about whether we will sell the soul of our country in our free trade negotiations with the United States.

I remember well when our Prime Minister (Mr. Mulroney) was campaigning against his former leader, the Member for St. John's West, and other members of his Party for the leadership of his Party about three years ago. At that time he said in Thunder Bay that he was against free trade with the United States. He said that because the United States is so big and we are so small, free trade with the United States would be very similar to a mouse hopping into bed with an elephant. It may be fine for the mouse until the elephant had a nightmare and rolled over.

An Hon. Member: It was a lion.

Mr. Nystrom: I thought he said a mouse and an elephant, but the Member says it was a mouse and a lion. An elephant is bigger than a lion so perhaps that makes a better story.

[*Translation*]

However it is exactly the same thing, because there are 25 million Canadians, while the American population is ten times larger at 250 million people. That is a large population, and it is difficult to have free trade between a small and a large country. And it is my view that many people here in Canada do not like the arrangement where by Canadian sovereignty is really after the deal that is now there, because we are all Canadians. We are proud of this country and we must have a country that is very strong and very large in the future.

[*English*]

The legislation before the House compromises the sovereignty of Canada as many of our constitutional experts have already said. Quite frankly, I am very surprised to see a Conservative Government bring forth legislation which would compromise the sovereignty of our country. I believe that the Conservative Party has changed greatly in the last few years. It is increasingly seeing Canada as a fifty-third state because there is more continentalism in their philosophies about this world.

• (1630)

The Conservative Party of Sir John A. Macdonald had a national vision. It was the nationalist party in this country and the Liberal Party was the continentalist party. Our history tells about the battles of tariffs and free trade in the days of Laurier, when the Liberal Party wanted to have a free trade

arrangement between Canada and the United States. It was a Conservative Party that stood up to protect this country, its people, its jobs and its future against that kind of move by the Liberal Party.

The times have changed. There has been a complete reversal of roles by the Conservative Party of Canada. Even more recently, John Diefenbaker had a national dream and stood up for this country. He was a Canadian nationalist who stood up to American presidents. Where is the Conservative Party of Macdonald and John Diefenbaker?

The Leader of the Conservative Party seems to believe he was elected in Maine rather than Manicouagan. Let us consider how the Conservative Party has sold out Canada in the last two years. First, the National Energy Program was eliminated as a result of pressure primarily from the United States and multinational corporations based in the United States.

Mrs. Sparrow: That was not a sell-out.

Mr. Nystrom: The Conservatives responded to that pressure and changed the National Energy Program. As timid as the Foreign Investment Review Agency was, the Conservatives opposite bended to the pressure of the Reagan administration to get rid of the Foreign Investment Review Act in spite of the fact that it was basically a toothless tiger. John Diefenbaker or Sir John A. Macdonald would not have done so, nor would a good red Tory like the Member for Assiniboia (Mr. Gustafson) if he was the Prime Minister. Another example is the patent legislation that is before the House.

[*Translation*]

I remember very well that in February 1985, at a meeting in Quebec City between Mr. Reagan, the U.S. President, and our Prime Minister, the President asked our Prime Minister for an amendment to the Canadian Patent Act concerning drugs. It was my feeling, Mr. Speaker, that the U.S. President told our Prime Minister there could be no free trade agreement unless the Patent Act was amended with respect to drugs. There again the U.S. President dictated a policy to the Canadian Prime Minister. And I ask once more, Mr. Speaker, where is John Diefenbaker's party, where is Sir John A. Macdonald's party, where is the former Conservative Party that used to be a nationalistic party here in Canada. What has become of that party? That is why the Conservative Party ranked third in a recent Gallup Poll. Never in our history has a government sunk so fast in the public opinion as the Conservative Party! Where is Mr. Diefenbaker's former party, a nationalistic party, that fought for a very strong Canada, Mr. Speaker?

[*English*]

Perhaps it is because they have a leader who was once the head of Iron Ore Canada, a branch plant of an American corporation, and has a vision of this country as a branch plant.

This Bill can be considered in the same way as the legislation I have already mentioned. Tomorrow the Vice-President of the United States will visit the Prime Minister to talk about free trade. I hope the Prime Minister delivers a stronger message about free trade, softwood lumber and many other issues of concern to us in the House.

This legislation will adversely affect Canada's sovereignty in the same way that the U.S. Farm Bill hurts Canada and American farmers. While the Americans preach free trade on one hand, they are subsidizing the export of American farm commodities into Canadian markets in places like Saudi Arabia and Siberia. That hurts my farmers and farmers throughout the country. The Prime Minister should stand up for Canada and tell George Bush that it is not good enough.

An Hon. Member: Start World War III.

Mr. Nystrom: The Conservative Member says "Start World War III". He is being frivolous when making such a comment. I am saying that our Prime Minister should stand up and speak loudly and clearly for Canada on issues like this. I am speaking in the House today because this is another example of how he has not done so.

The softwood lumber issue dangerously compromises Canadian sovereignty because the agreement allows for replacement of the export charge with stumpage increases only through U.S. agreement that the value of the stumpage increase alternative is equivalent to the export charge. If the Americans agree that the stumpage increase is equivalent to the export charge, then the provinces have the right to increase their stumpage charges. I suggest that policy in this country is not made in Washington but made in Canada. Agreements such as this are not good enough because they compromise the sovereignty of Canada. John Diefenbaker would not tolerate what those Conservative Members tolerate under their new leader, the man from Manicouagan.

The U.S. interpretation of the agreement specifically prohibits the provision of grants, low interest loans and other benefits to the forest industry by the federal or provincial Governments. In other words, we have agreed not to extend subsidies to the forest industry in this country unless we have the agreement of the U.S. administration. That is another compromise of Canadian sovereignty.

Mr. Greenaway: They should not be getting them in the first place.

Mr. Nystrom: The Member says that there should not be grants or subsidies from the federal Government to the forest industry. Old mills may have to be modernized or some sectors of the forest industry in parts of Canada may need assistance. If we are not allowed to give that assistance, I suggest that it compromises Canadian sovereignty. The United States will have the power to shape the future evolution of our forest industry and that is not good enough for Canada or for this Parliament.

Another issue which I believe should concern those free enterprise Conservatives who believe in free trade around the world is that the export tax applies only to the United States

and thus may not be legal under GATT rules. This point has been conceded by spokespersons within the Government itself, and our forest industry competitors such as Sweden may go to GATT and insist we increase our lumber and other forest product prices on goods exported to the European Common Market by a similar amount, again causing more damage. Is it legal under the General Agreement on Tariffs and Trade to employ an export tax on exports to only one country and not other countries? Is it legal to export softwood lumber to the United States at a price 15 per cent more than it is exported to countries such as France, Spain, and Portugal? The Government admits that this may be a problem and it is another argument why it should reconsider this Bill.

This agreement states that any replacement stumpage increases must yield the same price increase on lumber exports to the United States as the tax. However, it is not possible to differentiate, I am told, between stumpage paid on a tree moving to the U.S. as lumber and stumpage paid on a tree moving to a pulp mill. In other words, overhauling the stumpage system in a manner which is dictated by the U.S. could, and probably will have adverse consequences for other sectors of the forest industry such as pulp and paper, lumber producers shipping to Japan, the European Common Market, and so on. These are some of the possible implications of the Bill before the House today.

• (1640)

Another concern I have is that I think we moved too quickly. The process in the United States had not come to a halt or completion. The U.S. Department of Commerce has still not made a ruling and it may not have found, for example, that there was discrimination because of Canadian subsidies or Canadian stumpage fees being too low, in its opinion. It may not have found injury and if it did not find injury and damage because of supposed subsidies, it may not have imposed or could not have imposed a countervail tariff. In fact, the legal advice from American lawyers to the forest industry was that the final determination of a subsidy and the final imposition of a countervail tariff could have been followed by an expedited annual review shortly thereafter. Therefore, the whole process may have gone on a long, long time. We would have had a lot of time to try to come up with a federal-provincial agreement on what to do in order to preserve our markets in the United States and expand the markets for Canadian softwood exports.

Another point I would like to make is if we had done this, we may have had a chance of winning the legal process in the United States. We also would have kept open the future option of a special appeal to GATT in Geneva. I think there are a number of reasons why we should not support the Bill before us today. In summary, it is because the Bill is a Bill which has been basically drafted by American officials. It is a Bill which does not allow any changes in our legislation unless it is accepted by American officials. It is a Bill with which the United States administration is treating Canada as a fifty-first state. I do not think that is good enough. I think it is a sell-out of our country. It compromises our sovereignty. It is softwood lumber today, what is it to be tomorrow? Will it be potash tomorrow? Will it be uranium the next day? Will it be steel products the day after that? We are not sure.

I see sitting across from me the Minister in charge of the Canadian Wheat Board. I know the frustrations he is experiencing with the U.S. Farm Bill in terms of the subsidies on exports of American grain and barley and such products.

Mr. Mayer: It is the Europeans who have the real problem.

Mr. Nystrom: It is also a problem for the Europeans. I do not deny that, of course. There is a trade war between Europe and the United States and I believe both of them are equally guilty, as the Prime Minister said in a press conference a few months ago. However, we are caught in the cross-fire as a smaller nation, as are the Australians and the Argentinians.

It is very frustrating being in that kind of a situation. There is not as much we can do in that kind of situation as we can when it comes to softwood lumber. There is something we can do about softwood lumber. That is why I am really surprised the Conservative Party, the Party which once included proud nationals like John Diefenbaker and Sir John A. Macdonald, would compromise our sovereignty and sell out our economy to the Americans on an issue like this.

[*Translation*]

This is a terribly important issue. According to the Hon. Member for Kamloops—Shuswap (Mr. Riis), about 700,000 Canadian men and women are directly or indirectly employed in the forestry sector here in Canada. The forestry industry is very important for Canada's future and for the employment situation here in Canada. Most companies in the industry predict there will be lay-offs because the agreement between Canada and the United States does not augur well for the future of this industry. Mr. Speaker, Canada's sovereignty and Canada's future are at stake. It is time for Canada to act.

[*English*]

Let us not pass this legislation before the House today. Let us have an agreement between the provinces and the federal Government as to what we should be doing. I was a bit surprised to hear a member of the Conservative Party from Quebec saying a while ago that consultation between the provinces and the federal Government by itself was good enough without an agreement. I remember being at the federal-provincial conference in Vancouver back in November and I remember Ontario did not agree, but I knew that process was only a process of consultation and we still did not have an agreement. We do not have an agreement in an area of vital provincial concern, yet taxing resources comes under our Constitution as a provincial right, under provincial jurisdiction.

I think it is very dangerous for federalism that the federal Government would go ahead unilaterally without an agreement and impose an export tax. Again, it surprises me that this would come from the Conservative Party which criticized the former Prime Minister, Mr. Trudeau, for so long and so hard

for acting in exactly the same way when it came to an export tax on oil in 1973 and 1974.

[*Translation*]

The Hon. Member for Joliette was here at the time, since he was elected in 1968, the same year I was. He did not agree at all with Mr. Trudeau, when the latter did the same thing to the oil industry. He agreed with me and he was against Mr. Trudeau. And he said with the Conservative Party: There will be another system that will respect the rights of the provinces and the principles of federalism here in Canada where we need the consensus of all Canadians. And the Prime Minister referred to the need for national reconciliation.

The Hon. Member says so too. Mr. Speaker, if that is true, why is the Conservative Party now third in the Gallup polls in Canada? Why? With polls like these, Mr. Speaker, I am very glad I'm not a Conservative Member.

Mr. Girard: And so are we!

Mr. Nystrom: Thank you. Mr. Speaker, national reconciliation is not as important as provincial participation.

I remember when the Conservative Member sitting in the Chair at this moment rose in the House ten years ago to speak against the former Liberal Government and the levy of an export tax on oil exported from Canada to the United States. They often said that, with a Conservative Government, there would be a different system in Canada, a system where the provinces would deal with the Federal Government as between equals.

I would like to ask my friend, the Hon. Member for Joliette (Mr. La Salle), who was leader of the Quebec caucus and the only Quebec Member of his party at the time, what has happened since then. What has changed? Why is his party acting exactly like the party led by Mr. Trudeau as far as federal-provincial issues are concerned?

Mr. La Salle: Never! I would resign.

Mr. Nystrom: Mr. Speaker, we have just heard some good news. The Hon. Member for Joliette will resign because he is also disappointed by his leader's policies, which are exactly the same as those of Mr. Trudeau.

Mr. La Salle: That is not what I said.

Mr. Nystrom: That would be a good thing. Mr. Nielsen yesterday and Mr. La Salle today.

Mr. Fontaine: Mr. Speaker, I am happy for the opportunity to ask a few questions to my socialist colleague for Yorkton—Melville (Mr. Nystrom).

Mr. Speaker, all Canadians know that, last summer, a ruling by an Ontario court found that it was illegal to use certain payroll deductions under the Rand formula to finance the socialist party.

I therefore wonder how the socialists can explain to the 31,000 members of the IWA why they object to our agreement with the Americans since the IWA president wrote early in January 1987 to the Minister for International Trade to express his full support for this agreement. My socialist colleagues should not forget that these people are financing them. It can hurt you a lot to attack your own sources of financing. In addition, we must not forget that this letter was signed by Mr. Munro, a former candidate to the presidency of the socialist party in British Columbia. In addition, the secretary treasurer of the association is Mr. Gerry Stoney, a former president of the socialist party in British Columbia.

I also wonder how you can agree with your colleague, the economic critic from British Columbia, who is in complete disagreement with what we you have said about our understanding with the Americans.

I conclude, Mr. Speaker. You mentioned that we may not have achieved national reconciliation, but at least we have achieved reconciliation within our own Party. The socialists from the various parts of the country do not even agree among themselves. Therefore, you would be well advised to seek ways to agree among yourselves, in order to make more informed representations to the House of Commons of Canada.

I should like you to reply to these questions. How are you going to explain that?

• (1650)

[*English*]

Mr. Gormley: Mr. Speaker, I have a question along a similar line. First, it is interesting to note how the Hon. Member from Saskatchewan can elicit such a reaction from Hon. Members from all across Canada so that they are equally offended by his comments and spring to their feet in indignation.

In terms of the Saskatchewan dimension, the Hon. Member has raised a point about sovereignty and the options the provinces face with respect to the collection of the tax. I met last week with Saskatchewan's Minister responsible for forestry. He told me that based on the alternatives, he welcomes the opportunity to be able to use some of this money to put into silviculture and reforestation. These are two projects which are of vital concern to native people and to those who live in northern Saskatchewan. How can this member of the New Democratic Party turn his back on an opportunity to be putting money back into forestry instead of paying a tariff as high as 35 per cent or 36 per cent?

Mr. Nystrom: Mr. Speaker, it seems to me that the Hon. Member for The Battlefords—Meadow Lake (Mr. Gormley) is under considerable anguish these days. Perhaps it is as a result of the polls. The former Member of Parliament for The Battlefords—Meadow Lake, whose name is Anguish, was here yesterday, which perhaps explains the situation.

Mr. Gormley: Mr. Speaker, I rise on a point of order. It is worth noting that the man to whom the Hon. Member refers is a former Member of Parliament, which is why I am here.

Mr. Nystrom: The present Member for that riding will follow in his footsteps. There has been a precedent set in the riding.

Mr. Mayer: Anguish may in fact be the next Leader of the NDP in Saskatchewan. He may beat you out.

Mr. Nystrom: That just might happen, and it might be a good thing. I do not think there has been a Member of Parliament from The Battlefords—Meadow Lake who has survived more than one term—at least not for a long, long time. I remember the former Members Bert Cadieu and Elias Nesdoly. Nesdoly was defeated and Cadieu came back once. Then there was the terrific Member, Doug Anguish. Unfortunately, he lasted only one term, as will the present Member for The Battlefords—Meadow Lake.

Mr. Mayer: It should be noted that he is also a terrific Member of Parliament.

Mr. Nystrom: Mr. Speaker, I think he is a good Member of Parliament. I have never said anything negative about him. I am simply saying that a precedent has been set in his riding whereby Members representing the riding last for only one term. Considering the way his Party is going nationally he will be lucky to run second, let alone first.

The Hon. Member said he talked to the Minister responsible for forestry in the Province of Saskatchewan. I would be very glad to have some of the money come back to Saskatchewan. My position is that it should all come back. It is a provincial resource and it should be a provincial right to impose a tax. That is why there should have been an agreement before we went ahead with this measure in the first place. I think there was the time to do that and I believe that has been pointed out in the House before.

[*Translation*]

In reply to the Hon. Member for Lévis (Mr. Fontaine), may I say that he often refers to the socialist party. Mr. Speaker, following the next federal election, Mr. Jean-Paul Harney, a socialist, will represent the Lévis riding. Mr. Speaker, the Hon. Member asked about Mr. Munro and the union, as well as Mr. Gerry Stoney. On Saturday and Sunday, I talked in Ottawa to Mr. Gerry Stoney. I know Mr. Jack Munro very well, and both of them may not agree on the federal position of the NDP on this issue, but both will support the NDP and help it win the next federal election. It is perhaps exactly the same with the heads of some forest corporations which are against the Conservative proposal now before the House, but they will stubbornly vote for the Conservative Party at the next federal election.

[*English*]

Mr. Caldwell: Mr. Speaker, I would like to ask a question of the Hon. Member for Yorkton—Melville (Mr. Nystrom). He mentioned the problems we are having in agriculture in Canada. The Hon. Member will recall that just over one year ago the Americans placed a countervail duty on pork products going to the U.S. That countervail in terms of dollars amounted to something in the order of $200 million, which money has come out of the pockets of Canadian pork producers. It is money which could be well spent in Canada in aid of our farmers. The Americans took the case through the proper procedures and proved that in fact we were subsidizing our pork products. It now happens that they are keeping the money. I assume from what the Hon. Member is saying that because they have kept that money, our sovereignty is still intact. However, when he gets into the issue of softwood lumber and we are keeping the money on this side of the border, he seems to say that we have lost our sovereignty. I do not quite understand that position. No one wants tariffs to be imposed.

There was a situation in which our Government placed a tariff on U.S. corn coming into Canada. That is now affecting British Columbia producers. But we have retained our sovereignty. I do not quite understand where the Hon. Member is coming from. On the one hand the Americans take money and we keep our sovereignty while on the other if we keep the money we have lost our sovereignty. Would the Hon. Member please comment on that concept?

Mr. Nystrom: Mr. Speaker, I am not saying that we can win all the cases. I know that all the cases cannot be won. I have been involved in similar issues for many years. I know that some countries win some cases and sometimes they lose.

The point I am making is that we should stand up and fight for what we think is right. A decision had not been rendered in the United States and the process had not been completed. We are not sure what the results would have been. The process would have gone on for many more months in that country. What we did was duck and run. I think that was the wrong way to go.

There is also an organization called GATT. Like other countries we could have appealed to GATT. The point is that this whole process would have taken a long time. In that time we could have come to a federal-provincial agreement. I am a Member from the small Province of Saskatchewan where there are only one million people. We do not trample on provincial rights.

I think a provincial right has been trampled on in this case. I think a federal-provincial agreement could have been arrived at. It would have caused less acrimony in Canada and would have resulted in a more harmonious solution. We did not have time to do that. In the end it may have even won the case with the United States. I do not know. The Hon. Member opposite does not think we would have. But we could have bought more time and maybe we could have come up with an agreement

with the provinces. I think we moved too quickly. We became too afraid too quickly.

• (1700)

Mr. Riis: I have a very short question for the Hon. Member. Now that the provincial governments will have the opportunity to roll some of this 15 per cent export tax into increased stumpage rates, does this mean that for other forest companies other than lumber, for example pulp or pulp and paper and other forest products, that their costs will be increased with stumpage rates going up? Also, the cost to the Canadian consumer will rise because of the increased stumpage and the increased cost for lumber and other commodities sold in Canada.

Mr. Nystrom: That is absolutely true, because there is no differentiation between a stumpage fee increase for what is exported and what goes into pulp and paper. The final point on that is there will be a problem between the provinces. I see the Hon. Member for The Battlefords—Meadow Lake For example, our stumpage fees are higher than those in British Columbia. That may create more problems for Saskatchewan than for B.C. Again, it is a differentiation between Quebec, Ontario, and the West. These are all problems that are difficult to sort out. Now we have a gun to our head, and I do not think that is fair.

[*Translation*]

The Acting Speaker (Mr. Paproski): Order, please! It being 5 o'clock, the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS--PUBLIC BILLS

[*English*]

CANADIAN HUMAN RIGHTS ACT, CANADA LABOUR CODE, PUBLIC SERVICE EMPLOYMENT ACT

MEASURE TO AMEND

Mr. Bill Vankoughnet (Hastings—Frontenac—Lennox and Addington) moved that Bill C-229, an Act to amend the Canadian Human Rights Act, the Canada Labour Code and the Public Service Employment Act (whistleblowing), be read the second time and referred to a legislative committee.

He said: Mr. Speaker, Bill C-229 is an Act to amend the Canadian Human Rights Act, the Canada Labour Code and the Public Service Employment Act. This could be referred to as the whistleblowing Act.

The purpose of this Bill is to provide appropriate sanctions against retaliatory discharges by public sector employers of employees who report or blow the whistle on serious misconduct of their employers.

In protecting employees acting in good faith, this Bill would recognize that there are times when it is in the public's interest to encourage employee whistleblowing, particularly when the public health and safety are at issue. The price of doing right should not be the end of a career, scorn, or years of economic hardship.

This legislation is intended to protect people who are willing to expose illegal or unethical practices of their employers. It would allow employees to file with the Canadian Human Rights Commission information concerning actions of their employers which they believe to be a threat to the health and safety of the general public.

The Canadian Human Rights Commission would then determine if the revelations of the employee were made in good faith. If the Canadian Human Rights Commission decided that there was no malicious intent on the part of the employee, that individual would have the benefit of all protective measures provided by this legislation. Specifically, protection would be provided from dismissal, suspension, or the imposition of a financial penalty by an employer in retaliation for a complaint, or for a disclosure in connection with a complaint.

If the Canadian Human Rights Commission is satisfied that there are reasonable grounds to believe that the allegations contained in a complaint are true, and that it is in the public interest to reveal the allegations, the Commission would file an appropriate report to the Speaker of the House of Commons. Every report submitted to the House of Commons would be referred to a designated committee for the purpose of reviewing the ethics of conduct of public officials.

By providing appropriate protection for employees acting in good faith, this Bill recognizes that there are instances when it is in the best interests of the public to encourage employee whistleblowing. When the health and safety of the public are in jeopardy, this Bill will provide a clear and much superior method than the usual brown envelope procedure. This topic has not received as much attention in Canada as it has in the United States. I believe it is time for this type of legislation in Canada.

Whistleblowers have been called many names such as rats, traitors, publicity seekers, alarmists, trouble-makers, malcontents, weasels, and stool pigeons, to name a few. To some they have been branded as moral heroes. Recent studies in the United States suggest that whistleblowers are ordinary employees who are so troubled by the employers' conduct that they feel compelled to do something. Frequently, employers respond to such action by terminating their employment.

I believe that individuals who blow the whistle for legitimate reasons such as gross mismanagement, waste of public funds, fraud, corruption, as well as the health and safety of the general public, should, if proof can be established, be encouraged to protect society, and in turn have protection themselves. However, this Bill deals with the health and safety aspect of whistleblowing, and I feel it would be an important step. We should protect those who show courage, ethics,

conscience, or moral concerns instead of blindly following orders from superiors, or looking the other way. The important thing to remember is not just the protection of a legitimate whistleblower, but the general public who may well be in danger.

It is time that we, as legislators, looked at what happens to whistleblowers after the events that could well change their lives. Whistleblowers almost inevitably pay a heavy price. With few exceptions, they are driven out of not just their jobs but their professions. It is long overdue that we give consideration to protecting those people who have legitimate public health and safety concerns, and have first-hand knowledge that the information is being suppressed.

Despite the need for this whistleblower's protection and the public concern for it, industry and Government remain cool to the idea. It would be a small price to pay for this legislation to protect society, and the careers and the emotional lives of conscientious whistleblowers.

For example, ethical whistleblowers exposing PCB dangers, harmful plant operations, environmental pollution, questionable food additives, violations of safety regulations, should be protected as they have a responsibility to our society. It has been established that most whistleblowers are loyal employees with many years of faithful service. They are not habitual complainers, members of the lunatic fringe, or anarchists bent on violent change. They are people who come face to face with a practice that they believe is wrong and decide to turn concern into action.

Only after first taking their concerns to the appropriate management, and then without action, would they have to use this Bill as protection. Instead of receiving thanks for bringing their legitimate concerns to light, they could presently be charged with damaging morale, hindering efficiency, or performing their duties incompetently. With this legislation, they would be protected. Even the union, if one existed, or if the employee was a member, might be reluctant to take up the issue.

The individual, or perhaps several people, would have the other options I stated earlier: the brown envelope method, the use of the media, or to seek assistance from their Member of Parliament to expose the wrongdoing. Normally, employees have a duty to respect the confidentiality of information learned through their employment which could be damaging to their employer. However, this does not apply to knowledge about actual known or planned crime. Thus the need for this legislation.

Whistleblowing is serious. This Bill intends to encourage the truth in order to protect the health and safety of Canadians through a legitimate process which would also protect the whistleblower. I ask that the House of Commons seriously consider this Bill by referring it to the appropriate committee for study.

Mr. Jean-Robert Gauthier (Ottawa—Vanier): I wish to congratulate the Hon. Member for Hastings—Frontenac—Lennox and Addington (Mr. Vankoughnet) for introducing what I think is a very valuable and very needed piece of legislation. I agree with the Bill. I would support sending the Bill to a committee for further study and consideration, and possibly amendments which we are all open to. I wish to tell him in speaking to some public servants in my riding who over the years have come to me with this difficult problem of whistleblowing on their employer for reasons of health and safety that in their opinion, this is a much needed and important piece of legislation.

• (1710)

I repeat, I congratulate the Hon. Member on his initiative, and I hope the House sees fit to pass this legislative suggestion in due course.

[*Translation*]

Mr. Speaker, the Bill before the House today deals with a question that sometimes creates problems for Government employees. As far as I know, there is no appropriate sanction in Canada to deal with retaliatory discharges by public sector employers of employees who report or "blow the whistle" on serious misconduct of their employers, particularly, as the Bill says, with respect to health and safety. By thus protecting employees against retaliatory action on the part of an employer who is unhappy about the fact that an employee has revealed certain information, I think we are recognizing the fact that the public interest sometimes requires that employees working in the public sector and who feel obliged to take action on matters or situations they find unacceptable, have the right to see and consult with a public person or an ombudsman and to tell that person, if they so wish, that they do not agree with a given measure because it constitutes a threat to public health and safety.

[*English*]

This whole question came to light some time ago, but Hon. Members will recall that articles appeared in the newspapers in 1986 dealing with an employee who had been fired from the Immigration Appeal Board.

I refer to an article by Philip Jalsevac which appeared in the February 13, 1986 edition of the *Kitchener-Waterloo Record* and read:

> The Immigration Appeal Board has followed the five-month suspension of a Toronto deputy registrar by firing him for giving internal documents to a lawyer and publicly criticizing the board.

It went on to explain what board chairman Michel Falardeau-Ramsay told Registrar Keith Forgie, 35, in the letter of dismissal which he received the previous day.

The Canada Employment and Immigration Union, through its spokesperson, Renaud Paquet, said that it would pursue the matter. At the time I was asked to comment, and I said that I believed legislation should be forthcoming. I also said that I believed strongly that a White Paper should be brought forward by the then Minister of Justice, espousing the Government's views on the matter. We asked for a discussion paper or a draft Bill from the Government. Our only reply was from the Minister of Justice who indicated the Government's position.

I should like to quote from another article written by Philip Jalsevac which read:

> Justice Minister John Crosbie says he can't see the need for legislation to protect public servants who make public improper or illegal government practices.

The article continued:

> However, he said his immediate reaction was that so-called whistleblowing laws aren't needed because public servants are protected like everybody else by the Charter of Rights and Freedoms.

I think that point is well taken. We in the House know that the Charter of Rights and Freedoms is before the courts for interpretation, but that is not the point.

There are other jurisdictions in the world, such as American jurisdictions, where certain protection is afforded people who for reasons of security, possibly safety, or health feel that a procedure or something they are being asked to do is against the national interest.

[*Translation*]

Mr. Speaker, the concept of whistleblowing or whistleblowers is to be seen as an attempt to resolve the dilemma of employee loyalty and an employer responsible for running a public agency.

As I said earlier, in this context Canada provides no general protection for whistleblowers against retaliatory measures on the part of the employer. Federal public servants in particular have no legal protection should they reveal information on hazards to public safety.

The only legal protection at the federal level concerns the application of specific legislation. For instance, the Canadian Human Rights Act and the Canada Labour Code contain provisions that protect individuals against possible retaliatory action by the employer if they file complaints, testify or in any way participate in the enforcement of that specific legislation as it applies to their employer. This legal protection does not cover whistleblowing on activities that put the community at risk.

However, although not specifically aimed at whistleblowing cases, certain statutes may be referred to in support of whistleblowers. For instance, as the Minister of Justice (Mr. Hnatyshyn) pointed out, Section 2 of the Canadian Charter of Rights provides protection for fundamental freedoms like freedom of opinion, expression and conscience. The mere reference to these freedoms does not protect whistleblowers, but since the courts are now in the process of interpreting the Charter, it might be a useful reference. As we know, everything depends on the court interpretation of the facts in the spirit of the Charter, Mr. Speaker. It is there, but it needs to be enhanced and interpreted by the courts.

On the other hand, the Access to Information Act might be useful to protect whistleblowers. As a matter of fact, if any disclosed information could have been obtained through this statute, it would mitigate the notion that a public servant must respect confidentiality with respect to his employer. Recourse to the provisions of this act does not by itself guarantee the protection of whistleblowers, but it can change the picture to the extent that the whistleblowing incident itself would become less dramatic.

Finally, given the absence of a legislative provision, common law might be used as a guideline. There have been a few such cases in American common law, and the result was that the protection given to whisleblowers is related to the accuracy and veracity of the information disclosed, as well as to the existence of real danger for the community. The burden of proof therefore weighs very heavily on the whistleblower. However, legal precedents have failed to establish criteria to enable us to assess the extent of evidence to be submitted with respect to real danger, nor have they given us a precise definition of the notion of community.

Therefore whistleblowers in Canada do not enjoy general protection and they can resort only indirectly to their means of defence against the possibility of retaliatory measures taken by their employer. A whistleblower acts at his own risk.

As I said earlier, the situation is different in the United States because they do have specific provisions barring any retaliatory measure against an employee who has disclosed information pertaining to any kind of danger for the public.

Mr. Speaker, I know that I have only two minutes left, which is not much. I wish to recommend most seriously to the House that it refer the subject matter of this well drafted and well considered bill to a committee for study and review and that it ask the Government for its support, because it is important that civil servants moved by their concern for public health and safety be protected against retaliatory measures when they make public statements about measures they are supposed to take on behalf of their employer.

Mr. Speaker, I should like again to congratulate the Hon. Member for introducing this bill and indicate to him that we support it. I hope that this bill is read a second time today.

[*English*]

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I enter into this debate partly because of my concerns about the rights of federal public servants, a number of whom I have in my constituency. However, I think it is a broader issue, as the Hon. Member for Hastings—Frontenac—Lennox and Addington (Mr. Vankoughnet) would of course maintain.

We suffer from the constitutional dilemma that the area of federal jurisdiction in Canada over employee-employer relations is considerably more limited relative to the total number of people in the workforce than perhaps it is in the United States where whistleblowing legislation has become quite common both at the federal level and at the level of state Governments.

• (1720)

The fact that the jurisdiction is more limited should not, I believe, prevent this Government and this level of Government from acting on behalf of those employees that are within its jurisdiction, and I hope in that case setting an example which will be followed by a number of provincial Governments in short order if Ottawa were to take the lead. I agree with the Hon. Member's proposal that Bill C-229 should be sent to a legislative committee and considered very carefully. I endorse the principles of the Bill. I think the idea of whistleblower legislation would benefit particularly larger organizations under federal jurisdiction. First and foremost would be the Government of Canada as well as the large Crown corporations.

I say to my friend on the benches opposite that I fear the Bill is rather weak and needs to be reworked substantially, but it would be better to do that in committee than to deny a committee the chance because I do not think the issues are that difficult to resolve. There are ample precedents that can be followed, and it would be my hope that a committee with a month or two of work and perhaps with some submissions and interventions from people knowledgeable about these matters could come back with a Bill that would serve us well.

This is a good idea but the mechanics are somewhat questionable. Just what is it we are looking for and what can be done in order to ensure that the whistleblower is respected? We have to deal with people who say; "You are going to create anarchy in the workplace" or those who say, "you are going to create a Bill which offers too little encouragement or offers too little protection to someone who feels that they should raise problems of health and safety, violation of public property, public policy or of gross mismanagement". People feel compelled to raise the issue in some way. How do you arrive at a balance on those questions?

There are really two issues. One is to provide what I would call a conventional means by which whistleblowers can lodge their complaints. It remains open to somebody who is very concerned about a particular issue and who just wants to blow on the issue to call a press conference or bring a banner to Parliament Hill or in some other way complain. The passage of whistleblower legislation will not do away with that remedy which is available right now.

The problem, of course, is that most people who blow the whistle in that way, except in exceptional circumstances, have to realize that they are taking their own fate in hand, that they carry a grave risk that they may get dismissed for disloyalty or for behaviour which is unacceptable to the employer. As well, many employers would be prepared to fire the employee for that kind of behaviour even if it cost them some money in severance pay to do so. That is why the whistleblower legislation which has been adopted in a number of American jurisdictions has tended to provide some means by which complaints can be lodged on a basis of confidence but which can be investigated without identifying the source of the complaint, by which the complainant can find out what was done, what was determined with respect to his complaint and what action, if any, was taken.

In certain cases there is still an ultimate step which leads to publicity of the complaint but, even in that case, it is often the agency or the investigating body which carries the complaint rather than leaving the individual employee in a situation where he or she risks an intolerable situation in the workplace by being identified as the whistleblower in public to his or her supervisors and employer.

The second part of the legislation is to protect the complainant. Confidentiality is a major means of protecting the complainant, but the American legislation also generally provides for anti-discrimination provisions which also have the effect of protecting the complainant against what the U.S. Federal Code calls personnel action, a generic term which includes not only dismissal but also being passed over on promotions, getting bad evaluations on performance reviews every six months or other types of actions that may have a direct or indirect impact on a person's employment prospects or on his or her ability to do the job effectively.

The Bill proposed by the Hon. Member for Hastings—Frontenac—Lennox and Addington does provide a mechanism through the Human Rights Commission to protect complainants against that kind of personnel action. I think my major concern is the fact that the avenue for complaints is not spelled out at all effectively, in fact I do not believe it is spelled out adequately. I think the Bill might benefit in committee. If it does not get to committee because it is talked out—I would hope that does not occur—then I hope the Hon. Member would be encouraged by the reaction in this House and perhaps go back to the drawing board and elaborate on that part of the Bill to come up with something that might be a more effective or workable model which, as I said, I can agree to and do agree to in principle.

I would cite the U.S. Federal Code, Mr. Speaker, which applies to members of the American federal Public Service and also, I presume, to a number of federal boards, agencies and commissions. The same principle about protecting the whistleblower exists. The same principle about providing protection against job action exists as has been provided for in rather briefer form in this Bill. What also occurs is that in separate legislation the Congress has adopted what it calls an inspector general system.

There are inspector general offices in all of the major American departments of Government. As Hon. Members know, the American ministries or departments are much larger than ours. They have only 10 members of Cabinet so those 10 departments make up what most of us cover off with 30 or 40 ministries in Canada. In addition, there are certain administrations such as the space agency, the veterans administration and small business administration which also have inspectors general.

Those inspectors general have a mandate to combat fraud, abuse and mismanagement. They do that not only at their own

initiative but can also receive and act on complaints. The inspector general stands in relation to the department to which he or she is appointed. I presume they have some kind of a small office of investigators in much the same way as say our Auditor General stands in relation to the Government of Canada, that is, an independent relationship. Therefore, complaints from whistleblowers, from people who wish to raise matters with the inspector general can be raised. Matters of health and safety, abuse, fraud or mismanagement can all be raised. There is a means by which the employee is entitled to find out what happened to a particular complaint.

I do not know if that legislation is perfect. A very useful paper was distributed and prepared by Mr. David Johansen of the law and government division of our own Library of Parliament. In the literature there is some question in the United States as to what extent legislation should actively encourage whistleblowers and to what extent it should simply recognize that people wish and have an urge to blow the whistle. It should at least allow that to take place without people putting their jobs in jeopardy when they lodge complaints.

Also cited in the same paper is some very useful legislation in the State of Connecticut. I might read one or two clauses into the record. In Connecticut the statutory provision states:

> Any state employee—having knowledge of any matter involving corruption, unethical practices, violation of state laws or regulations, mismanagement, gross waste of funds, abuse of authority or danger to the public safety occurring in any state department or agency may transmit all facts and information in his possession concerning such matter to the attorney general—

The attorney general is the designated hitter in this case:

> —who shall make such investigation as he thinks proper. The attorney general shall have power to summon witnesses, require the production of any necessary books, papers or other documents and administer oaths to witnesses, where necessary, for the purpose of investigation.

It might be useful to have that kind of process even with respect to such things as the events that are now taking place or that have taken place in St. Jean-Sur-Richelieu. The clause continues:

> Upon the conclusion of his investigation, the attorney general shall (a) where necessary, report his findings to the governor, or in matters involving criminal activity, to the chief state's attorney, and (2) report to the complainant, upon his request, on such findings and any actions pursuant thereto. The attorney general shall not, after receipt of any information from a state employee under the provisions of this section—disclose the identity of such employee without his consent unless he determines that such disclosure is unavoidable during the course of his investigation.

• (1730)

There is a limit on personal action and as well a limitation that provides that if an employee is found to have knowingly lodged false charges, the employee puts himself or herself at some risk.

I think there are some valuable precedents in the United States. I realize my time is up but I would ask Hon. Members to look sympathetically at this proposal. While I do believe that the principle should be sustained, possibly the provision might be worked up in more detail so that we could have more effective whistleblower legislation.

Mr. Chuck Cook (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, I rise to address the Bill to amend the Canadian Human Rights Act to protect so-called whistleblowers, by which I understand the Hon. Member to mean public servants who speak out to the news media or to Members of this House on alleged instances of government wrongdoing or misinformation. The concept of the Bill, as I understand it, is that unless those in positions of authority are subject to possible serious sanctions and punishment, they will seek to retaliate in the form of harassment and persecution of the employee or employees concerned.

Let me first say that I find this a concept which reflects a certain lack of awareness of the fine system of Public Service employee protection measures which have been built up in Canada over the last 120 years and which already permit employees to bring their concerns to the attention of Departmental management. I feel rather strongly that in this day and age, internal systems are in place that minimize or eliminate any need for so-called whistleblowing by employees.

The overwhelming majority of employees and appointed officials in the Public Service are hard-working, trustworthy and honest people who would take appropriate action using existing channels when instances of wrongdoing are uncovered by them or are brought to their attention. I believe there are adequate systems in place to ensure that any employee has access through internal routes to appropriate authorities. However, in extreme circumstances where employees might find themselves frustrated in attempts to get their messages through to officials of sufficient seniority, a whistleblowing situation might—and, I repeat, might—be envisaged. It is to this unlikely scenario that I would now turn.

I believe that the picture painted by this Bill is one of a Public Service in which employees are devoid of rights, of protection from harassment and persecution and of all redress mechanisms to guarantee their fair treatment and are generally subject to such a regimen that only amended human rights legislation could bring their mistreatment into the open and thereby control those who mistreat them. This image of the Public Service is, in my belief, at odds with reality. I believe Hon. Members would share that belief. Any image less reflective of today's reality in the Public Service is hard to imagine.

I make no claim to be an expert on Public Service redress methods, but I have investigated some of them. All Hon. Members are surely aware of the impressive body of existing personnel legislation and the rights these laws have afforded public servants over the years. Let us take a look at these laws.

Pursuing scenarios, let us suppose that after an alleged whistleblowing incident, a manager were to decide to punish the whistleblower. Could he or she do so with impunity? The answer is clearly no. Let us suppose a boss seeks to punish an employee by means of an annual performance appraisal that

unfairly denigrates the employee's abilities. Such an action is immediately subject to the full rigours of the grievance procedures accorded to public servants by the wishes of this House under the Public Service Staff Relations Act (1967). I would remind the House of the comprehensive nature of this grievance process. Following a complaint, an aggrieved employee may have up to four further levels of hearings of his or her case before Departmental officers of increasing seniority until the case receives the personal attention of the Deputy Minister of the Department. In addition, in many cases employees would have the active support of their unions or associations in this regard.

Let us suppose again that based on some alleged whistle-blowing incident, the manager attempts to build a case for the release of the employee based on grounds of incompetence or incapacity. First, such an action is always based on performance appraisal reports which are subject to the redress mechanisms I have already indicated. Second, a decision to release an employee under this provision which is contained in Section 31 of the Public Service Employment Act is appealable. The first level of appeal is to the Public Service Commission's Appeals and Investigations Branch, a quasi-judicial tribunal. Should satisfaction not be found there, the aggrieved party may have recourse to the Federal Court and may eventually appeal to the Supreme Court of Canada itself.

In this regard, Hon. Members are no doubt aware that cases involving release or discharge under the Public Service's personnel legislation have indeed found their way to the Supreme Court. These actions have served to clarify the boundaries of legitimate managerial prerogative and conduct. Several of these cases have caused the learned judges of the Supreme Court to speak eloquently of the democratic rights of public servants in Canada. The very fact that these cases reach and are heard in detail by the Supreme Court is a tribute to the breadth and equity of the redress systems already available to public servants.

Next, let us suppose that the punishment selected by this imaginary but vindictive manager is to try to damage forever the employee's prospects of career advancement. Can this actually be done? No, it cannot be done because for every job opening that comes up in those parts of the Public Service where the employee is eligible to be considered, a potential appeal action may be brought to the Public Service Commission if he or she is not considered. From the appeals directorate, it goes up through that same network of redress through the courts I have already cited.

Frustrated on these points, this manager is in a little trouble about now. Let us say that the manager now seeks to punish the employee via the disciplinary route. All disciplinary action against employees stems from the powers granted to the employer to establish and maintain standards of conduct and discipline under the Financial Administration Act while the redress for employees is contained in the Public Service Staff Relations Act. Again, detailed and exhaustive multi-level grievance mechanisms already exist to protect employees from arbitrary and unfair action.

In addition to the internal grievance procedures I have already outlined, in these circumstances still further redress rights apply. Should satisfaction still not have been received in the view of the grievor at the final level of internal Departmental grievance review, further action is available through the Public Service Staff Relations Board which will appoint an adjudicator to investigate the matter. Even after that hearing, which may now be the fifth hearing of the case, redress lies through the courts. These are comprehensive rights indeed. Rights such as these would almost be unheard of in the private sector.

By this stage, our manager has run out of avenues to pursue in causing the employee's release by building a dossier of negative performance appraisals, by building a case for release on the grounds of incompetence or incapacity, by attempting to frustrate the employee's career path or by seeking a discharge on disciplinary grounds. All that is left is for the manager to attempt to make the employee's life miserable. However, such a campaign constitutes personal harassment and personal harassment is a most serious offence in the Public Service. If such action is wrongly taken, it constitutes a prima facie case of abuse of authority.

In addition to the normal grievance route, the employee may elect to pursue redress through the personal harassment policy. The first step is to see the Departmental personal harassment co-ordinator. This individual is responsible for the investigation of all alleged cases of personal harassment within a given Department. If the co-ordinator cannot rectify the issue, he can take the case to the investigation director and so on. In other words, this Act is really unnecessary given the splendid Public Service and various methods of redress we have.

• (1740)

I trust I have illustrated, at least in general terms, the breadth of rights, entitlements, recourses and redress mechanisms, both formal and informal, already enjoyed in the Public Service of Canada. I trust the House will realize this protection is strong enough to protect anyone seeking to address concerns of genuine wrongdoing and to thereby protect the public interest.

[*Translation*]

Mr. Vincent Della Noce (Paliamentary Secretary to Secretary of State and Minister responsible for Multiculturalism): Mr. Speaker, I am pleased to rise to deal with Bill C-229 introduced by my hon. colleague. I do not share the views expressed by the Hon. Member for Ottawa-Centre (Mr. Cassidy) and the Hon. Member for Ottawa—Vanier (Mr. Gauthier). Indeed, I do not even agree with the principle involved.

First of all, I wish to say that private employers have always expected loyalty and productivity from their employees. In the public sector, the Government here in Ottawa must respect its

employees and cannot insist on productivity. It insists on loyalty and confidentiality. These are the only two things which I expect from my employees, because when they accepted their positions, they agreed on loyalty and confidentiality. The Canadian public already has a right to access to information. With Bill C-229, the Hon. Member would like to go even further and ask the Government to surrender confidentiality. As the Hon. Member for Ottawa—Vanier (Mr. Gauthier) said earlier, we agree with the principle, but this Bill certainly needs improvements.

Of course, people need information, but I suggest that they have been overwhelmed with confidential data over the past two and a half years. We get them in newspapers every day. Many in my riding feel that the Opposition is doing a tremendous job. It finds, sees and denounces everything. They are wrong, for it is not the Opposition which is doing a good job, but the journalists who obtain information through informers, the so-called "whistleblowers". As I said to my constituents, the Opposition makes no investigation and discovers nothing, being satisfied with buying the morning paper and reading the news. After meeting for one hour, it is ready to ask the Government embarrassing questions during the oral question period on everything that happens. If the news is somewhat positive, it will make it negative. And who are these people who inform the newspapermen? Well, they are the famous "whistleblowers". I like this phrase very much.

So to achieve this, Mr. Speaker, this Bill would have to amend the Canadian Labour Code, the Canadian Human Rights Act, and the Public Service Employment Act. The Canadian Human Rights Act would be amended so that discharging or suspending an employee, imposing a monetary sanction or putting him at a disadvantage would constitute a discriminatory act which the Canadian Human Rights Commission would be empowered to examine and correct. For instance, if an employee had good reasons to believe that his employer was acting illegally or against the public interest or was endangering public health or safety, he could lay a complaint before the Canadian Human Rights Commission, which would have the power to provide some protection in relation with disclosures made in good faith, going as far as rolling back retaliatory measures taken by the employer.

In this context, any disciplinary action by the employer against an employee could be viewed as an infraction.

If the complaint is founded, the Commission would refer any misconduct of a public sector employer to the House of Commons and its "Ethics Committee". As for the Canada Labour Code, it would be amended to specify that retaliatory discharges for *bona fide* whistleblowing will be considered as unwarranted or unjust.

In addition, an employee would not necessarily be guilty of disloyalty for making disclosures about his employer. Protection of denunciators is not a new idea, Mr. Speaker, and in this era of commitment to open Government, a number of countries have passed legislation for this purpose. However, attempts to legislate in this vast and important intermediary zone where an individual is neither obligated to respect a law nor free to act as he wishes have not always had the expected results.

The 1978 American Public Service Reform Act of which the two previous speakers have spoken protects public servants who make certain revelations against retaliation. It prohibits the imposition of sanctions by the officers in charge to the employee who has disclosed certain information. However the law is formulated and whatever the protection it gives denunciators, there will always remain a difficult question. What are the motives of the denunciators? This is where it becomes interesting, Mr. Speaker. Denunciation can be a defensive mechanism on the part of an employee under threat of disciplinary or other type of action for reasons which have no relation with the apparent misconduct. In other words, a public servant about to be discharged for unsatisfactory work might want to protect himself by accusing his superiors of misconduct. This could also be a catharsis for personal and organizational conflicts unrelated with the apparent misconduct. But in other terms, Mr. Speaker, all this could become some kind of a blackmail.

Could you tell me, for instance, Mr. Speaker, what good faith means? We all think we act in good faith, and believe me since I came here in Ottawa, I have often wondered about the definition of good faith. We all believe we act in good faith, and would never admit we could act otherwise. So, how could we then define good faith or the lack of it? How does the Bill succeed in enlightening us on that matter? It does not seem easy to me to define with enough clarity the concept of good faith.

I have another comment to make about this Bill. It seeks to protect employees blowing the whistle on an employer who is planning to act contrary to public policy. What is contrary to such policy? Some will say that any major change in public policy is contrary to that public policy until the Government has decided to amend it. There can be confusion between what is perceived as contrary to public policy and what is a normal process of change in that policy.

Further, Mr. Speaker, one of the basic principles underlying the public sector is that of employee allegiance and loyalty to their superiors. How are we to reconcile that principle with a Bill that involves a third party, the Canadian Human Rights Commission, in the process, before allowing the time needed for persons who have committed an action that may seem contrary to national interests to justify such action?

Finally, to what extent is the legislation actually needed, if there is nothing to lead us to believe that public sector employers act in a way that violates health and safety?

At present, there are a number of statutes and regulations that deal with industrial relations in the public sector.

For instance, the Canadian Human Rights Act, the very open-minded Access to Information Act, the Canadian Labour Code, the Public Service Staff Relations Act, the Public Service Employment Act and the Staff Harassment Policy do

protect public service employees. Consequently, an act to protect them from sanctions by employers for whistleblowing in good faith would even be superfluous.

Let me ask you a question, Mr. Speaker, without even your having to answer. Who would hire a "whistleblower"? Who would hire someone who was not loyal or who could not keep his or her employer's confidentiality, for instance? That would be a conventional employee violation, but the employee who would do that kind of thing might have to live with those problems all his or her life, and this is where I say that at some point the grievance process could be used, but grievances only afford protection against harassment, discrimination and so on, but there is no way a grievance could protect against a lack of loyalty or confidentiality.

• (1750)

[*English*]

Mr. Stan Graham (Kootenay East—Revelstoke): Mr. Speaker, I appreciate the motivation of the Hon. Member for Hastings—Frontenac—Lennox and Addington (Mr. Vankoughnet) for bringing this Bill forward, but I cannot help but believe that the Canadian Human Rights Act is not the appropriate place for the proposed provisions. To understand why I feel this way, it is useful to know some of the background to the development of the Canadian Human Rights Act and, indeed, other human rights legislation in the country.

Following the Second World War Canadians and members of other democratic nations became sensitive to the need to have effective mechanisms for protecting minorities against prejudice and discrimination. In 1948 the United Nations proclaimed the Universal Declaration of Human Rights which affirmed "the dignity and worth of the human person" and that "all human beings are born free and equal in dignity and rights". The Universal Declaration also asserts that: "All are entitled to equal protection against any discrimination in violation of this declaration."

It was in this spirit that our early human rights laws were developed. Initially, these laws were quasi-criminal in nature and were enforced by officials of government Departments. These laws eventually evolved into our contemporary human rights statutes which take a more remedial approach. These statutes are designed to encourage the conciliation and settlement of complaints, and are administered generally by agencies and commissions which operate independently of the Government.

The Canadian Human Rights Act is administered by the Canadian Human Rights Commission. The Commission investigates complaints of discrimination and may appoint a conciliator to attempt to settle a complaint. If the complaint is not settled and the Commission believes that the complaint should not be dismissed, the Commission may request the President of the Human Rights Tribunal panel to appoint a tribunal to hear the complaint. The tribunal, which is an independent and impartial body, adjudicates the complaint and may order appropriate remedies if it finds that discrimination has occurred. This model of enforcement is followed by several jurisdictions in Canada.

The point of these laws has always been to combat discrimination and to ensure that all individuals have an equal opportunity to participate in Canadian society. It is worth quoting the purpose clause of the Canadian Human Rights Act which is as follows:

> The purpose of this Act is to extend the present laws in Canada to give effect—to the principle that every individual should have an equal opportunity with other individuals to make for himself or herself the life that he or she is able and wishes to have, consistent with his or her duties and obligations as a member of society, without being hindered in or prevented from doing so by discriminatory practices based on race, national or ethnic origin, colour, religion, age, sex, marital status, family status, disability or conviction for an offence for which a pardon has been granted.

The principle of equal opportunity is a principle to which the Government is fully committed. The Canadian Human Rights Act is one of the vehicles through which this commitment is realized. Hon. Members will understand, then, my reluctance to support amendments to this Act which would not fit together with its essential thrust.

The Canadian Human Rights Act currently provides protection on the basis of a number of prohibited grounds of discrimination including race, sex, colour, religion, national or ethnic origin, or disability. These grounds generally relate to characteristics which are either immutable or difficult to change. The Human Rights Act is designed to assist persons who have been denied an emloyment opportunity or access to services or accommodation because of invidious discrimination. It seems to me, however, that Bill C-229 relates to different concerns outside the principles of the Canadian Human Rights Act.

Bill C-229 would amend the Human Rights Act to provide protection for employees who report the misconduct of their employers, what some people call "whistleblowing". Bill C-229 would call discrimination the discharge or discipline of a "whistleblower". With respect, this is simply not the type of conduct which we have come to describe as discrimination. As far as I know, it is not the type of conduct that is dealt with by any anti-discrimination statutes in Canada. As such, it is not clear to me that such provisions should be grafted or tacked on to the Canadian Human Rights Act. To do so might well dilute the force of the anti-discrimination provisions of the Act as well as the ability of the Canadian Human Rights Commission to deal effectively with racial and other forms of discrimination.

I should point out that while I oppose these amendments to the Canadian Human Rights Act, I welcome efforts to keep the Act up to date in order to do what it is supposed to do, which is to prevent invidious discrimination. I am, therefore, pleased that the Government has committed itself to review the Canadian Human Rights Act in *Toward Equality*, the Government's response to *Equality for All*, the report of the Parliamentary Committee on *Equality Rights*. In *Toward Equality* the Government also agreed in principle to repeal

those provisions of the Human Rights Act which permit mandatory retirement on a blanket basis. Generally, this will mean that employees cannot be compulsorily retired simply because they have reached what is called "normal age of retirement".

I applaud this commitment because it says that we will no longer abide the stereotypes of our older citizens and of what they can and cannot do. It recognizes that there is a real and continuing contribution which they can make to the economic life of our country. At the same time, I am pleased that the Government is considering transitional rules to ensure the orderly abolition of mandatory retirement. This is a complex area involving many collective agreements and pension plans, and transitional rules may be necessary to prevent undue hardship.

Another amendment to the Canadian Human Rights Act which the Government announced in *Toward Equality*, and which I support, is to incorporate the concept of reasonable accommodation. The Parliamentary Subcommittee on Equality Rights recommended that the Canadian Human Rights Act require employers to make reasonable accommodation to the special needs of members of classes protected from discrimination, except where this would cause undue hardship to the employer.

• (1800)

This amendment is particularly important to disabled persons to help them overcome the arbitrary barriers to employment. This amendment will also be helpful in providing for the accommodation of the religious observances of employees. It will do so in a reasonable way that balances the needs of employees and the capacity of employers.

These are the sorts of matters with which an anti-discriminatory statute should concern itself. I realize that the title "Canadian Human Rights Act" may have broad connotations, but the Act, like similarly titled provincial legislation, is geared to dealing with discrimination. It concerns specific enforcement mechanisms for dealing with specific types of problems and does not necessarily lend itself to dealing with other sorts of problems, particularly those that are addressed by the Bill which we have before us. I appreciate the intentions of the Hon. Member for Hastings—Frontenac—Lennox and Addington and I believe that he may find a different approach more appropriate.

Mr. Deputy Speaker: The hour provided for the consideration of Private Members' Business has now expired.

[*Translation*]

Pursuant to Standing Order 42(1), the item is dropped from the Order Paper.

GOVERNMENT ORDERS

[*English*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee, and the amendment of Mr. Turner (Vancouver Quadra), (p. 2382).

Mr. Maurice Foster (Algoma): Mr. Speaker, I am pleased to have an opportunity to speak to Bill C-37, the export charge on softwood lumber. It is of immense importance not only to my constituents but to the country at large.

There is a dreadful tale behind the creation of Bill C-37. The Government has made a number of flip-flops on the whole issue. Last June, when the United States International Trade Commission accepted a petition from the United States softwood lumber producers, there was a clear indication by the Government that it would oppose a countervail duty at that time, which was proposed to be some 27 per cent or 28 per cent. Throughout the summer, all provincial Governments and Departments of Natural Resources spent hundreds of thousands of dollars preparing the necessary documentation. It is my understanding that some 7,000 items were prepared by the various provincial government Departments.

There was unanimity among the forest products industry, the Canadian Forest Industries Council, provincial Governments and the federal Government that the petition before the U.S. Department of Commerce trade administration section would be opposed. In fact, the Minister said that they would oppose it all the way.

Suddenly in late September the Government made a final offer of 10 per cent to the U.S. softwood lumber pricing coalition. We waited until mid-October when that Government came down with a preliminary determination of a countervail of 15 per cent. The Minister for International Trade (Miss Carney) indicated that she and the Government would fight this all the way. That decision was supported by the Canadian Forest Industries Council. Suddenly in December, before the First Ministers met in Vancouver, she made a dramatic conversion after a phone call to Secretary Baldrige of the Department of Commerce in the United States, and the Government caved in and decided to pursue a final 15 per cent agreement. That agreement was reached at the end of December.

It is interesting to note that the Minister for International Trade was not even in Washington negotiating but was off on a holiday, apparently in Hawaii, while the civil servants struggled to negotiate this agreement. Most of the editorial writers across the country caught the spirit of that, perhaps none as much as the *Toronto Star* which is a great newspaper

in the City of Toronto. I believe that editorial of January 7 captured the feelings of many Canadians. It states:

> One can only presume that, before she fled to Hawaii, International Trade Minister, Pat Carney—

Mr. McDermid: Mr. Speaker, I rise on a point of order. Mr. Speaker, we are discussing a piece of legislation which is very important to Canada, Canadians and the lumber industry of this country. I do not believe that personal attacks on an individual Member of the House is called for, especially from that Hon. Member who has been here long enough to know that it is in extremely bad taste. I suggest that he pay attention and speak on the subject matter of the Bill rather than make a personal, mean, nasty attack on a colleague in the House of Commons.

Mr. Foster: I hope that when the Parliamentary Secretary takes up my time to speak in the House that you will add that time to my speech. I do not care how many times he gets up to interrupt with irrelevancies, but clearly I do not want it taken off my time.

As I was saying, the largest newspaper in Canada, the *Toronto Star*, said in its editorial on January 7:

> They gave the Americans the final say on our resource policies, on our tax policies and how the proceeds from this settlement can be spent. Distant and silent while our sovereignty was being bargained away, the Minister had the audacity to come home and claim that the deal "was negotiated on our terms".

It is one thing to negotiate on our terms, but the question is: Who won? There is no question about who won to anyone, certainly the Forest Product Industries Council. Clearly, it was like Neville Chamberlain coming back from Germany in 1938 or 1939 when he said: "Peace in our time, peace at any price". Canada has certainly capitulated in this agreement.

The impact of the decision by the Government to impose an export charge will be devastating. It has already had an extremely adverse effect on the lumber industry in northern Ontario. The agreement is extremely unfair to northern Ontario because the export tax which the Government is already imposing is 15 per cent across the board. Northern Ontario pays an average stumpage charge of some $17.50 a thousand on softwood lumber, whereas British Columbia pays $4.50 a thousand. Yet the tax imposed on our producers is an identical 15 per cent.

The other adverse effect of this 15 per cent export tax is that it is imposed on an *ad valorem* basis. That is that the transportation cost is not taken into account and the transportation cost is the big advantage we have in Ontario because we are relatively closer to the large American markets. In December and January we had a number of shifts in our mills shut down. For instance, the Eddy Forest plant at Nairn Centre, Ontario, which is the largest sawmill in eastern Canada, producing some 176 million board feet last year, was shut down for a month. The Eddy Forest Products plant at Nairn employs about 300 people. The mill at Searchmont was shut down for seven weeks. There were layoffs in various shifts at the mill at Dubreuilville, Ontario. In fact, a report in *The Sault Star* on February 2 quotes the vice-president of the Ottawa based Eddy Forest Products which operates at the mill at Nairn, describing the agreement as a "humiliating capitulation". He said it would have a devastating impact. A minimum of 1,000 jobs will be lost in northern Ontario because of the tax. A representative of G. W. Martin Veneer Ltd., Mr. Brian Thompson, said they have sustained a 40 per cent reduction in softwood sales in the United States since the imposition of the American countervail duty on October 17.

• (1810)

There is no question but that this legislation will have an extremely adverse impact on northern Ontario. When those mills were shutting down in November and December, we had the advantage of an extremely strong market in the United States and the advantage in northern Ontario of 20 per cent of the industry on strike in British Columbia. Those advantages may well not be there in the new year as this tax comes into effect and begins to be felt.

Another point I want to make is that this tax is imposed without any consideration for our native people. An operator in the Garden River Indian Reserve, Albert Perrault operates a sawmill. He produces several hundred thousand board feet of lumber and employs 15 people. He has been told that the tax applies to native people even though normally the federal Government does not tax them for products or work done on Indian reserves. Clearly, when this deal was negotiated in Washington there was no consideration given to the native people. They do not pay a stumpage fee to any provincial Government. If they pay a fee, they pay it to their band council. Surely, that is within the family of the Indian band. That has not been taken into account and this export tax should be withdrawn with respect to native people. I certainly hope the Government will take that suggestion into account in the arrangements which are made with the United States because it clearly is a violation of the traditional arrangement that the federal Government would tax native people.

Mr. McDermid: What stumpage do they pay?

Mr. Foster: The Parliamentary Secretary is asking me what stumpage they pay. They pay the stumpage to the band council which, as I say, is within the family of the band council itself. It is not like an ordinary citizen living off the reserve paying stumpage to the provincial Government. I would hope the Government would negotiate an exemption for native people and at the same time not impose the export tax. If the Government is unable because obviously the United States has all of the bargaining chips in this agreement, it is up to the federal Government, not the provincial Governments, in my opinion, to provide retraining programs, income support and all the other assistance which is due our native people as a result of this agreement which was signed without the benefit of any cabinet Minister being available for the negotiation.

It is interesting that no cabinet Minister showed up to announce the agreement. When the Government announced

the $1 billion program of assistance to Canadian grain farmers at the Agriculture Outlook Conference, the Prime Minister (Mr. Mulroney) arrived at the Conference Centre here in Ottawa and made a dramatic announcement. If this agreement was such a victory, it is strange there were no ministers to announce it.

The Canadian Forest Industries Council has spoken out very strongly against this agreement. It has opposed this agreement in every possible way. It has worked for years on this issue and has spent something like $10 million opposing it before the United States Department of Commerce and the International Trade Commission and other regulatory bodies in the United States. Then it had the ground cut from under it. One of the reasons the Canadian Forest Industries Council oppose the agreement is the fact that if the Americans can make this deal stick on softwood lumber, obviously they can make it stick on pulp and paper.

If we look at the figures for 1986, we see that the first nine months of our production of lumber in Canada totalled some $5.2 million, but our total production of other sawmill products of pulpwood, newsprint and other paper products amounted to some $17.5 billion. I am told our exports of pulp and paper and so on are almost two to three times as large as our exports of softwood lumber. What the forest industry is concerned about is that it has had the ground cut out from under it with regard to softwood lumber and are without any profits.

The reason the mills were shut down in November and December in my part of the country is because what would have been profit is being paid in anticipation of a tax. A tax is now in place. Whether it is directed to Ottawa or to the U.S. makes no difference, these companies will become totally unprofitable.

• (1820)

The other great concern to Canadians is the fact that when the Government has negotiated an agreement with the provinces, which is something that may or may not happen, the U.S. wants to ensure that a tax on stumpage will be imposed at a rate which will provide the same amount of tax that is levied on these exports. If that is done then what we will end up with is a stumpage charge not only on the trees which result in export lumber but on lumber produced for sales to all countries, as well as domestic sales.

The deal which has been negotiated will end up costing all consumers, both export and domestic customers, something in the neighbourhood of $870 million. That is all part of the deal, which is why the lumber companies are concerned. When the deal is transferred into a stumpage charge, as has been proposed by the Government, instead of being $600 million it will amount to close to $870 million. This will raise the price of Canadian softwood lumber to all customers, including Pacific Rim customers, the European market, as well as domestic customers. It is an extremely bad deal about which the forest products industry is concerned. Companies in the industry do not know how they will be able to operate and make any money, since they do not make $600 million in profit now. The industry as a whole does not make that much in profit, yet it will have to pay that in terms of the export tax.

Another aspect which is of great concern to Canadians is with respect to the powers which the United States has over this deal.

Mr. McDermid: Sit down!

Mr. Foster: I know that the Parliamentary Secretary does not like to hear the truth about the Bill which his Minister—

The Acting Speaker (Mr. Paproski): I regret to interrupt the Hon. Member but his time has expired. Are there questions or comments? The Parliamentary Secretary to the Minister for International Trade (Mr. McDermid).

Mr. McDermid: Mr. Speaker, the Hon. Member obviously has his heart in this debate. He has done a great deal of work and research into the matter and he seems to understand it whole-heartedly. In terms of the lay-offs in the North about which the Hon. Member spoke, would he not be honest with Hon. Members and tell us that those lay-offs had to do with the traditional period of winter lay-offs? Also, is he not aware that in October Canadian lumber mills poured out a tremendous amount of production, which production was sent across the border? This is something about which he should be aware since it happened in his riding and close to his riding as well as in a number of other ridings.

If he had taken the time to consider the situation from Sault, Canada, to Sault, Michigan, he would have seen Canadian lumber stockpiled on the United States side of the border. Or if he had talked to the reloaders, as I did in Windsor the other day, he would know that they were so busy in October that they had to hire extra people to get the material into the United States. After that things quietened down in November, naturally, because of the stockpiling in the United States. When the Hon. Member talked about these myriad lay-offs did he not take that into consideration? Most of these mills are back producing today.

Mr. Foster: Mr. Speaker, I listened with great care to both the Minister and the Parliamentary Secretary, as well as to the Minister for Forestry and Mines (Mr. Merrithew), on many occasions. I have not heard them explain once how an industry that does not make $600 million worth of profits can pay that amount of tax and still make money and operate. I wish he would explain that to me at some point in time.

The Hon. Member asks about these lay-offs. I am delighted to be able to read to the Hon. Member a telex which was sent to the Prime Minister (Mr. Mulroney) on November 24, 1986. It is from the Senior Vice-President of E. B. Eddy Forest Products Ltd. who is a member of the Canadian Forest Industries Council. He operates the largest softwood lumber mill in eastern Canada which is in my constituency. It produced about 176,000 board feet of lumber last year,

making it the largest industry in Canada. This is what he had to say in his telex to the Prime Minister:

> We at E. B. Eddy Forest Products were shocked to watch the Government of Canada take a 180 degree change in its position on the softwood lumber countervail case.
>
> With large sawmill operations in Ontario and Quebec, it has been necessary for us to announce a suspension of operations at our mill in Nairn Centre, Ontario, which is the largest sawmill in the province.
>
> We have spent thousands and thousands of dollars supporting the efforts of the Canadian Forest Industries Council only to have your Government annul all of that effort at the most critical time in the defence of our case.
>
> It is unbelievable that any Government could so abandon such a large Canadian industry and all of its employees.

The telex is signed by E. F. Boswell, who is the Senior Vice-President of E. B. Eddy Forest Products Ltd. His telex does not sound as if his lumber mill shut down just for Christmas or for some other reason. The fact of the matter is this sawmill was an extremely profitable operation and it suddenly became unprofitable. It would not make anything if it had to pay 15 per cent in export tax. That is the situation today. It may well be that the mill will operate since it is difficult to walk away from markets and hope to have them there when one returns, especially when the company is a composite forest products company which produces chips for pulpmill operations.

I would now like to relate the situation at the Searchmont Mill which is also a very large softwood operation. This company was selling pine lumber to the United States at something like $400 per 1,000. At one point in time it suddenly found itself paying $60 of that in countervail duty. The management of the company finally said that it could not pay that sum and still operate. What I want to know and what I have not heard the Parliamentary Secretary or the Minister say is how companies can do this.

Mr. McDermid: Sit down and I will tell you.

Mr. Foster: There was clearly an opportunity to fight this situation. We had a very good chance of winning it before the GATT panel.

Mr. McDermid: Dream on!

Mr. Foster: If the GATT panel decided that this countervail duty infringed on our sovereignty, and responsible legal counsel has said that it certainly does, then we had a 100 per cent chance of winning our case. To capitulate the way we did and to say that we are subsidizing our softwood industry after fighting the case for all these years places companies such as E. B. Eddy, which put up hundreds of thousands of dollars, in jeopardy. In fact, the Canadian Forest Industries Council has spent something in the order of $10 million over the past year fighting the case only to have it cut out from underneath them by the Minister who did not even see it important enough to stay and negotiate the case. It is little wonder that the industry is furious.

Mr. Cassidy: She was fighting it on the beaches.

Mr. Foster: That's right, she was fighting it on the beaches.

There is also another company in my constituency which, although it did not shut down, switched products so that it now does most of its work in hardwood lumber as opposed to softwood lumber. It laid off one or two shifts at its Dubreuilville operation. There is no question that the lay-offs in northern Ontario which we saw in November, December, and January, were due to the countervail. These companies do not know how they will operate and have any profit to justify the existence of their operation.

• (1830)

Mr. McDermid: The Hon. Member said how we pay for the increased tax was not discussed. It is interesting to note that the consumers in the United States will pay for it. The cost of lumber in the United States has already gone from $190 to $202. It has gone up 13 per cent in the last two weeks since the agreement has been announced.

Mr. Cassidy: It is 6 per cent.

Mr. McDermid: The market remains strong for Canadian lumber. They are buying Canadian lumber in the United States. The prices are strong and rising. That is how it will be paid, by the consumer in the United States.

Mr. Cassidy: You are living on cloud cuckoo land.

Mr. McDermid: It has gone up $13.

Mr. Cassidy: Six per cent is not 15 per cent.

Mr. McDermid: That is right, it is not 15 per cent. I said that it has gone up $13.

Mr. Cassidy: Fine. So the Canadians pay the rest.

Mr. McDermid: Just relax. He said that the industry is paying the whole 15 per cent. They are not. Just relax and you will have your turn. No wonder the NDP kicked you out as Leader. Now I understand why.

Mr. Crosbie: A bloody big lawn-mower.

Mr. McDermid: I wish to make one other thing clear—

Mr. Cassidy: They kicked your whole Party out of the legislature.

Mr. McDermid: The Hon. Member said that no Ministers were here to announce this particular agreement. That is not true. The Minister of State for Forestry (Mr. Merrithew) was here, a person who was vitally involved in the entire matter.

Mr. Foster: He wasn't at the press conference.

Mr. McDermid: He was at the press conference.

Mr. Foster: Was he under the table?

Mr. Cassidy: We didn't hear a peep from him.

Mr. Oberle: He spoke this morning, if you would wake up and get to work.

Mr. McDermid: He spoke this morning in the debate, had you got out of bed in time to hear him. The Minister was here and participated. The Hon. Member is misleading the House when he says that no Ministers were here. They were. The Minister was vitally involved in the negotiations all the way along. There is another bit of misinformation from the Hon. Member that we have been hearing all night in his speech.

Mr. Cassidy: The Minister was a Joe boy. That is all.

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated. On Debate, the Hon. Minister of State for Science and Technology (Mr. Oberle).

Hon. Frank Oberle (Minister of State for Science and Technology): Mr. Speaker, I take pleasure in participating in this debate, perhaps not as much as the Minister of State for Science and Technology, but as a Member of Parliament from a lumber region in British Columbia which is perhaps the most important and most concentrated region to be affected by what we are doing here. It will also be affected by the events that have occurred over the last while as this problem re-emerged.

At the outset, I wish to make three brief points and then discharge them. One, if there was ever a case for the development of a comprehensive free trade agreement with the United States, this is the case.

May I make the analogy with the Auto Pact. Lumber has always been traded freely, and obviously it will not be in the future. If the Auto Pact was good for Ontario, and particular regions of Ontario, a free trade agreement involving lumber would be good for British Columbia, and for other regions. Knowing the benefits of the arrangement, be it sectorial as the Auto Pact is with the United States that provides regulated and free access of Canadian manufactured products, I cannot understand why the Premier of Ontario would stand in the way of other regions in Canada enjoying the same sense of security and benefits that flow from the type of arrangements that we are pursuing with the United States. That is point one. If there was ever a case for free trade, this is it.

Point two has to do with the sovereignty question. My friend and colleague, the Hon. Minister for International Trade (Miss Carney) spoke this morning, and surely, together with the Secretary of State for External Affairs (Mr. Clark), she put this question to bed. If there was ever a case of a red herring, that was it. There is no sovereignty question involved in the settlement that we managed to arrive at with the United States.

Point three deals with the settlement. Of course this is not the way we would have liked this issue to evolve. It would have been great if the tribunal, as it did in 1983, had decided that the Americans have no case against Canada, that it should be discharged from the agenda, and that we would be clear and free. That is not the case. We knew that there would be an imposition of some duty, be it 15, 20, or 36 per cent, as the Pacific northwest producers were demanding. We knew that it was in the best interest to negotiate. The provinces asked us to negotiate, the responsible portions of the industries that knew what we were heading for and knew what would happen if we had to appeal to GATT suggested the mandate for us was that we enter into negotiation with the United States. Considering the options that were available to us, we arrived at the best possible deal.

The point I wish to make, Sir, and I know that I will be proven right eventually, is that there is a silver lining to this cloud. There is a disguised blessing here. The blessing is that the Americans may well have forced us to do in Canada what we, as politicians in the provinces, and to a lesser extent the federal Government, did not have the political courage and foresight to do ourselves; that is, to raise enough money in the form of economic rent, or from the harvest and the sale of the resource to make sure that in perpetuity we have a stable supply of this precious green gold that grows in every province and is so important to our economic well-being. Lumber and wood fibres are still the major and the main revenue source in terms of export earnings.

As you know, in 1979 I published a paper called "The Green Ghetto". Strangely enough, in 1979 I then defined $300 million as what it would have taken to make the adjustment from the farming mode of our forests to the intensive management regime that is in place in the United States, Sweden, and other countries. We now have that much money. The Americans have forced us to collect that money. We are obligated to pass that money through to the provinces.

If I may leave a message with my provincial colleagues and counterparts who are as foresighted as we are here, I would say to them to use that money wisely, and let us do some of the exciting things that we could do to create many new jobs, give us the stability and certainty that would enable us to pass on to future generations this great and precious resource with which we are so richly blessed.

These are the three points that I wished to introduce. I wish to come back to the last point a little later.

I have always made it a practice in my previous career to look fairly on both sides of an argument and an issue. I learned early in life that it is always good to know your adversary's position. As I said earlier, lumber has always been traded without restriction between Canada and the United States. However, in later years, and perhaps because of our dependence upon that particular industry for economic growth, our industry became increasingly more efficient.

• (1840)

There were several factors which brought this about, not the least of which was the fact that, since 95 per cent of timber in Canada was publicly owned, we were able to provide our private sector mills with the resource at a lesser economic rent than what private sector owners in the United States and other

countries had to charge. I readily admit, having been in the industry myself, that there may have been an advantage to Canadian producers. The Americans may argue that that is a subsidy, but I say: "No". The sovereignty question enters into it, that we shall not be dictated to by anyone outside the country with regard to the value we attach to our natural resources. However, there were other factors.

The Canadian dollar decreased in value in comparison with the U.S. dollar from $1.04 to 73 cents, which is its present value. Perhaps that is the most important and most salient factor in the whole argument. Our industry has a 30 per cent advantage in the exchange rate before our competitors in the Pacific northwest and in other lumber regions in the United States even go to work in the morning. Our industry prudently invested some of this money in modernizing our mills, making incredible gains in efficiency, to the point where we, particularly in the part of Canada which I represent, now have some of the world's most efficient and productive sawmills. We are competitive anywhere, but particularly in the regions of the Pacific northwest and other lumber regions in the United States.

I have travelled through these regions and I have witnessed the devasation of mill closures. They are as difficult in the United States as they are here. I spoke with my friends in the U.S. Senate whom I met over the years. I understand the political reality which they had to face in the United States. I knew in 1983 that this question was not resolved. I knew that it would come back to haunt us because our industry was not prudent enough at that time to read the signals and to put voluntary curbs on their shipments. We were cutting more timber than we ever did before, we were turning out more lumber than we ever did before, and we were getting less money for it because we were driving down the price.

What do the Americans want? They talk about a level playing field, but the playing field has never been level. Let us look at the argument about the need for a different management regime. If we look at the Province of British Columbia today, there are still large areas of virgin timber which have never been touched. There are even some isolated areas to which we do not have any access. There are some timber stands to which there will never be access by road; they will have to be harvested from the air.

In order to manage the resource properly, intelligently, and prudently, one would want to integrate these virgin timber areas into a total management regime. Unlike some people who are less informed about this important industry and its resource, a tree does not grow to heaven. It is a living thing—it is born, it puts down roots, it grows, it matures, and it dies. There is a finite rate of growth even to a tree. It does not grow to heaven. When it matures and dies, it becomes a hazard to nature because it is subject to lightning and fire. We know how the evolutionary chain goes.

There are large areas of timber which is over mature, dead, and no longer commercially viable in British Columbia, as perhaps there are in other provinces. It is a burden because some of it is on prime land and to clear out the timber to make room for new growth is very costly. Thus a province or a manager of the resource would have to integrate these virgin stands into the total management regime. In order to do that in some cases roads must be built and they must go into remote areas. Therefore we said to the companies: "If you go in there and harvest this over mature timber before it dies and rots on us, we will give you a lesser stumpage". That is only prudent.

In turn, the Americans are harvesting third generation timber. First, they are not getting the same yield and, second, it costs more to grow second and third growth timber over the years. As well, the management of it is entirely different than the management of a virgin resource. That is an important point which the Americans have failed to understand, even though we have tried to make that argument repeatedly. It is not and has not been a level playing field, but it will be.

The Americans should have let us muddle along for another 30 years or 40 years, at which time we would have run out of timber in some prime forest areas in Canada, and the competitive factor would have been much less.

What do the Americans want? The American companies want and need an increase in price to be viable, and the imposition of this tax on Canadian lumber would bring about an increase in price. In the few days the tax has been in place there has already been a marked increase in price in the United States, so the American consumer is really paying the tax. However, we have to pass it through to the companies. It will be a very difficult adjustment but, as I said earlier, an adjustment which has a silver lining to it.

The Americans made the argument that our stumpage appraisal system and other techniques to manage our resource and to ask industry to convert the resource to economic rent and to social benefits was a subsidy. I do not care what argument they use because I was under no illusion with the political climate in Washington, having talked with my friends in the Congress and the Senate, that they would let us carry on increasing our market share, particularly as we did from 1983. At the same time as the dollar was at 73 cents, our market share in the United States went from 19 per cent to 34 per cent, where it is today.

I knew that we would be in deep trouble if we did not respond to it by finding some way to slow down, either voluntarily or otherwise, and perhaps develop better markets in the Asian countries or in Europe. In other words, I could understand that we had to relieve some of the pressure we had imposed upon Americans who were simply no longer competitive. That is the background.

We now have a tax which will raise between $500 million and $600 million, according to the estimates. It is a federal tax. There is a commitment by the Prime Minister (Mr. Mulroney) to the provinces that the tax will be passed through, that the revenues will be returned to the provinces where they

were earned and where they belong, and that the provinces should be using that money as they see fit.

Perhaps I may take a moment to make some suggestions, particularly to the Province of British Columbia, and perhaps to other provinces, about how they might use that money. In a publication some years ago I made suggestions about how we might gradually move to a more intensive management regime. When we talk about forest renewal, it is synonymous with planting trees; that is one aspect of it. We have been planting trees in British Columbia and in other provinces for the last 20 years, and we are still planting trees. However, if that is all we do, we are not really managing our forests.

• (1850)

We have very productive forest regions in British Columbia where we have planted trees for the last 25 years. We have a 25 per cent survival rate and we still rely on nature to do the rest. That is not a good way to manage forests. I cannot begin to tell you how excited I am about the prospect of developing in Canada over the next decade or so a forest management regime of the type in place in Europe, in Sweden and in the United States. It is exciting stuff.

Mr. Cassidy: In socialist countries. You are praising Sweden?

Mr. Oberle: If Members opposite consider Germany a socialist country, I will trade them anytime.

Mr. Cassidy: Germany has had an SDP Government for many years. What about Willie Brandt?

Mr. Oberle: It starts with the highest of new biotechnology and tree genetics. I get under the skin of these socialists. I wish they would let me finish my speech. It starts perhaps with the most exciting rewarding activities in biotechnology and tree genetics. There will be no problem for our universities in British Columbia or throughout the country to develop programs in these exciting areas. $100 million would be no problem for our universities to absorb. Then you have the planting, the weeding and the seeding. There is an exciting new dimension here in the invention of new equipment and machinery to help us with our forest farming techniques.

I see, Mr. Speaker, that you are telling me that my time has almost expired. I would like to talk all night on this subject.

In my province most of the revenue is earned in the interior and in the north. How great it would be if we could set up a heritage fund as Ontario is contemplating. I compliment the Province of Ontario for this initiative. If we could set up a heritage fund for the north it would permit those regions which are solely dependent on one or two of the prime industries, being mining and forestry but particularly forestry, to begin making the adjustment to the new modern industrial setting, recognizing that we will have to get away from total dependence on one or the other of these industries and diversify, adding new dimensions to our forest industry. Perhaps we could spend some of the money keeping pace with the social and the community infrastructure necessary as the industry expands and adds new dimensions. It is all very exciting and all permissible under the arrangement we have with the Americans that underlies the tax. There is no problem there.

This is just a suggestion to my colleagues in the provincial legislatures or wherever they are. It is an exciting prospect. I know that in five or six years from now the industry will be able to absorb this cost. Incidentally, my former peers in the industry tell me that they shall not have a problem absorbing this tax. Of course, it is painful when you have made efficiency gains and you see them eroded with a stroke of a pen as with 15 per cent taken away from the bottom line. Northern Ontario and other regions will be able to absorb it. When they have, and when this revenue is available to the provinces, I know it will be put to good use. In five or six years as this tax is phased out, as it is reflected in perhaps increased stumpage rates and some of the other things about which I have spoken, we will have people calling us from everywhere. Industrial, municipal and provincial leaders will say: "Thanks, federal Government, for what you have done. This was a stroke of brilliance under very difficult circumstances and you have done well for us."

Some Hon. Members: Hear, hear!

The Acting Speaker (Mr. Paproski): The Hon. Member's time has now expired. We have questions and comments. I will recognize the Hon. Member for Kamloops—Shuswap (Mr. Riis), the Hon. Member for Algoma (Mr. Foster) and then the Hon. Member for Cowichan—Malahat—The Islands (Mr. Manley).

Mr. Riis: Mr. Speaker, I will make my questions very brief in order to allow other Members to ask questions of the Hon. Minister. I listened to his interesting speech. I have two questions for the Minister. In the Minister's estimation, does the federal Government have the right to impose what some people have viewed as a tax on a provincial resource? I am thinking of the arguments during the federal Government's attempts some years ago to tax the petroleum resource in the Province of Alberta. Does the Minister believe that the federal Government has a right to do that?

Second, he knows in my own constituency some communities in the north Thompson Valley particularly, and in areas around the Shuswap, that may be hit significantly by this increased export tax. If they are hit, particularly the single industry towns, does the Minister see the federal Government stepping in with some program to provide special assistance to those people? Since IRDP has played such a critical role in his own constituency, will we be able to use IRDP funds for plant modernization as we have been doing in the interior and northern parts of British Columbia?

Mr. Oberle: Mr. Speaker, there are three questions here. Incidentally there is a difference in the case the Member states of a well-head or source tax, as this is a manufactured product

that we are taxing. I am not a constitutional lawyer but the imposition of the tax comes mainly at the request of the provinces. The only people who would challenge us in the courts for the right to impose the tax would be the provinces. Logic tells me that that challenge simply would not be made. All we did was respond to a request from the provinces to find a way out of this dilemma.

Would the federal Government be willing to assist communities that may be affected by the imposition of this tax? The Member is using the programs extensively, the good Member that he is in Kamloops. For example, programs through the manpower adjustment and training programs are open to such communities. I feel absolutely confident, having been active in the industry as I was in my former incarnation, that the impact the Member predicts will simply not materialize. Should it, in an isolated area, the resources of the federal Government presently available in the programs would, of course, be applied.

Mr. Riis: In IRDP?

Mr. Foster: Mr. Speaker, I have just a couple of short questions for the Minister of State for Science and Technology (Mr. Oberle). He is a well known expert on lumber. I have attended a few Canada-U.S. interparliamentary relations meetings with United States congressmen. I have seen the Minister argue Sam Gibbons, chairman of the House subcommittee on trade almost to the floor that we were not subsidizing our stumpage in Canada. I compare his conversion to the belief that we are subsidizing to that fateful trip that Saul made on the road to Damascus, because he seems to be saying suddenly that we are subsidizing stumpage in Canada. What a wonderful time Sam Gibbons will have with the Minister if he gets the chance.

The Hon. Member said that lumber prices have gone up dramatically in the last few weeks. In fact lumber prices, at least in the Sault Ste. Marie market which is just across the border from Michigan, did go up last week marginally but have come back down this week. Since the B.C. strike was over last month, prices for spruce and jack pine, as reported to me by Marshall Beaumier of Dubreuil Bros. Limited in Sault Ste. Marie have softened. He says that prices have softened by $15 a thousand for random length spruce and jack pine and that with a tax of around $35 to $45 at 15 per cent they will be absorbing some $50 to $60 per thousand on lumber. Clearly they have a lot to absorb. The Hon. Member said that it could be easily absorbed, but I am not very sure that that is the case for Ontario where the lumber industry is paying perhaps four times the stumpage that is paid in British Columbia.

• (1900)

The question I wish to put to the Minister is, I believe, terribly important. I have not heard this matter debated very much. The United States has a veto over how the export tax is converted to provincial stumpage. The United States administration is telling us that when we transfer that tax to stumpage, they want the tax to amount to the same as that on the lumber produced from those trees exported to the United States. We cannot have one stumpage charge for lumber going to the United States and another stumpage charge for lumber going to the Pacific Rim or the domestic market. It is claimed that when the total charge is converted into stumpage, rather than being $550 million or $575 million, it will be $870 million. Does the Minister really believe that a tax of that magnitude can be absorbed, leaving the forest products industry in the position of being able to make money, hire employees and modernize?

Mr. Oberle: Mr. Speaker, the Hon. Member is quite right. If it were the desire of the provinces to offset the tax with stumpage alone, it is obvious that there could not be two different stumpage systems for export to Asia and Europe and for export to the United States. That would then result in an even larger imposition. What worries me more than that is that we would become less competitive in Asia and Europe because of the increase that would be offset against the tax. It is for that reason that I politely suggested that the provinces might consider techniques other than simply transferring the tax to stumpage.

The provinces may set up heritage funds and spend money, as I suggested, in converting to more intensive forest management procedures. This tax could be offset using such arrangements. The provinces could plan for industrial diversification in regions that are entirely dependent on one industry. I am sure the Hon. Member understands very well what I mean by that. We are always looking for opportunities to diversify industries and add additional dimensions to them in order to guarantee greater stability. A heritage fund could be spent on that.

The remote and isolated regions of Canada are dependent on single industries. In the foreseeable future, we will have to develop a program of diversification for these regions because Canada will not be able to depend as much on its primary resources as it has in the past, for a number of reasons, not the least of which is that there are now some important new players in the field from the developing world. Furthermore, the industrial revolution will very dramatically and profoundly change the industrial setting and will challenge primary resources through material substitution and dramatic downsizing. Commodity prices in the wood-converting sector in particular, as well as the mining and mineral sectors, will suffer declines.

The Acting Speaker (Mr. Paproski): The Minister is great on this particular topic but I would like to entertain questions from the Hon. Member for Cowichan—Malahat—The Islands (Mr. Manly) and I will recognize him as the last questioner.

Mr. Manly: Mr. Speaker, I listened to the Minister describe the wonderful effects that will flow from this 15 per cent export tax. He seemed to say that the United States has saved

us from ourselves. At one time there was a television sitcom called *Father Knows Best* and now we are engaged in a farce called "Uncle Knows Best".

I am sure the Minister did not mean to mislead the House when he said something to the effect that lumber has always been traded freely between Canada and the United States. That is not in fact the case. Donald MacKay in his book entitled *Empire of Wood* points out that in 1930, the Smoot-Hawley Bill imposed a 10 per cent tariff on B.C. lumber which decimated the entire forest industry. The workforce was cut in half from 21,000 to a little over 10,000. Exports which had been 360 million board feet in the late 1920s were cut back to 12 million board feet. In the early 1970s, the Americans wanted guarantees that we could continue to supply to their markets.

Are we not in fact being used by the United States as a classic case of a hinterland? Are we not being used by a colonial country which, when it wants our resources, wants our markets open, and when it does not want our resources, puts up tariff walls? Is that not in fact the relationship between our two countries?

Mr. Oberle: Mr. Speaker, if the Hon. Member were to get into his car, drive down to the Pacific coast lumber regions and speak to the people, he would not find anyone who would consider Canada to be a hinterland. Americans are afraid of us and for very good reason. We out-perform them, we out-manoeuvre them and we out-produce them, and we have been doing so for quite a number of years.

I would remind the Hon. Member who has questioned the prospect of exciting job creation in intensive forest management that in his area, the mayors got together to form a survival group. They made some very exciting and interesting proposals long before this question came up. They said that with $20 million a year going to the forestry region the Hon. Member represents, 2,000 jobs a year could be created for people who would do nothing other than intensive forest management.

British Columbia will probably receive perhaps $300 million of the $500 million or $600 million that is to be received. Multiplying $20 million a year by the seven forestry regions in British Columbia means that we could put every British Columbian to work. This is new money that will be going into the coffers of the provincial Government. If it is applied properly, I am sure the Hon. Member would be the first to agree that there would not be an unemployment rate of 15 per cent in British Columbia. We could put literally every young person in British Columbia to work over a period of a year and a half if we did nothing more than apply this brilliant idea which came, not from the Hon. Member but from the mayors he represents.

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I wish to speak in general terms about the Bill which provides for what I believe is a bad tax badly applied. As well, I would like to speak in particular of the impact of this government measure on the Province of Quebec.

• (1910)

I want to recall for Hon. Members that it was just 22 months ago that the Shamrock Summit took place in Quebec City. In embarking on free trade negotiations the President of the United States, the greatest country in the world, undertook to make sure trade harassment measures would not be taken against Canada. There was a spirit of sunshine and optimism surrounding those talks. Who could have imagined that in those 22 months the Americans would have taken measures against our natural gas, steel tubes, hogs and fish? The U.S. is using massive subsidies to undercut Canadian sales of wheat in traditional Canadian markets. We had the attack on shakes and shingles and now we have the American countervailing duties and negotiations which eventually brought us this proposal for an export tax of 15 per cent now before the House.

A number of Hon. Members on the government side have stood up and said this is great. They are taking a disastrous defeat and trying to interpret it as a victory. If you have been solidly beaten perhaps that is all you can do. One reason the Conservatives are in third place in the Gallup poll is specifically because they have been so incompetent in these and other negotiations. No amount of reinterpretation is going to change the fact that we have just had the most disastrous defeat this country has experienced, certainly in my memory, in its trade negotiations and discussions with our great trading partner to the south.

It was argued that this was the best solution available. I have to ask who got us into this mess? The Hon. Member for Prince George—Peace River (Mr. Oberle) said that in 1983 he recognized what was happening and felt strongly that Canada was underspending in reforestation and perhaps putting too much product into the U.S. market. There was a need for the Canadian industry to act more prudently so it would not risk this kind of action by American lumber producers. That is something I can understand. We in this country, for example, have imposed that kind of pressure on Japanese automobile manufacturers, as have the Americans, and they responded with voluntary quotas as a preferred alternative to the action we have the power to take under GATT. If leading members of the Government recognized, prior to coming to office in 1984, that there was a problem here which needed to be managed and resolved, one has to ask how they could bring us to a no-win situation as a number of Members have defined it.

The Government has said, either we endure the continuation of the countervailing duty or we impose the export tax. There is no other option available to us. The Hon. Member for Nanaimo—Alberni (Mr. Schellenberg) put it in rather stronger terms. He said there is give and take in our trading relationships. Canada gave a 15 per cent export tax and the Americans took back their countervailing duty. What he ignored was that the duty had just been put in place two

months before, and the precedent has been established whereby the Americans can get involved in this kind of give and take in every area where they believe we are too effective and competitive in our trade with the U.S. In other words, Canada gives and the Americans take. Canada will give and the Americans will take under free trade as defined by the Prime Minister (Mr. Mulroney) and the Progressive Conservative Government. That is not good enough for Canadians!

Some Hon. Members: Louder!

Mr. Cassidy: Members opposite have contributed to the debate and some, like the Hon. Member for Prince George—Peace River, have been quite thoughtful. However, I want to introduce them to a bit of basic economics and what happens when an export tax of 15 per cent is imposed.

If the tax was applied evenly across the country, which it is not, and since Canada now has about 33 per cent of the American market, the impact will be, as any student of Economics 101 at any university will tell you, that the price will go up somewhat. Consumption in the American market will fall somewhat. U.S. production will rise somewhat because they become more competitive. Canadian production will be squeezed between a decline in consumption and an increase in American production. Some marginal Canadian producers will be shut down. Canadian profit margins will be cut and possibly turned into losses. Our ability to generate profits in order to invest and be more efficient will be reduced. It may well be that the American price will go up somewhat. This is a fluctuating market.

We had a cross-country tour last week involving lumber producers, industry unions and so on. We asked what are the effects so far? It is basically too soon to tell you. I can tell you what they fear. In Atlantic Canada they suggest 9,000 to 11,000 jobs lost in that region alone. However, it is too soon to say for sure. The pink slips have not yet gone out and a number of producers will for a time allow their profits to be cut into, or they will even operate at a loss in order to generate some cash flow to meet their depreciation and pay off their bank loans. It may be some months before the dust settles and we know exactly how this works.

However, the basic economics are not going to change. It is hard to see how the price in the U.S. is going to rise by 15 per cent because every rise of 1 per cent or 2 per cent in the price will allow some American producer to continue. It will allow some marginal American producers to come back into the market and displace some of the Canadian product. There is no question that a substantial amount of the 15 per cent tax will have to be eaten up by Canadian producers and Canadian workers, or in some other way.

It has been suggested that in the matter of shakes and shingles perhaps some of the forecasts made on this side of the House were a bit exaggerated. Some forecasts suggested the whole industry would be shut down. That has not proven to be the case. It is suggested now that Canadian producers of shakes and shingles are operating at about 80 per cent of capacity, where previously they were operating flat out. Therefore, a 35 per cent tax resulted in a 20 per cent cut in Canadian production. A 15 per cent tax, whether it is an export tax or countervailing duty, may therefore result in a 5 per cent or 7 per cent cut in Canadian production. That is enough to affect a lot of communities, particularly when you recognize that this industry is not concentrated in one area. There are a great number of single industry towns with no alternatives for the company or workers.

In addition, shakes and shingles is a very different market. There was a limited American supply of cedar logs and they cannot meet their own needs. If Canada's production were to dry up the American price would sky-rocket because there is more demand than supply. It is a value added product. There was effective marketing, most of it in certain regions like the southwestern U.S. and California where, for reasons of architectural taste, cedar shakes and shingles are in particular demand.

Mr. McDermid: You just said there would be 10,000 lay-offs.

Mr. Cassidy: Therefore it is a product where Canadians have a lot going for them as opposed to a product such as 2 by 4s and random lengths. Most users do not much care whether their 2 by 4s come from Georgia or Ontario or British Columbia.

Mr. McDermid: That is not true either.

Mr. Cassidy: All right, I recognize there are certain taste variations but not an awful lot. A lot of the users may be prepared to pay $5 extra a thousand feet for Canadian product, but not a huge sum extra. In shakes and shingles, nonetheless, Canadian profit margins have been shaved and Canadian production is down. U.S. prices have increased and U.S. production is up. That is what we are saying will happen in the lumber industry as a consequence of what the Government has done. That will be the consequence of the no-win negotiation policy which the Government followed.

• (1920)

When I spoke to the producers in Quebec last week it was very clear that when they agreed to the 10 per cent offer made by the Government in its sudden reversal of position in the early fall, they did so with a gun at their heads. When the 15 per cent was proposed to the First Ministers in early December, the producers had a half hour to consider it. They did not agree.

I am getting a bit sick of hearing government Members refer to what Jack Munro had to say in commenting on the box in which the Conservatives have put Canada because of their lousy and incompetent negotiating position. They continually ignore the fact that their friends, the producers, the members of the Boards of Trade, the Chambers of Commerce and the Canadian Manufacturers' Association,

have turned on the Government because of its lack of competence in handling this situation.

[*Translation*]

Mr. Speaker, I would like to comment specifically on the very serious situation existing in Quebec today as a result of the pernicious tax proposed in Bill C-37 and the unfair implementation of this measure which will have a particularly prejudicial impact on softwood lumber producers in Ontario, Quebec and the Atlantic provinces.

Mr. Speaker, the Quebec Lumber Manufacturers Association sent a telegram to the Minister for International Trade (Miss Carney), dated January 7, 1987. In this telegram they said clearly that:

The Quebec Lumber Manufacturers Association deplores the terms of the agreement signed by your Government with the American Government, because:

1. It gives U.S. industry an entirely unwarranted right to monitor the progress of the operation and the implementation of replacement measures.

It is a matter of sovereignty, the same issue that was raised by my Leader (Mr. Broadbent) and the New Democratic Party.

2. It completely ignores the case of Quebec companies which have asked that a special rate apply to them.

3. It may lead to plant closings, especially near the U.S. border.

Mr. Speaker, further to its telex, the same association contacted the Minister for International Trade to raise other points. They said, and I quote again:

—the agreement signed with the U.S. Government contains taxable products that were not taxable according to the preliminary decision by the Department of Commerce on October 16 last year.

We are levying an export tax on products that were not affected by U.S. tax proposals in the first place.

A great number of processed products will therefore become taxable, such as lath, fencing materials and processed lumber.

All three are exempted by the Americans.

The Quebec Lumber Manufacturers Association Inc. therefore asks you to review the terms of your agreement with the American Government so that it applies only to the items listed in the preliminary ruling of October 16.

Can the Government make such changes? Essentially, under the terms of the agreement, the answer is no. The Government has agreed to impose a tax on all exports with a value equal to 15 per cent of $500 million.

What I ask, Mr. Speaker, is this. Is it fair to impose this tax to Quebec and other Eastern producers when stumpage fees in Quebec are between 50 and 100 per cent higher than stumpage fees on the same volume of unprocessed lumber in British Columbia? Is this fair? Certainly not.

However, Mr. Speaker, Quebec producers will indeed be paying the same tax even though their stumpage fees are higher.

My second point, and I am telling this directly to the Parliamentary Secretary, is that the f.o.b. value, which is the price at the plant, is about $230 Canadian per 1000 feet while it is about $140 to $160 per 1000 feet in British Columbia.

The tax is imposed on the export value at the sawmill. That means a 15 per cent charge on $230 in Quebec and a 15 per cent charge on the sawmill price of $160 in British Columbia.

Now, generally speaking, that means that the average charge will amount to aproximately $24 per 1,000 board feet in British Columbia and $35 in Quebec, that is $11 more. On top of that, as the Parliamentary Secretary admitted, stumpage fees paid by Quebec producers are much higher than in British Columbia. Is it fair to impose an export tax which is not equal throughout Canada, which is almost 40 per cent higher in Eastern Canada than in Western Canada? Is it fair for all the Quebec Members of the Progressive Conservative Party who support the Government? Are they really going to vote in favour of a bill which will establish a tax of $35 per 1,000 board feet in Quebec and $24 per 1,000 board feet in British Columbia? Is that fair to the producers, the workers, the companies, the sawmills of Quebec, Mr. Speaker? I say it is not.

Thirdly, Mr. Speaker, there are in Quebec some 18 sawmill companies, small border sawmills in the Eastern townships and in the Gaspe Peninsula, on the border between Quebec and the State of Maine. Well, those companies listened to the new Conservative philosophy of Ronald Reagan and the American Government, and therefore they do not get their wood from Canadian forests, but from the forests of the State of Maine. Therefore, they compete to buy their raw wood on the American market under all the U.S. regulations, with all the competition, free trade, etc. They import that wood in Canada. In Canada, they produce lumber in the sawmills and then they re-export that lumber to the United States.

The United States have now challenged the Canadian stumpage system. The wood used by these 18 sawmills near the border with Maine comes from the United States. Consequently, it is not subject to our stumpage fee system, but to the American one. Nevertheless, exports from these border companies, except five which have been exempted, will be subject to the 15 per cent export tax. These are thirteen companies which will have to close, as they will not be in any position to compete, since they have to pay the wood in U.S. dollars and then the same taxes as other producers in Quebec.

Fourthly, Mr. Speaker, Quebec just passed a Bill, unanimously, to increase stumpage fees and force lumber companies to reforest and manage the forests in a better way.

Mr. Speaker, despite the fact that this new system is being introduced in Quebec, there is no guarantee that the companies, saddled with these new responsibilities, will be exempted from the 15 per cent tax. Since in Quebec taxes are higher, stumpage fees are also higher and there are now new responsibilities regarding forest management, I suppose that the export tax will be eliminated faster than in British Columbia. To be fair, the export tax should be higher in British Columbia or, alternatively, the stumpage fee increase should be more substantial than in the East. I suspect, however, that people from British Columbia will say: 15 per cent and no more.

Finally, Mr. Bourassa, the Quebec Premier, gave a commitment to the National Assembly that all revenues from this new forestry regime would be invested in the forest industry. How could anyone guarantee such a thing, Mr. Speaker? According to the terms of this agreement, the Americans, in consultation with the forest industry in the United States, will have not only the right to be consulted, but also the right and even the duty to give agreement to these measures.

I could go on like this, Mr. Speaker, but I will conclude with this: in Quebec, the profit margin is 7 or 8 per cent. Should this tax be imposed, all affluent producers will be in a losing position.

• (1930)

[*English*]

Mr. Greenaway: Mr. Speaker, the Hon. Member was trying to equate this situation with shakes and shingles, telling us that the Americans preferred the shakes and shingles that we produce in Canada because of their high quality. He went on to say that he thought our lumber was not held in that high esteem and that a two-by-four is a two-by-four.

Let me quote briefly from an article that appeared in the *Toronto Star* on January 10. Harry Horrocks, a director of government affairs for the U.S. National Lumber and Building Material Dealers Association said:

> Home builders prefer Canadian spruce over American species, such as yellow pine, for window frames, trim and wall supports.

In the same article, Kevin O'Neal, a senior buyer with the Universal Forest Products Company based in Grand Rapids, Michigan, said:

> There are sound reasons why U.S. builders use Canadian softwood. It is far superior in many uses, so it isn't just a matter of price.

Canadian softwood has always been at a premium in the United States because it is so much superior to the product that is produced there. I want the Hon. Member to realize that, because it is not at all comparable to the shakes and shingles issue.

Mr. Cassidy: Mr. Speaker, I thank the Hon. Member for his intervention. I must cede to his knowledge. Perhaps I have been somewhat more indirectly aware of the fact that the quality of our lumber is superior even in places like Georgie where there is a healthy supply of native product, but is preferred for different applications. That is one reason why we have been competitive. I do stand corrected in that matter, but I was trying to say that in the case of cedar shakes and shingles there is simply not the supply in the United States to meet the demand.

In the case of the lumber industry, it is arguable that the Americans do need some products from Canada because we have a third of their market. However, there is ample supply and the United States could go without the Canadian product for a number of years, even if they would prefer to have the quality products that are available from here.

The Hon. Member will recall that I suggested that some of the export tax will translate into a higher price in the United States but will have other impacts, including a very substantial effect on profit margins. I said in French that Quebec producers suggest that their 7 per cent or 8 per cent margins prior to the export tax and U.S. countervail will be cut down to zero or perhaps minus 1 per cent or 2 per cent as a consequence. While it will not be minus 7 per cent or minus 8 per cent, it will certainly drop to a level where they cannot stay in business indefinitely. That is a serious situation.

[*Translation*]

Mr. Keeper: Mr. Speaker, I have a question for my hon. colleague. I am amazed to see that there is not a single Conservative Member representing Quebec to ask him questions.

Mrs. Duplessis: That is a little too much, Mr. Speaker!

Mr. Keeper: Mr. Speaker, it is quite clear that you have—

[*English*]

The Acting Speaker (Mr. Paproski): I do not want the Hon. Member to reflect who is in the House and who is not in the House. I can see Quebec Members, but I do not want any Member to reflect on who is or who is not in the House.

[*Translation*]

Mrs. Duplessis: Mr. Speaker, I wish to tell my hon. friend opposite that I am a Quebecer and that I represent the Louis-Hébert ridings which includes the cities of Sainte-Foy, Sillery, Cap-Rouge, and l'Ancienne Lorette. Unfortunately, it has no lumber industry. I will let my hon. colleagues who have lumber industries in their riding ask questions. It is because you said that there was no Member representing Quebec present in the House.

[*English*]

The Acting Speaker (Mr. Paproski): I hope that Hon. Members would take it easy. It is that time of day. I hope he will not reflect on attendance in the chamber.

[*Translation*]

Mr. Keeper: Mr. Speaker, I did not mean to reflect on the presence or absence of any Member, but I am quite surprised that no Conservative Member representing Quebec availed himself of the opportunity to direct a question to our hon. colleague following his remarks, especially because he said this tax was unfair for Quebec and that the taxation level was higher in Quebec than in British Columbia.

[*English*]

The Acting Speaker (Mr. Paproski): Does the Hon. Member have a question or comment for his colleague? If so, I wish he would put it. The Hon. Member for Ottawa Centre (Mr. Cassidy).

[*Translation*]

Mr. Cassidy: Mr. Speaker, I think my colleague has asked a direct question, namely is the Government aware of the fact—

[*English*]

I will say this in English for the benefit of Members from outside Quebec. The tax will average $35 a thousand board feet on Quebec production compared to $24 a thousand board feet on British Columbia production if it is applied at the 15 per cent rate.

An Hon. Member: What about Ontario?

Mr. Cassidy: Ontario will be somewhere in between. The undertaking to the Americans was $500 million that would be achieved by a 15 per cent rate. It does not appear as though the Government is prepared to charge the tax at a 8 per cent or 10 per cent rate on production coming from Quebec, which might be more reasonable.

In other words, the Canadian negotiators were either ill informed or were such bad negotiators that they agreed to apply a tax that is $11 a thousand board feet higher on the higher cost producers in eastern Canada than it is on the lower cost producers in western Canada.

How can Quebec Members of Parliament from the government side justify a tax which will be higher on the high cost producers in eastern Canada than on the lower cost producers in western Canada? I point out that traditionally the transportation costs to end points such as Chicago levelled out the prices. Therefore, when Quebec production reaches Chicago it will be $10 or $11 a thousand cubic feet higher than products coming from British Columbia. Prior to the imposition of the tax that production reached that centre at roughly the same price.

Mr. McDermid: Mr. Speaker, the Hon. Member said that business groups are not in favour of this measure. Since the Hon. Member likes to read telegrams and letters into the record, he might be interested in the following letter which is addressed to the Minister for International Trade (Miss Carney). It states:

> This letter confirms our support for the negotiated settlement of the lumber duty problem between the Governments of Canada and the United States.

It goes on to be most supportive of the actions and, as a matter of fact, the last paragraph states:

> Informed business leaders in the west recognize that you achieved the best resolution possible out of a very difficult situation.

It is signed by Graham Clarke, Chairman of the Vancouver Board of Trade, which is a very significant West Coast business organization. They are very much aware of this industry and many of its members are involved in it. I suggest that it is an excellent endorsement of the activities of the Government.

Let me quote another letter that is addressed to the Minister for International Trade. It is from Westar Timber Ltd. It states:

> Westar Timber wishes to offer its support for the negotiated settlement of the duty dispute over softwood lumber with our American neighbours.

● (1940)

The final paragraph reads:

> As Westar Timber has withdrawn its membership from the Council of Forest Industries of British Columbia, we would appreciate being kept directly informed of any further developments.

I think it is fair to say that industries in general which are involved do support the decision which was taken and the solution.

Mr. Cassidy: Mr. Speaker, I did read into the record the telegram which was signed by Richard Lacasse, the director general of the Association of Lumber Producers of the Province of Quebec. Quebec is the second largest exporting province to the United States after British Columbia, with 20 per cent of the production. I can tell you that he is a very competent and legitimate spokesperson for his industry. I have no suggestion that there is any quarrel with the opposition that the association has taken to the Government's decision—

The Acting Speaker (Mr. Paproski): Thank you.

Mr. Cassidy: —including when they make the point of the loss—

The Acting Speaker (Mr. Paproski): Thank you. The time for questions and comments has now terminated. Debate.

Before I recognize the Hon. Member for Cape Breton—The Sydneys (Mr. MacLellan), I would like to say that he is the last speaker for the 20 minutes. The eight hours will then commence. There will be 10-minute speeches after the Hon. Member for Cape Breton—The Sydneys completes his speech.

Mr. Gauthier: Point of order, Mr. Speaker.

Mr. McDermid: Point of order, Mr. Speaker.

The Acting Speaker (Mr. Paproski): One at a time. The Hon. Member for Ottawa—Vanier (Mr. Gauthier).

Mr. Cassidy: Read the letter from Adam Zimmerman. He speaks for the industry, doesn't he? You keep forgetting about him.

Mr. Crosbie: He speaks for the NDP, not the industry.

Mr. Gauthier: Mr. Speaker, there is disorder in this place.

The Acting Speaker (Mr. Paproski): The Hon. Member for Ottawa—Vanier (Mr. Gauthier) on a point of order.

Mr. Gauthier: I would just would like some information from the Chair. I understand that you, Mr. Speaker, just referred to the eight hours of debate allowed at this stage of debate. Does that include the 10 minutes allowed for questions and comments? If it does, is there a rationale for that, because actually the 10 minutes is not debate?

The Acting Speaker (Mr. Paproski): I would have thought the Hon. Member would remember May 16, 1983, at page 25477 of the Commons Debates. The Chair had ruled at that time:

> The Chair understands that the Special Committee intended the ten-minute period to be included in the eight hours.

The Chair concludes:

> It is my conclusion that the time taken for the ten-minute question and answer period must be added to the actual time of speeches in determining the total eight-hour period during the second segment of consideration of second reading of a Bill.

I think that is clear. I know the Hon. Member will remember that.

Mr. McDermid: Mr. Speaker, I just have a point of clarification. I had checked with the Table earlier in the evening to ask when the eight-hour period would conclude. The information I was given was 7.36 p.m. That was the time that the eight-hour period was up.

Mr. Gauthier: Order.

Mr. McDermid: I am sorry, if that has changed—

The Acting Speaker (Mr. Paproski): I would like to bring to the attention of the Hon. Parliamentary Secretary that I have been keeping a very close time, along with the Table, and the final time was 7.43 p.m.

The Hon. Member for Cape Breton—The Sydneys (Mr. MacLellan).

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, I have a great deal more faith in your watch than the watch of the Parliamentary Secretary to the Minister for International Trade (Mr. McDermid).

I am very pleased to have this opportunity to speak on Bill C-37 because I believe it is an extremely important Bill, not only for what it brings forward in its contents but for its ramifications and what it is going to mean to this country if it is passed. I think this is a very bad Bill. The idea of the Bill is bad. What it is going to do to Canada's negotiating powers in the future I think will be even more detrimental than the detrimental contents of the Bill itself.

This whole idea of reducing and giving away Canada's sovereignty to the United States started in an ill-conceived speech in December to the Economic Club in New York. That was over two years ago. At that time the Prime Minister (Mr. Mulroney) said that Canada is open for business. In reply the Leader of the Opposition said: "It may be open for business but Canada is not for sale". These were very prophetic words, because what we are seeing now is Canada and Canadians for sale. The interests and heritage of Canadians are for sale.

This particular Memorandum of Understanding which was signed, and which brought about Bill C-37, is a very bad document. It was badly negotiated and badly thought out. Its principle is just horrible. It started primarily on December 30, 1986 when the Minister for International Trade (Miss Carney) made her first final offer to the United States to settle the dispute by raising provincial stumpage fees by 10 per cent. This was turned down by the United States. She made a second final offer on November 26 when she suggested there be imposed a 15 per cent export tax on Canadian softwood. However, this offer was rejected by the United States. On December 12 the United States made a counter-offer and the Minister for International Trade rejected it because she said if it was accepted the United States would be able to manage Canadian resources. Yet on December 30 the United States accepted an offer of 15 per cent and that is exactly what it is doing, managing Canadian resources.

This is a very, very sad commentary. It reveals that the Canadian delegation was very poorly prepared. In fact, a report shows that there is a strong rebound in the price of the lumber industry's products and that the financial condition of this industry improved during 1985-86. This is not something which was taken into consideration by the Canadian delegation. However, it was something taken into consideration by the American delegation which decided it would accept the 15 per cent offer from Canada because, if it did go any further, the improved condition of the American forest industry would be a detrimental position for it as far as the arbitration and settling of this situation is concerned.

What also has happened, in addition to the poor economic deal, the Government has created a very bad and detrimental precedent for the future of this country. It has given away the right to negotiate the price for its own resources. Certainly Canada will negotiate prices. It will negotiate the care and control of its own resources. However, here the precedent is that it has allowed the United States to dictate the prices for Canadian resources.

The Government is saying that this is the best deal it could possibly get. This is the deal that it accepted with the gun to its head. This is not a negotiation. This is a fire sale of Canadian resources and the interests of Canadians.

What is going to happen? Canadians do not believe that this deal is going to be beneficial to Canada. Certainly, Canadians do not believe that this precedent is going to do anything but harm to the future economic possibilities and aspirations of this country.

What is happening now is that the Minister is going to embark upon a $12 million advertisement campaign to try to force this deal down the throats of Canadians, to try to gloss with smoke and mirrors and pretty pictures the catastrophe which looms in before the softwood lumber industry and other industries if this precedent is followed, as I am afraid it may be.

What is going to happen? Canadians are not going to be fooled. This deal is going to continue to rebound in the face of the Government and in the face of Canadians. What kind of Government would force this upon Canadians? The aspects,

the eventualities which will happen in the future to this country have not been taken into consideration.

We have a 15 per cent export tax on softwood lumber. There is no allowance made in this agreement for a change in the difference between the Canadian and American dollar. If the Canadian dollar goes up vis-a-vis the American dollar this will just be devastating, wiping out a great many of our lumber producers in Canada, even more than will be wiped out by the agreement entered into and agreed to by by this Government. So there are many aspects to consider.

● (1950)

The Minister of State has called Clause 5a of the agreement the sovereignty clause because it provides the following:

The Government of Canada may reduce or eliminate the export charge on the basis of increased stumpage or other charges by provinces on softwood lumber production.

Yet Clause 2(3) of the Bill which is now before us states that the Memorandum of Understanding may be referred to in interpreting this Bill. This establishes that the Minister's sovereignty claim is not correct. In fact, Clause 5b of the agreement provides:

Calculation of the value of any replacement measures in relation to the export charge will be subject to further consultations and agreement between the two Governments.

The Government would have us believe that this export charge, presumably to be used by the federal Government and the provincial Governments, will go back into the lumber industry. The Americans have another idea with respect to the agreement. They do not for one minute expect that this money will go back into the industry. In fact, if it does go back into the industry they will consider it a breach of the agreement.

Clause 6 of the Memorandum of Understanding provides:

The Government of Canada will take no action, and will take all reasonable steps to ensure that no other governmental body in Canada takes any action, directly or indirectly, which has the effect of offsetting or reducing the export charge or replacement measures—

President Reagan has pledged in writing that he will take action if Canada does not live up to the terms of the agreement. Attached to the Memorandum of Understanding dated December 30 is a letter addressed to the Coalition for Fair Lumber Imports. In that letter U.S. Secretary of Commerce Malcolm Baldrige identifies seven different types of Canadian government assistance to industry which the U.S. will not accept. These include rebate, remission, deferral of the export charge, provision of grants or low-cost loans, exemption from other federal and provincial government charges, assumption of obligations currently borne by the industry, reduction in stumpage or other fees, changes in the way that the volume of timber harvest is measured, and the non-competitive awarding of contracts for silviculture, road-building, recreational and other forestry activities. This is something from which we will come away empty-handed.

I think that the only point the Government can make is that if we are to lose 15 per cent it is better that it remain in Canadian hands as opposed to American hands. But that is the only point that the Government can possibly make.

So what are we giving up? First, we are giving up something that we probably need not have had to pay. We are giving up something that the economic indicators in the United States tell us is something that is not necessary because the lumber industry there is healthy, and getting healthier all the time. While it may regress later on, at this point in time it is getting healthier. That strengthens the Canadian position, but it is not something which the Canadians took into consideration in their haste to sign this Memorandum of Understanding.

Second, if there is a change in the American-Canadian dollar ratio, and if the Canadian dollar improves with respect to the American dollar then this measure will become even more detrimental to Canada.

Third, we are selling future relations and negotiations with the United States down the river as a result of entering into this agreement, not to mention the fourth point which is what it will do to the lumber industry in Canada. It has been stated by Bob Rivard of the Canadian Lumbermen's Assocation that lumber production could drop by as much as 25 per cent in 1987. The Government of Canada continues to insist that the provinces can use their share of the export charge revenue as they see fit. There will be a very interesting session of meetings between the federal Government and the provincial Governments. If the provincial Governments buy this federal government line I will be very surprised.

Fifth, what will this measure do to Canada's relations in the GATT? How can Canada now say that what the United States is doing to our country is wrong when Canada directly and blatantly violated the principles of GATT by entering into this Memorandum of Understanding with the United States? This is the first time that we have imposed a tax on trade with only one of our trading partners, which violates the first principle of international trade. What we have done is we have said: "United States, you can negotiate with us and enter into our business. You can pass judgment on our laws and regulations. If something hurts you, then you can hold us up at the border by threatening a countervailing tariff or an import charge and we will just knuckle under". Why should the Americans not believe this when we have given them every reason even before this to believe it? We did away with FIRA.

In the negotiations with the United States we were blatantly told what should and should not be included. The Government said that there would not be countervailing sanctions or tariffs on Canadian products. The Government said that the United States would not do that. Yet what happened? It has been doing it ever since. The way in which the Government has handled these negotiations amounts to nothing more than waving a big red flag in front of the American lobby organizations. By saying that we want free trade with the United States we have alarmed all the lobby organizations which have run to Washington to talk to their representatives and their Congressmen. What we have done is we have firmed up the position of

the industry in the United States by ensuring that Canadian imports and Canadian products will never be a threat again.

The softwood lumber case is not the only case to consider. I refer Hon. Members to the recent ruling of the Federal Energy Regulatory Commission in the United States with respect to the sale of natural gas from Canadian producers to American buyers. The way the situation has worked in the past is that Canadian producers enter into agreements with American buyers. Included in these agreements is a clause with respect to a charge for transportation through the Canadian pipeline system. That charge is passed along to the purchasers in the United States. This arrangement is set out in the agreements and agreed to by the National Energy Board, which is the Canadian regulatory body. On December 3 the Federal Energy Regulatory Commission in the United States said: "No. You cannot do that. Canadian natural gas is becoming too competitive". We are hearing this from the same country which three years ago said that we had to get rid of the National Energy Program and treat Americans the same as Canadians. They told us that we could not show bias to Canadians, that we had to open up our oil and gas industry to Americans.

What happened? We opened up the industry and they turned on us. I am referring to the same regulatory body which in 1984 outlawed Canadian take-or-pay contracts with the United States. We do away with take or pay contracts. We do it the way the Federal Energy Regulatory Commission wants, we will get a competitive edge on price for a fraction of time and then they change the rules on us again.

• (2000)

Why should they not think that they can change the rules on us again? We have been down on our knees to them for the last two years begging for a free trade agreement, saying that we do not care what it is in the free trade agreement, take what you want, but when we sign it, call it a free trade agreement.

That is not good enough for Canadians, and why should it be? Canadians are the losers. Not only are Canadians losing, but they are being shut out. It is the most one-sided negotiation in the history of Canadian trade. The Government is not saying that there is a tarnishment or a reduction in Canadian sovereignty. It is saying that there is no reduction, there is no imposition on Canadian sovereignty. That is what it is saying to us in the House, but that is not what it is meaning with respect to the Federal Energy Regulatory Commission decision.

The Minister of Energy, Mines and Resources (Mr. Masse) when he was in Los Angeles on January 7 said that this decision by the FERC was detrimental to Canada. He stated:

> It also raises serious questions of extra-territoriality—the extension of U.S. regulatory practices to matters under Canadian jurisdiction.

Then he goes on to talk about the discriminatory Superfund levies on imported oil. He stated:

> The U.S., also, has recently decided to implement discriminatory Superfund levies on imported oil. These additional tariffs, while small, represent an ominous step backwards in our progress towards freer bilateral energy trade. They are particularly burdensome to Canadian refiners who already face import duties on oil products exported to the United States, whereas American refiners incur no duties on almost all their exports to Canada. I am also concerned that this could establish a precedent for more substantial tariff increases.

Mr. Speaker, this is the Minister in the Government saying that the policies of this Government on trade with the United States is not working. He is saying that the extension of the U.S. regulatory practices raises serious questions, instead of saying that he is concerned that this could establish a precedent for more substantial tariff increases.

This Bill is not only detrimental, it will be a catastrophe for Canadian trade. The damage will not be pinpointed for a few years. As the years go on, we will look back on this legislation more and more with regret that we ever passed it.

The Acting Speaker (Mr. Paproski): On questions or comments the Hon. Member for Vancouver—Kingsway (Mr. Waddell).

Mr. Waddell: I do not have an extensive comment. I know that my friend, the critic, has some comments. I will let him ask the questions.

I wish to congratulate the Hon. Member for flagging for the first time in this debate this additional issue. The fact is that there has recently been an implication that the Americans have continued on and have now moved to energy. They started with lumber, and now the Federal Energy Regulatory Commission has said that it does not like the way that Canadians are charging and pricing their natural gas. They even interfered in contracts that had been made in good faith by Canadian producers with American buyers. Where does it end? That is the flaw in the Government's case. It said that we will make a deal out of court. We will agree to a 15 per cent tariff and we will save the money. It could have been 30 per cent or 32 per cent. The flaw is that once you do that to a bully, and the United States is into a bully mood with Canada these days on trade, the bully will never stop. So this was the next step taken a week or two ago. It is outlined in a recent issue of *The Financial Post*. The Parliamentary Secretary would do well to read this. The United States is at it again. What is next? Steel, or other products? Hydro? They may not like the way we are handling our hydro.

Mr. McDermid: Don't forget the cut flowers and the raspberries.

Mr. Waddell: They think it is funny.

Mr. McDermid: No, we do not. We are trying to tell you to get into the real world.

The Acting Speaker (Mr. Paproski): Order, please. The Member for Vancouver—Kingsway has the floor.

Mr. Waddell: The real world is that the Americans have started to continue this.

An Hon. Member: Ask a question.

Mr. Waddell: I am making a comment. The Hon. Member for Cape Breton—The Sydneys (Mr. MacLellan) has flagged this issue. The fact is that the Americans are already moving from softwood lumber on to energy. The Government has led Canada into that and it will keep going that way.

Mr. McDermid: Check with the EEC and Japan and see what is happening there.

Mr. Friesen: I have listened to the Hon. Member's speech. At one point he made reference to the fact that there will undoubtedly be a change in the value of the Canadian dollar, which could affect the flow of products across to the United States. It is a legitimate concern. In light of the point that he raised, I would ask the Hon. Member in all seriousness if he has read the entire Memorandum of Understanding?

Mr. MacLellan: I have not read the whole Memorandum of Understanding, but I have read a good part of it and excerpts. If there is a guard against that type of thing, I would appreciate the Hon. Member telling me.

Mr. Friesen: I would like to point out that the Hon. Member made a very dramatic speech. I must say I enjoyed listening to it, even if it was full of errors. But it was a good speech from his point of view. It was flawed because he has not read the Memorandum. The Memorandum does allow for a re-examination of the entire agreement when there is a dramatic change in product flow across the border. If the Hon. Member examines the effect of the Canadian dollar on the cost of the product, he will quickly agree that when the cost of Canadian product increases and becomes uncompetitive there will be a dramatic drop. If the Canadian dollar will affect the flow, the Memorandum and the whole agreement will be re-examined.

Mr. MacLellan: If my speech is flawed, so far none of the flaws have been brought out by the Hon. Member. When it refers to product flow across the border, to say that relates to the exchange and the currencies between Canada and the United States is really stretching the point. There is absolutely no relation to the product flow and the fact of the difference in the currency rate.

I am glad that the Hon. Member is not a lawyer. If he drew up an agreement containing that terminology with the intent of bringing into the wording the exchange rate between Canada and the United States, we would be in more trouble than we are right now with this Government.

Mr. Langdon: I have a relatively minor point to raise and register with the Member whose speech I have enjoyed. I wish to register the reports and briefs which we have received this week from the Canadian Paper Workers Union emphasizing their very strong opposition to this lumber agreement.

• (2010)

As the Hon. Member will know, they represent softwood lumber workers in the eastern half of Canada. Would the Hon. Member be able to explain the difference between perspectives which exist among workers in western Canada, represented through the IWA, and workers in the central and eastern parts of Canada, represented through the Canadian Paperworkers Union? Would he be able to comment on that?

Mr. MacLellan: Mr. Speaker, I do not think there are any people involved in the lumber industry who are more concerned than the people in Atlantic Canada. At the present time the stumpage fees in Atlantic Canada are considerably higher than they are in Quebec, Ontario, Alberta and British Columbia.

It could mean that the actual cost to Atlantic Canadians will be even more devastating than it is to Canadians in other provinces. This is an area where the economy is less able to bear any kind of strain than any other part of Canada; that is not to say that the other four provinces are very affluent. It certainly does not mean that.

However, the economy of Atlantic Canada, as the Minister of Transport (Mr. Crosbie) knows, is in a very bad state indeed. This is where the worst results and the worst impact will be felt.

The Acting Speaker (Mr. Paproski): I will recognize the Hon. Parliamentary Secretary and the Hon. Member for Egmont (Mr. Henderson) on two very short questions.

Mr. McDermid: Mr. Speaker, I gather my hon. friend is a lawyer. He delivered a 20 minute speech in 35 minutes, trying to poke holes in an agreement which he had not even read. I find that to be absolutely irresponsible. I can understand why he got into politics and out of the practice of law.

Mr. MacLellan: Mr. Speaker, I am surprised by the comments of the Hon. Parliamentary Secretary. It just goes to show the straws which the Government and the Conservative Party are clutching. Those were the comments of a man who was putting forward the case for the Government, and the most significant thing he came up with was that I did not read the whole agreement. That is the worst thing he can say about what I said. I am still waiting for the flaws in my speech which Hon. Members opposite say are there. They have had their chance; obviously my speech was flawless, and I thank them for their plaudits.

Mr. Henderson: Mr. Speaker, I thank the Hon. Member for Cape Breton—The Sydneys (Mr. MacLellan) for presenting an excellent speech, but I have one very quick question for him.

As he will know, only five softwood lumber producers in the Maritimes will be exempt under the agreement. Producers from Nova Scotia and New Brunswick especially complained about being hit not only by the 15 per cent tax but about the

fact that they were already paying the highest stumpage fees anywhere in Canada.

Since there has already been a diversion of softwood lumber which would normally be exported to the United States from Quebec, and since the 15 per cent tax has been put on that lumber, they are now undercutting the local New Brunswick and Nova Scotia markets.

Would the Hon. Member care to comment on that? Would he tell the House whether he has had any representations made to him by producers in Nova Scotia and New Brunswick?

Mr. MacLellan: I thank the Hon. Member for Egmont (Mr. Henderson) for raising that point; I forgot to mention it.

I received representations today from an association in Nova Scotia on that particular point.

The Acting Speaker (Mr. Paproski): The time provided for questions and comments has now terminated.

Mr. Lorne Greenaway (Parliamentary Secretary to Minister of State (Forestry and Mines)): Mr. Speaker, I take it we are now on 10 minute speeches.

The Acting Speaker (Mr. Paproski): That is right.

Mr. Greenaway: Then I can throw away the first half of my speech; the second half is the best, anyway.

Now we can cut out a lot of the rhetoric and get down to the point of this debate. The only thing I could say relating to the first half of my speech would be: I wonder what opposition Members would have been saying for the last two days if they had awakened on December 31 and discovered that we had wound up with a 20 per cent tariff and all the money going to the United States because we had not negotiated. I throw that out for what it is worth. We were caught in a tough position. I think we got the best of the deal as it was laid out to us.

As industry representatives said to me last week in Vancouver, "It is done. It is over. Let us get on with it". I think that is what Canadians want us to do now. They want us to put it behind us and get on with trying to make what we have work.

The Hon. Member for Egmont (Mr. Henderson) asked a very good question. There are about 350 sawmills in Nova Scotia. It is basically a domestic market. They are justifiably worried. If provinces with lower stumpages start shipping lumber to the East and it ends up in Nova Scotia, it will devastate that province.

That is one of the reasons the Minister of State for Forestry and Mines (Mr. Merrithew) set up the Council of Forestry Ministers. I pay tribute to him for that. It is probably the most significant thing he has accomplished so far in that the Ministers of Forestry will be meeting on a regular basis.

I happened to attend a meeting with them in Vancouver two weeks ago, and I was amazed at the goodwill between provincial and federal Ministers. They elect their own chairman, and the federal Minister sits as a member. They are now being called upon to work out some of the difficult details. It is not very difficult to collect it, but they are trying to work out all the problems over and above the problems caused by the implementation of the tax.

Hon. Members should know that in the determination which came down in October the commission found that 14.5 per cent of the 15 per cent tariff levied was due to a stumpage subsidy. This says to Canada that stumpage is the problem. The federal Government is caught in a position where it does not want to impose a tax on a provincial resource. Naturally we would like to get out of it as quickly as possible, but it will not be easy.

Someone mentioned earlier tonight that with the export tax there will be a $550 million per year levy on the industry. However, if we try to swing that over to stumpage, it will be over $800 million. If that were imposed upon the industry, it would be very disabling.

My own constituency produces 10 per cent of the softwood in Canada. The interior of B.C. ships 80 per cent of the softwood out of that province. If anything over 5 per cent of that 15 per cent were switched over to stumpage, it would be very dislocating. They could not take much more than that. They feel their stumpage system is pretty fair. I agree with them. I have looked into it very closely with an accountant friend and I think the interior of British Columbia—and there are two different stumpage systems—is paying its fair share.

I am glad the Council of Forestry Ministers is in charge of looking after this very difficult and perhaps impossible situation. Who should know better, other than perhaps industry with whom they will be in close consultation, as to how to work out the percentage stumpage increases versus export tax? As we know, there are some provinces paying high enough stumpage now and should not be asked to pay any more. It is not going to be easy. We have problems with some of the "Reman"—the manufacturing people. They were here to see us today. I think they saw all Parties. We do not say we do not have problems, but that too will have to be worked out with the council and with External Affairs. Hopefully we can renegotiate some of those inequities.

• (2020)

I think we are all very concerned about where the $550 million is going. We have heard what Ontario is going to do with its portion. The Minister of State for Science and Technology (Mr. Oberle) came up with a very interesting proposal tonight. He suggested that my Province of British Columbia might look at something like a heritage fund and use some of the money to reforest and get into some permanent silviculture programs.

Mr. Waddell: Can we do that?

Mr. Greenaway: I would hope we could. We cannot impose our will upon the provinces.

Mr. Waddell: Do we have to ask the Americans?

Mr. Greenaway: No, we do not. We can do it. What we cannot do is give money to upgrade a mill, build a road or things like that. To the best of my knowledge we can do reforesting and silviculture. We can also spend money on research, also badly needed, and we can spend money on educating foresters. Most forestry schools are in desperate need of extra funds to buy good new high-tech equipment. We have to look at the pursuit of new markets. We should be using this money for that.

In the Province of British Columbia there will be a windfall of about $350 million. Obviously B.C. will not put all of that back into the forest resource. I think my colleagues in the federal Government from British Columbia will be urging the Government to put much of that money back into forestry because we are behind in reforestation. We have to go to some better silviculture methods not only in B.C. but right across the country. What has always bothered me is that we have been using silviculture as a job creation project. What we really need is to get into long term silviculture projects as was mentioned earlier by the Minister of State for Science and Technology. On Vancouver Island the mayor set up a program called the Vancouver Island Mayor's Program for reforestation and silviculture. It is an ongoing program. It puts many people to work and it pays tremendous dividends. That is what we should be spending our money on.

Just to get in a plug for my own area, 80 per cent of the resource of softwood lumber shipped out of B.C. comes from the interior. I am saying to the provincial Government that 80 per cent of any money returned should be returned to the interior because that is where the tax will be coming from. Let us put it back where it is desperately needed.

Over the last few months, I have been the Parliamentary Secretary to the Minister of State for Forestry and Mines. The appointment was made in October. Ever since this Government took office in 1984 many of us have fought and fought hard to have the ministry of Forestry and Mines elevated to a full line ministry. After watching this develop over the last few months, I think we would have been well served by a full ministry, properly staffed with a budget. We would have had a much easier time working with the industry. We would probably have had better statistics. I am not going to say we did not have good negotiators, but I would have liked to have seen a full line ministry of forests take a more active role.

Some Hon. Members: Hear, hear!

Mr. Greenaway: That might not be popular with some members of the Government but I think it is common sense.

Mr. Manly: Right on.

Mr. Greenaway: If a man is going to be condemned in this place for saying a few things in that vein then so be it. Parliamentary secretaryships are not that expensive.

Some Hon. Members: Oh, oh!

Mr. Greenaway: I see the Hon. Member for Kamloops—Shuswap (Mr. Riis) here. He and I are in discussions at the moment. We have discovered that in his riding mainly and in part of mine we have an outbreak of spruce budworm which involves 200,000 hectares, which is a lot of land. The provincial ministry has not yet begun to get a handle on it. I have just received a report that if we could spend $7 million in this next season on spraying projects we might be able to get the problem under control. That is the kind of money we have to spend on our resource and that is what should be done.

I will leave it at that, Mr. Speaker. It is not a happy day for the country. We are not pleased with what happended. Anyone who thinks we could have got a better deal is whistling in the wind. I, for one, am pleased with what the Minister for International Trade (Miss Carney) has accomplished. I think she has made the best of a bad situation. Let us go on from here and see what we can do.

Some Hon. Members: Hear, hear!

Mr. Gauthier: Mr. Speaker, I rise on a point of order. The Hon. Member said at the beginning that he would have to throw half of his speech away and only read half of it. I would like to hear the other half now. I would give unanimous consent that he so proceed.

Some Hon. Members: Oh, oh!

Mr. Greenaway: The other half is all political.

Mr. Deputy Speaker: Debate. The Hon. Member for Cowichan—Malahat—The Islands (Mr. Manly).

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, I welcome the opportunity to speak on an issue that is vitally important to my riding, to my Province of British Columbia and to Canada. I was very interested in the comments of the Hon. Member for Cariboo—Chilcotin (Mr. Greenaway) who just spoke. It was generally a low key defence. He did not want to storm the baricades in defence of this Bill at all, but I was particularly interested in his final comments calling attention to the need for a full ministry of forestry. That is something that anybody who comes from a constituency that depends upon the forest industry, as so many of us do, would urge upon the Government with a great deal of force and conviction. It is a promise the Government made in 1984 which has not been kept.

I believe, as the Hon. Member suggested, that it is a promise we are paying for because if the Government had kept its promise we would have had better statistics and people who would have been able to negotiate and represent us better in this whole issue than has been the case. I very much commend the Hon. Member for saying that, particularly as the Parliamentary Secretary to the Minister of State for Science and Technology. He knows whereof he speaks.

There is a legitimate debate taking place in British Columbia at the moment about whether or not the 15 per cent export tax was the best deal possible with the United States after it had imposed the 15 per cent countervail. There are two sides to that debate. Because of its effect on Canadian sovereignty and because of the very bad precedent it sets for other industries, I believe it is a bad deal. Quite apart from that debate, I do not think there can be any debate about the more basic facts that the Government has bungled the entire Canada-United States trading relationship from day one. The softwood lumber fiasco is only the most blatant example of this.

The basic flaw in the Government's approach was the Prime Minister's (Mr. Mulroney) belief that his personal friendship with the President of the United States could guarantee and even enhance Canada's trading relationship with that country. It is a naive and rather touching belief that President Reagan would veto any legislation that was protectionist against Canada. This badly underestimated the degree of protectionism in the United States.

The Member for Skeena (Mr. Fulton) two years ago warned about the dangers of protectionism and the way in which it would affect our softwood lumber. He urged that the Government get involved in a public relations campaign that would appeal to American consumers, home builders, home buyers and lumber retailers and urge that they put a balancing pressure on their Congressmen and Senators to prevent this kind of protectionism.

• (2030)

The Minister of State for Science and Technology (Mr. Oberle) who spoke earlier indicated that he was aware of this continuing threat ever since the last decision came down in 1983. Yet the Government chose not to act, believing rather that everything would turn out okay because of the Prime Minister's friendship with Ronald Reagan. Two years ago, the IWA recognized that we faced a serious situation and said that we should negotiate and make a deal when we could rather than wait for the last possible minute.

The American protectionist attitude followed two basic tracks. The first track was the legislative route and there were any number of Bills as we have mentioned in this debate before that were before both the House and the Senate calling for protectionist measures. Some Bills such as the Gibbons Bill contained measures which were specifically directed toward Canadian softwood lumber. The second track was the quasi-judicial process by which the American lumber industry could appear before the International Trade Commission of the Department of Commerce to ask for a countervail duty against Canadian softwood because of what they consider to be unfair subsidies through low stumpage rates or other practices.

In return, Canada maintained a two-track defence. One track was that President Reagan would veto any Bill that imposed duties on Canada's softwood. The other was that our legal case was so strong that we would be able to win before a quasi-judicial tribunal. Confidence in our two-track defence policy began to wilt and disappear last May and I can pinpoint the very time it happened. It happened on May 22 when President Reagan personally announced a 35 per cent tariff on shakes and shingles. It was interesting to watch the Prime Minister when he appeared in the House the day after that. We could see that he was visibly shaken and his comments indicated that he was.

Mr. St. Germain: But he took the right action.

Mr. Manly: He took the right action? He said:

> We will try to prepare an appropriate response for the American administration which will convince them of the folly of this kind of action directed either against a great friend such as Canada or anyone else. This kind of thing is bad news.

He said he would take the appropriate action but what did he do? He put duties on Christmas trees, books and computer parts.

Mr. St. Germain: Order in Council prohibiting the export of cedar logs and that's what counts, sir.

Mr. Manly: He said he would take action to prevent that sort of thing from happening in the future. Instead, the Americans had a taste of blood and are now going for the jugular.

Far from convincing Americans of their folly as he said he would do, the Prime Minister whetted their appetite for our blood. A feeling developed in the government benches that even if we won in the courts, President Reagan could not protect Canadian softwood from American legislation. A basic distrust of our whole negotiating and defensive position has evolved.

We finally began to understand the price President Reagan was prepared to pay to get the fast track on the free trade negotiations. He mentioned that price in his letter to Senator Packwood which indicated that he would take all appropriate action to solve the softwood issue prior to and separate from the trade talks. Since then, we have seen a constant shift of position on the part of Canadians. First we talked of negotiating but Premier Bill Bennett of British Columbia said that he wanted to take a tough position. Canada started to take a tough position but then there was a change of premiers in British Columbia. Unfortunately, the wrong change was made and we are paying for it today.

Mr. St. Germain: That's your fault, Jim. You should have kept at it.

Mr. Manly: We should have done more, I will admit that. Bill Vander Zalm began to make noises about raising stumpage fees. He sent the Americans the signal that we would not talk tough any longer and that we did not really have that much confidence in our judicial position. The Minister for International Trade (Miss Carney) flew to Washington in September to ask the Secretary of Commerce if the countervail process could be delayed somehow while British Columbia

reviewed its entire forest policy. Of course, the Americans said no.

In October, the Minister announced her final position. She said we were prepared to offer 10 per cent, take it or leave it. Of course, the Americans had absolutely no reason to take it.

Then the Minister said that she would talk tough. Once again, the Americans came down with a preliminary ruling on October 16 announcing the 15 per cent countervail. At first we were inclined to fight it and we pointed out that the decision was flawed, that its mathematics were poor and that it was a poor application of American law. We pointed out that it was a decision that discredited the entire countervail process and had some very serious implications for international trade relationships. We felt that we had a strong case, but once again, the Government of British Columbia and Premier Bill Vander Zalm wanted to negotiate. Once again, he undermined the Canadian position and the Canadian Government entered into negotiations. It finally came up with an agreement in the dying hours of 1986.

What is there about this agreement that is appealing? For one thing, as some Hon. Members have pointed out, it does keep the money in Canada, but on the other hand we must recognize that whether there is a 15 per cent American countervail or a 15 per cent export tax, jobs will be lost. It will be the working people of British Columbia and other lumber-producing provinces who will pay for the Government's bungling.

This afternoon during Question Period, the Hon. Member for Essex—Windsor (Mr. Langdon) pointed out that there are 23 companies making nine different products which will have to close—

Mr. Deputy Speaker: Order, please. I am sorry to interrupt the Hon. Member. Could I ask him to conclude since his time has expired?

Mr. Manly: Mr. Speaker, I will do so as quickly as possible. The Hon. Member for Essex—Windsor asked the Minister if he would be prepared to renegotiate the entire contract to provide exemptions for these products. The Minister chose to ignore that.

We have serious questions about the agreement itself and its effect on Canadian sovereignty. It will not save Canadian jobs and we must condemn the Government for the whole way in which it has bungled the process of negotiating the Canada-United States trade relationship.

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, I too would like to join in this debate. I recognize that time is not very long to put forward a case on behalf of the Opposition, but I welcome this opportunity to put forward my opinion on the effects of the recent settlement recommended for signature between Canada and the United States with respect to the export tax placed on our softwood lumber industry.

I wish to preface my remarks by indicating to you, Mr. Speaker, that to a large extent, many of the emotional feelings Canadians have about this agreement revolve around the issue of sovereignty and, in the long run, whether or not Canadians have faith that the Government is capable of negotiating any agreement with the United States in a competent and effective manner.

I say that in all sincerity because one must recognize that regardless of which political Party assumes the reins of power, any Government will find itself in a period of crisis, perhaps not of its own making. What determines the faith of the Canadian public in the ability of the Government is its ability to handle those crises. In December of 1986, some two years and three months after the Conservative Government assumed power, the people of Canada no longer have faith in its ability to put forward a political agenda and, more important, a Canadian point of view on a number of issues. Softwood lumber is the last in a series of crises affecting the Government and the outcome does not leave me with any feeling of certainty that it knows what it is doing in its negotiations with the U.S.

• (2040)

The specifics of the case I put before you are well known to the Canadian public. Speaker after speaker in this House has pointed out the effect of this export tax on the Canadian lumber industry. More important, it should be pointed out that the complaint by the U.S. industry that there was an unfair subsidy to the Canadian industry is not a new one. In the early 1980s the American lumber industry presented a case to the tribunal concerned which complained that Canada unfairly subsidized its industry's exports. As you will recall, Prime Minister Trudeau did not pursue a political settlement. He was adamant about protecting Canada's sovereignty. As a result, the Canadian Government worked hand in hand with the industry to present its case before the tribunal in the U.S. We were very fortunate in the sense that a ruling was made in favour of the Canadian viewpoint. That decision was arrived at in the fall of 1983. Yet within months of the Conservative Government assuming office in the fall of 1984, those same American interests once again complained of unfair subsidies to the Canadian industry.

For the life of me I cannot understand why the Conservative Government chose to abandon the quasi-judicial process, fail to defend Canada's sovereignty and this very important industry, and cave in, in my view and that of many Canadians, to the American demands. The net result, in my view, is the unnecessary imposition of a 15 per cent export tax which will make us less competitive in the U.S. market in the short term, and raise prices of lumber for consumers in the U.S. in the long term.

It comes as no surprise, given the difficulty consumer groups, whether here or in the U.S., have in arousing any sympathy for their cause. However, I do know the net result will be a loss of sovereignty and a loss of manoeuvrability here,

and higher prices in the U.S. I believe had the Conservative Government chosen a different route and worked hand in hand with, for example, Mr. Zimmerman and used our clout in the quasi-judicial process, we would once again have been successful in defending the Canadian view that there is no unfair subsidy.

I mentioned at the outset that Canadians no longer have faith in the Government's ability to put forward the Canadian viewpoint in its negotiations with the U.S. In my view this latest caving in to the Americans will be seen as a sign of weakness. While we are discussing the impact this will have on the lumber industry, I have no qualms in saying that other U.S. groups will see this Canadian weakness and institute proceedings which will affect other sectors of our economy in a similar way.

Perhaps my friends on the other side may feel that my reference to the fact that the Minister responsible for these negotiations was not even in the country at a crucial time was a cheap shot. However, the Canadian public deserve better than to have the Minister concerned at a distance from the negotiations at the time these crucial decisions were being made. It certainly did not give a feeling of comfort to the boardrooms and union halls of this country which will be adversely affected by this decision.

I represent a riding with a vested interest in the protection of the Canadian lumber industry. That industry is a very important component of the economic life of northern Ontario. We have a great fear that as a direct result of the imposition of this export tax we will see lay-offs in the industry. They have already occurred in northern Ontario as the Parliamentary Secretary to the Minister for International Trade (Mr. McDermid) well knows. There have been lay-offs in northern Ontario as a direct result of this tax.

It also comes as no surprise to those of us with some knowledge of the industry that there is now a fear in northern Ontario that the B.C. lumber industry will try to make up for its loss of market in the U.S. by taking some of the market which has traditionally belonged to the Ontario industry. We not only suffer as a result of these negotiations with the U.S., but we may see one province pitted against another in an attempt to make up for markets lost as a direct result of the imposition of this tax in Canada.

Finally, I want to point out the feedback I have been receiving from my constituents. They greatly resent the fact that the Canadian Government has given U.S. officials the right to object to how the Canadian Government decides to use the $600 million in Canada. Although the Conservative Government wants to mask the fact that it has given up our sovereignty, the people in our constituencies strongly believe that the Government has caved in to the United States interests and has not upheld Canadian interests in this matter. Frankly, they are very disappointed in the way in which the negotiations were completed.

• (2050)

Hon. Stewart McInnes (Minister of Public Works): Mr. Speaker, I wish to participate in this debate because there are no issues more relevant to anyone in Canada, and particularly to people in Atlantic Canada, than trade and forestry. I have followed the debate closely with enthusiasm and great interest, and sometimes with fright and disbelief at the incredible remarks I have heard made by Members opposite. We have heard many statements based on fiction rather than fact. There are many inconsistencies among the Members opposite and, more particularly, among Members peculiar to a particular Party.

This issue must be debated with the general knowledge that Canada is in a very unique position with respect to trade. The difficulty which the Opposition has in presenting its case adequately is another example of the difficulty it has had in making intelligent or constructive comment on any matters relative to trade.

We must bear in mind that Canada is a very unique trading nation. We are more dependent upon trade than is any other country in the western world. One-third of everything we produce goes beyond our borders. We are a nation of only 25 million and are, therefore, more reliant upon trade than any other country. Only 10 per cent of what is produced in the United States is exported. Only 16 per cent of the production of Japan is sold abroad, and only 26 per cent of the produce of the United Kingdom is sold abroad. Therefore, the steps which we must take and the sensitivity which we must have is peculiar to Canada. Strategems which may have guided the destinies of other nations with regard to trade are obviously not appropriate for Canada. In 1970 Canada was the fourth largest trading nation in the world, just ahead of Japan. Today Japan has doubled its exports and Canada is in eighth place.

Some months ago we were hit with a countervail from the United States. That was not only a result of the protests of producers and purchasers of lumber in the United States about our situation with regard to lumber, but was symptomatic of everything that is happening in Canada with respect to trade with the United States. We experienced a series of tariffs, countervails, threats and protectionist legislation on hogs, beef, steel, fish, shakes and shingles, and raspberries. Every commodity of consequence which we have been sending south of the border has been subject to scrutiny, criticism, and attack from the elements there.

We are experiencing an international trade war. The European Common Market seemed unable to control its members who have participated in unfair trade practices. There has been retaliation by the United States. Recently a 200 per cent countervail duty was placed on the European Common Market. There will obviously be a reaction to that from the European Common Market and so on.

Members opposite ask us to ignore the realities of the situation. They say that we should allow the due process of law to proceed and take our chances in the legal and trade forums

in the United States and GATT. The realities of the situation compel the conclusion that we would obviously not get a fair hearing. Our destiny was fixed. Therefore, after consulting with all of the provinces and receiving from them an endorsement and encouragement, the federal Government started negotiations with the United States. Those are the realities. My friends in the New Democratic Party must come out of their igloos. We are now in the 20th century. We must turn on the light bulb and become aware of the realities.

Members in that particular Party are against everything. It is about time they took a position with regard to what they are in favour of. I do not encourage them to take the position of the Liberal Party which has so many positions that it does not know where it stands on any issue. I plead with members of the New Democratic Party to tell us what they are in favour of and what position they would have taken in this matter.

If we had done nothing they would have asked why we did not stand up for Canada, why we did not take action to avoid the countervail, why we did not negotiate to minimize our losses when we had the opportunity to do so. Their chief argument, which has been repeated many times, is that we have conceded sovereignty. They say that we have allowed the United States to trespass upon the parameters of Canadian privacy and have, therefore, conceded our inalienable right forever and a day. They say that this is a precedent which will prejudice us forever.

During this debate Members have spoken about the sacrosanct Auto Pact. The Auto Pact is an agreement representing the positions of both countries. Is the Auto Pact a concession of sovereignty? Nay, Mr. Speaker. It is an assertion of sovereignty. When we enter a marriage contract, join a church, a political Party or an association, we assert our right and our sovereignty. We indicate which rights we wish to exercise with agreement and consultation with the other Party.

If the logic of Members opposite is followed, all of the international agreements which we have made throughout history involve a surrender of sovereignty. Obviously, that is not the case. There is no authority in Canada which will stand behind the representations made by Members opposite that our sovereignty has been intruded upon. I defy those Members to find an authority of consequence who would stand behind their position.

We have the money in our hands and we have the authority and discretion to spend that money for the betterment of forestry in Canada. I would like to compliment my colleague, the Minister of State for Forestry (Mr. Merrithew), who has promulgated the difficulties of his Ministry so well in Canada. He deserves the congratulations of this House as does the Minister of International Trade (Miss Carney).

• (2100)

In closing, this is a good deal for Atlantic Canada. It has the endorsement of the Maritime Lumber Bureau. They are saying enthusiastically and unequivocally that this deal was in the best interest of Canada. They told me that five minutes ago.

Mr. Deputy Speaker: Order, please.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

EXTERNAL AFFAIRS—NICARAGUA—BOMBING MISSIONS LAUNCHED FROM HONDURAS. (B) REQUEST THAT GOVERNMENT URGE HONDURAS TO DISARM CONTRA FORCES

Mr. Dan Heap (Spadina): Mr. Speaker, I wish to address the question of Canada's relations with Central America. This arises out of a question on Honduras that I put to the Government on December 11.

I asked if the Government would request Honduras to obey international law by ceasing to host the Contra forces attacking Nicaragua, on pain of losing a large amount of economic aid that Canada supplies. On December 15 I received an entirely unsatisfactory letter from the Secretary of State for External Affairs (Mr. Clark) in which he ignored the fact of Honduran support for the war against Nicaragua, but stated that Canadian aid is not "given on the satisfaction of certain political conditions". The Government tries to reduce terrorist attacks and violations of international law to questions of political conditions. The Hon. Minister ought to know that his letter obscures the difference between law and political considerations.

In 1981 Canada suspended bilateral aid to the Government of Guatemala because of its record of grossly tolerating human rights violations. Most Canadian church and non-government organizations informed about conditions in central America favoured that decision, supporting the rule of law, as did my own Party.

The Canadian Government halted Canadian bilateral aid also to El Salvador, again because that Government was tolerating human rights violations. However, Canada has now resumed bilateral aid to that country, claiming that the Duarte Government has substantially improved the human rights situation there. While I and many other informed Canadians believe that decision to be in error, Canada's Government clearly thought it was appropriate to make that decision on grounds the Minister would call political.

I might mention one further case. Canada stopped giving bilateral aid to Cuba on the grounds that it was supplying military aid to Angola, when Angola needed that support to resist external aggression by South Africa.

To claim that such considerations do not enter into decisions to grant or withhold bilateral aid, as the Minister claims, is

nonsense. Canadians know that it is nonsense. Honduras is the largest single recipient of Canadian bilateral aid in Central America. As the Minister points out in his letter, that Government has received over $43 million in aid during the period 1982 to 1986. That Government is directly involved in the support of the U.S.-sponsored war of terrorist attacks against the people of Nicaragua. It tolerates the existence of some 14,000 Contra terrorists and mercenaries on its soil. Rather than disarming the Contras, it disposes of its own people, some 800 of whom were evacuated from Contra occupied areas in October alone. It has turned over the Swan Islands off the Atlantic coast and El Tigre in the Gulf of Fonseca to the United States for training and supplying the Contras and for staging attacks on Nicaragua. It provides the Contras with a string of air bases within Honduras, and shares the base at El Agucate with U.S. and Contra forces.

As an apparent consequence of Honduran support for these terrorist attacks, human rights abuses in Honduras are on the increase. In September, 1986, at least 14 men were assassinated. In October, 28 men and women were murdered.

The Minister says that Canada wants to reduce the underlying economic and social causes of tension in Honduras. I say to the Minister that one of the underlying economic and social causes of tension in Honduras is the presence of Contra bases and the support that Honduras is providing for President Reagan's war.

The same could be said of El Salvador. Again, the impossibility of fundamental changes in economic and social structures, and in human rights, is closely linked to the U.S. program of low intensity warfare. El Salvador provides the United States and the Contras with air bases, including the one at Ilopango which has been used to supply Contra invaders in Nicaragua by Hassenfus and his associates. In return, the U.S. supports the strength of the military and right wing elites that, at minimum, prevent Duarte from engaging in fundamental reforms.

The Government may believe that its resumption of bilateral aid to El Salvador has improved human rights there. I say to the Minister that he has yet to convince the Canadian churches and non-governmental organizations that have experience in that sorry country. At this moment, the Government is considering the resumption of bilateral aid to Guatemala. I want to warn the Minister that resumption of bilateral aid at this time threatens to draw Canada into the same trap as in El Salvador and Honduras.

• (2105)

We cannot pretend that bilateral aid has no political or military implications in a war-torn region where everything and everyone is judged by their relationship to the American war. We cannot pretend to alleviate human rights violations by supporting governments which exist at the mercy of those military and economic interests which oppose basic economic and social change. We must remember that the U.S. doctrine of low intensity conflict calls for mixtures of military and economic or so-called humanitarian aid to support repressive local elites.

It is time this Government issued a clear call to the Government of Honduras to cease and desist its support for the Contras. It is time we went beyond words and took action. The largest single recipient of Canadian aid in Central America should not be the primary base for U.S. terrorism in that region, which Honduras is. Instead, we should direct Canadian aid away from that country to a country where, in the opinion of many of the churches and non-governmental organizations with first-hand experience in the region, it would do the most good. At present, that country is Nicaragua which is vigorously struggling to rebuild its education, agriculture, housing, health care and all the arts of peace. The very first step we should take, which would use only 10 per cent of what we are now wasting in Honduras, is to open an embassy in the capital of Nicaragua, Managua.

[*Translation*]

Mr. Jean-Guy Hudon (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, as he was told by the Secretary of State for External Affairs (Mr. Clark) in the letter dated December 15 last, the Hon. Member knows that Canada has clearly come out in favour of a pacific settlement of the current crisis in Central America. We are opposed to the intervention of a third party anywhere in that region, and we deplore the inclusion of Central America in the East-West dispute and the militarization of that region.

Canada is against the supply of weapons to the opposing factions of the region. The Honduran Government has proven to be moderate despite the difficult situation it has been put in by the presence of Contras and, more or less successfully, it has tried not to intervene militarily in the dispute. Apparently the Hondurans have formally requested that the Contra forces leave their territory. We are concerned about the raids made in Honduras by the Sandinistan soldiers in pursuit of Contras because this can only exacerbate existing tensions. It would be unrealistic to think, as the Hon. Member has suggested, that Honduras could act unilaterally and disarm the Contras which now have almost as many troops as it has. We hope that the problems created by the presence of insurgents in Central America will be solved through national and regional reconciliation efforts.

Canada has joined international initiatives to promote a regional peace plan by voicing strong support for the *Contadora* process and indicating its willingness to play a constructive role whenever it will be practical and appropriate. At the request of the *Contadora* group countries, we have conveyed our observations on the security and control measures contained in the proposed *Contadora* Act. The Secretary of State on January 18, 1987, reiterated Canada's support to the *Contadora* process in a message to the Foreign Affairs Ministers of the countries involved in the *Contadora* group and in the Lima Support Group, as well as to the Secretaries General of the United Nations Organization and the Organization of American States at a time when they are initiating a

tour of the area to consider the prospects of a resumption of negotiations. The Minister was pleased with the *Contadora* group's latest initiative. The Government of Canada for its part feels that today more than ever, it is important that the process go on because it could help reduce tensions in the area and provide the framework for a possible solution.

[*English*]

IMMIGRATION—ACTION TAKEN BY IMMIGRATION APPEAL BOARD

Mr. Benno Friesen (Surrey—White Rock—North Delta): Mr. Speaker, just before Christmas the people of the lower mainland of British Columbia became aware that the Immigration Appeal Board in Vancouver a year previous had prevented the deportation of Mr. John Michael Lewis from Canada. He was a convicted child molester. He landed in Canada in 1981 and was already wanted in Utah and California on outstanding 1980 and 1982 charges involving sexual exploitation of minors. He had already served a jail term in B.C. for sex offences with boys. He has been allowed to stay in Canada since 1985 when the Board stayed a deportation order against him.

• (2110)

I guess what infuriates the public, and certainly what infuriates me, is the fact that there are literally hundreds of thousands of people from around the world who want to come into Canada simply to enjoy the good life and provide for their families. These are people who want to live quiet and peaceful lives and who will never violate the law. Yet the Immigration Appeal Board goes out of its way to spend its concern for somebody who is a felon, someone who has been convicted of a criminal offense. There is no accounting for it. It violates the sense of rightness in society. It violates the values in society. It possibly exposes the children of our society to danger since it seems that this man had a proclivity to children. There is no excuse for it.

The Immigration Act, 1976, in Section 19 outlines the inadmissible classes and states:

(1) No person shall be granted admission if he is a member of any of the following classes:

(c) persons who have been convicted of an offence that, if committed in Canada, constitutes or, if committed outside Canada, would constitute an offence that may be punishable under any Act of Parliament and for which a maximum term of imprisonment of ten years or more may be imposed—

Mr. Lewis falls into an inadmissible class. The Act goes on to state the following in Section 21:

Where a removal order is made against any person with respect to whom an inquiry is held as a result of a report made pursuant to subsection 20(1), the removal order against that person may be made on the basis that that person is a member of any inadmissible class.

I want to know why the Immigration Appeal Board, which was appointed by the previous Government I might add, ruled as it did in this case. I wish to give credit where credit is due and point out that one member of the Board was the former Leader of the Liberal Party in British Columbia. He voted against this application. It is the other two who are the guilty ones.

In the House before Christmas I asked if it would be possible to bring these Immigration Appeal Board people to justice for violating the law of Canada. I took the trouble to look at the oath of office which they take. I have never seen such an insipid, milquetoast oath that anyone has to take. It is clear that on that type of an oath they can do anything they want. They are not even asked to swear to uphold the law of Canada. I say to the Minister that it is time we looked at the oath of office so that those who sit on these appeal boards and adjudicate have at least to take an oath of office to uphold the law of Canada, as they did not do in this case.

I seek an assurance from the Minister that he will pursue the appeal about which he spoke in the House and that he will re-evaluate the process under which the immigration appeal system works and that the oath of office will change to make these people uphold the law of Canada.

Mr. Gordon Towers (Parliamentary Secretary to Minister of State for Science and Technology): Mr. Speaker, I welcome the opportunity to expand on the reply given by the Minister of State for Immigration (Mr. Weiner) to the Hon. Member for Surrey—White Rock—North Delta (Mr. Friesen) on December 16, 1986. I have a great deal of respect for the judgment of the Hon. Member and am very conscious of his concern with respect to this matter.

Where a permanent resident is ordered deported he may appeal that order to the Immigration Appeal Board. The Board has sole and exclusive jurisdiction to decide upon such matters, subject only to appeal on a question of law or jurisdiction to the Federal Court of Canada. There cannot be any political interference by the Government in these decisions of an independent judicial body.

• (2115)

In November, 1984, the Board exercised its lawful discretion and stayed the execution of the deportation order, subject to review in February, 1989, or at such earlier date as determined by the Board. Based on suspected non-compliance of the terms and conditions set by the Board when its decision was reached, a motion to review was filed by Immigration officials requesting that the Board reconsider its original decision. This motion was dismissed on December 5, 1986, as the Board was not satisfied that Mr. Lewis had failed to comply with its terms and conditions. The Department has therefore initiated action in the Federal Court of Canada challenging the Board's decision.

[*Translation*]

NATIONAL RESEARCH COUNCIL—(A) ALGONQUIN RADIO OBSERVATORY (B) PROFESSIONALS' FUTURE PROSPECTS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, on November 3, 1986, I asked a question in this House concerning the Algonquin Radio Observatory, a project that came under the National Research Council, and I asked the

Minister of Science and Technology (Mr. Oberle) whether the Government had in fact made the decision, as reported by certain newspapers, to close that radio observatory.

The Minister answered he was not quite sure, that he did not know whether the report would be confirmed and, as far as he was concerned, if a decision had been made, it had been by the National Research Council rather than by the Government.

Now, Mr. Speaker, the matter of research and development is of concern to me and to many Members in this House. I for one believe that research and development do create jobs in Canada and that we will go on being provided with that means of remaining competitive on international markets.

But the closing down of that radio observatory does not involve jobs only—there is also the whole matter of increased efforts by the scientific world to try and get from this Government funding and concrete support for research and development.

Mr. Speaker, I am not alone in sounding the alarm, in stating that the Government is slashing, cutting, reducing research and development funding. At the National Research Council, and the Committee got it straight from the President himself, some $60 million was cut in this year's budget, and further similar cuts are expected in order to transfer funds to the so-called space agency that is supposed to be set up shortly.

Mr. Speaker, during the holidays I was reading some newspaper articles on the subject of where we are headed in the science and technology sector. I clipped an article in *Le Droit* by Dexter, an editorial writer, who wrote on January 6 of this year, and I quote:

> The Government in Ottawa and pure research, a shocking state of affairs.

He went on to say:

> The Government in Ottawa is threatening our pure research sector by treating the National Research Council of Canada like a business. When Brian Mulroney poses for the camera and hands a cheque for $1 million to Rick Hansen, while NRC researchers get their pink slip, we see the sad spectacle of a head of state who has no understanding of the role of pure research in a society's maturing process.

Mr. Speaker, it was the Conservative Government that made the cut in the NRC budget. It is going to divert these monies to the private sector and to the creation of a Canadian space agency. This proves how inconsistent the Government is. Perhaps I may recall certain facts that will show how short-sighted this Government is, its total lack of vision and lack of any consistent policy.

The latest research and development effort undertaken since the NASA program is without a doubt the new research program dubbed Star Wars. The U.S. Administration has asked the Canadian Government whether it wanted to be associated with the project, and the Canadian Government said no, we are not interested. I can't blame it for that. It exercised its right as a Government to make that decision.

However, ever since the Conservatives came to power, more than $120 million have been cut from the NRC budget. The last cuts totalling $20 million, announced last October, will oblige the NRC to cut between 100 and 150 jobs. The Minister has announced a project worth $1 billion in investments, but this amount will come not from investments, but from commitments from the private sector if everything goes well. This is not new money, but promises.

The Conservative Government has announced the creation of a space agency which will take part in the manned orbiting station project of NASA. We refused to take part in the Star Wars program, but as we all know, there are rumors that we shall join the Pentagon for a space station project which will eventually be used for Star Wars. This is not really consistent or logical, but what can you expect?

Canada will therefore take part indirectly in Star Wars because it will take part in the space station project.

The Government is not being very farsighted in this affair, Mr. Speaker. We deserve some explanation and I hope that the Parliamentary Secretary will be able to clarify this issue. For my part, I do not understand how we can say no to Star Wars while taking part in the space agency project.

If we seriously want to do research in electronics and microelectronics, we shall have to do so through recognized scientific organizations such as the National Research Council.

In closing, as my allotted time is about to expire, I would like to say that I do not object to the proposed space agency. On the contrary, I believe that it should be integrated with the National Research Council, which has the capability to provide the necessary expertise and which has facilities here, in Ottawa. So I hope that the decision to set up this space program will be translated into a real Government objective, that it will be implemented, and that the National Research Council will be asked to play a leading role. Once the necessary and adequate funding has been provided by the Government, we might have a better research and development program, more jobs, more stable employment, more competition at the international level, and perhaps better Canadian products.

• (2120)

[*English*]

Mr. Gordon Towers (Parliamentary Secretary to Minister of State for Science and Technology): Mr. Speaker, I am pleased to have the opportunity to reply to the Hon. Member's original question where he asked the Minister to explain what was happening with the Algonquin Radio Observatory. For some reason there is much misinformation and concern in respect of this particular item, and I welcome this chance to set the record straight.

NRC's mandate includes the responsiblity to "operate and administer any astronomical observatories established or maintained by the Government of Canada". At present, NRC runs three facilities—radio telescopes in Algonquin and Penticton, and an optical telescope and computation centre in Victoria. NRC also contributes to the Canada-France-Hawaii optical telescope in Mauna Kea, Hawaii, gaining thereby 40

per cent of the operating time. These instruments are heavily used by university researchers from Canada and other countries. As well, NRC has many fine astronomers in its own right.

The Algonquin Radio Observatory consists of three instruments—a 46 metre fully steerable parabolic reflector, a compound solar interferometer and a small solar radio telescope. The large reflector was constructed over 20 years ago and needs major refurbishment so that it can operate at millimeter wavelengths. This reflector is also expensive to operate and some astronomers question the cost-benefit pay-off from continuing to use the telescope as is.

Since an initial decision to proceed, the estimated cost of the refurbishment rose from $7.9 million to $11.7 million. In view of this, plans to refurbish the telescope have been cancelled. In the words of Dr. Kerwin, "We do not have the money and therefore we cannot resurface and therefore it becomes obsolete". The Minister of State for Science and Technology (Mr. Oberle) had no role in directing the reductions toward the Algonquin Radio Observatory. NRC management took that decision.

As of now, no other decisions have been made. The facility will operate this winter, and further decisions may be made next summer. In addition, the NRC task group is reviewing NRC's decision on the telescope right now.

NRC, in consultation with Canadian astronomers, is looking at a variety of options for the Algonquin Radio Observatory. They want to give Canadians access to the best possible facilities within budget constraints. Alternative sources of funding are being sought which would permit the telescope to be operated at less cost to NRC. Ways of strengthing other facilities are being looked at so that some of the same services can be provided elsewhere. Finally, NRC is looking into obtaining increased access to existing observatories.

• (2125)

It is not a pleasant task to have to review existing operations and re-allocate resources. Nevertheless, if federal research efforts are to be focused on agreed priorities, priorities which have emerged after long and careful thought by all interested parties, then the issue must be faced squarely and appropriate decisions taken.

[*Translation*]

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 3(1).

The House adjourned at 9.26 p.m.

HOUSE OF COMMONS

Wednesday, January 21, 1987

The House met at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

UNEMPLOYMENT INSURANCE

REQUEST FOR MORE LIBERAL GUIDELINES IN FAVOUR OF EARLY RETIREES

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, the Minister of Employment and Immigration has released the guidelines he issued to public servants to reimburse the 35,000 Canadian early retirees whose benefits were unfairly cut off as a result of unannounced changes made by Cabinet with respect to these people.

Unfortunately, Mr. Speaker, close scrutiny of the guidelines issued by the Minister of Employment and Immigration and his officials reveals that most people will not be eligible for reimbursement on the basis of information provided by Hon. Members because the Minister does not consider that the information given by Hon. Members, employers and labour unions is acceptable for reimbursement purposes.

Mr. Speaker, according to the Minister's guidelines, which are based on the legislation as it was drafted at the time, a person who lost his job as a result of plant closure is not eligible for reimbursement.

Mr. Speaker, I urge all Conservative Members of the House to bring pressure to bear on the Minister so that he will issue less stringent guidelines and enable the 35,000 early retirees to seek justice and apply for the unemployment insurance benefits to which they are entitled.

* * *

[*English*]

SPORTS

VIOLENCE IN HOCKEY

Hon. Bob Layton (Lachine): Mr. Speaker, the recent *bagarre*—which is the French word for "brawl"—at the International Junior Hockey Championships in Czechoslovakia has focused attention on violence as an element of our national sport.

[*Translation*]

Recently the Pointe-Claire *Cercle des fermières* in my riding of Lachine sent me a petition against violence in hockey. These ladies urge the media to denounce all unwarranted acts of brutality in sports, and to promote clean play, pride and team spirit. I share their concern and I am sure the Minister of State for Fitness and Amateur Sport (Mr. Jelinek) is earnestly trying to come to grips with this problem in his national campaign. The program stresses education and seeks to promote non-violence in sports.

• (1405)

[*English*]

As a Canadian, I am proud of my Government's commitment to fairness, sportsmanship, and team spirit. I know that all Canadians can look at our country's international reputation in sports, as in other areas, with their heads held high.

* * *

HOUSING

PLIGHT OF THE HOMELESS

Mr. Neil Young (Beaches): Mr. Speaker, it is estimated that in Canada there are up to 40,000 people who have no place to live. In Metro Toronto alone there are between 5,000 and 10,000 people who depend on a growing number of hostels and emergency shelters for housing. Others, if they are lucky, may find a church basement, an abandoned building, or an underground garage to sleep in. Others not so fortunate do without and sleep in the open.

The United Nations has proclaimed 1987 to be the International Year of Shelter for the Homeless. The Canadian Council on Social Development has declared January 22, which is tomorrow, as World Shelter Day in Canada.

Canada's housing shortage is of crisis proportions and demands that the Government bring forward programs to alleviate it immediately. This is not because the United Nations or other bodies have called for it to do so, but because the need is obviously there and because it is the right thing to do.

The construction of housing would be one of the major employment-creation programs that the Government could undertake if it seriously believed in its election slogan of "jobs, jobs, jobs". It would not only provide employment programs, it

would provide affordable and decent housing for thousands of people who need it.

* * *

[*Translation*]

THE CONSTITUTION

QUEBEC—GOVERNMENT POSITION

Mrs. Suzanne Duplessis (Louis-Hébert): Mr. Speaker, the federal Minister responsible for constitutional matters and his Quebec counterpart met last week in Ottawa.

On that occasion it was decided that officials assigned to the dossier would meet in February. As a Member from Quebec, I am delighted with a decision that proves once again that this Government is prepared to conduct serious negotiations with the various parties concerned so that Quebec will become one of the signatories of the constitutional agreement. The House will recall that Quebec, both under the *Parti québécois* and the Liberals, has refused to sign the 1982 constitutional agreement because it fails to allow for the specific aspirations of Quebecers.

I earnestly hope that the Ministers in question will be meeting very shortly to further expedite the favourable settlement of a matter that is extremely important to all Quebecers and all Canadians.

* * *

[*English*]

NATIONAL DEFENCE

OERLIKON'S DECISION TO LOCATE IN QUEBEC

Ms. Sheila Copps (Hamilton East): Mr. Speaker, the Prime Minister (Mr. Mulroney) says that the Opposition in the Parliament of Canada has no right to obtain details regarding the Bissonnette-Bazin affair. If he will not listen to the Opposition, perhaps he will listen to Calgary Mayor Ralph Klein and a Calgary city MP who said yesterday, as reported in the *Calgary Herald*, that they believe political strings may have been pulled in a defence contractor's decision to locate in Quebec.

Klein and Calgary East MP (Mr. Kindy) suspect government intervention may have been involved in the decision to locate a new plant on 100 acres of vacant land near Saint-Jean.

On Monday Kindy said he was aware that the deal was almost struck for Oerlikon to locate in Calgary "but there was some kind of intervention".

Art Smith, past co-chairman of the Calgary Economic Development Authority, said Oerlikon officials told him they got a "better deal on land costs and servicing" from Saint-Jean. "The one thing that Calgary could not offer was a guarantee that it would get the $600 million defence contract if it located here", said the Mayor of Calgary.

The people of Canada want explanations, not only on the alleged criminal aspects of this particular affair but on what role the Government of Canada played in the allegations that have now been suggested by the Conservative Member of Parliament for Calgary East.

* * *

SCIENCE AND TECHNOLOGY

LAUNCHING OF LITHOPROBE PROJECT TO STUDY EARTH'S CRUST

Mr. Bill Tupper (Nepean—Carleton): Mr. Speaker, the Minister of State for Science and Technology (Mr. Oberle) and the Minister of State for Forestry and Mines (Mr. Merrithew) together with NSERC have announced a five-year $25 million research project to investigate, using the latest in high technology equipment, the earth's upper crust. This project, known as Lithoprobe, was five years in the planning and will require extensive field experiments in four regions of the country. Some of Canada's best young scientists in our universities, government, and industry will be involved in one of the largest such projects ever undertaken in Canada. The four regions of experiment are the southern Cordillera in B.C., the Abitibi-Grenville greenstone belt in Quebec and Ontario, the Kapuskasing region in Ontario, and Newfoundland.

• (1410)

The project will concentrate on structural and earth forming processes, but the findings will be of long-term value in leading the way to hidden mineral and oil deposits in Canada, thus ensuring our economic future.

* * *

INCOME TAX

NON-PAYMENT OF TAXES BY HIGH INCOME EARNERS

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, every day hundreds of thousands of Canadians buy lottery tickets with the hope of hitting a tax-free jackpot.

Yesterday Revenue Canada released a report which shows that you do not have to win a lottery to beat the tax man, all you have to do is be rich enough to afford a good tax lawyer or tax accountant. The recent report cites figures that show that in the latest taxation year for which figures are available there were 1,830 Canadians who earned over $100,000 per year and who paid not one cent in income tax. In other words, they hit the jackpot. This Government allowed them to make the windfall because it is not interested in closing loopholes like

the $500,000 capital gains allowance which allows such tax boondoggles to occur.

While the average Canadian in the next few weeks will be preparing to go through the annual chore of filling out income tax forms, he or she will know that there are people who have sold their condominium in Florida, or their interest in Texas oil wells, who will not be paying any income tax this year, courtesy of the Minister of Finance (Mr. Wilson). The message is clear. If you have the money, forget about the 6-49 lottery because you have a sure thing in the Income Tax Act.

* * *

ABORTION

INCORRECT REPORT ON CRIMINAL CODE PROVISIONS

Mr. Gus Mitges (Grey—Simcoe): Mr. Speaker, I am concerned about a recent news item which distorted the facts concerning Canada's abortion law. In reporting the case of an Alberta teenager seeking an abortion over her parents' objections, the national media stated erroneously or otherwise that Canadian law allows abortion only up to 20 weeks of gestation. This was reported on CBC radio, and in local and national publications.

As all Members of the House know, Section 251 of the Criminal Code, our unfortunate abortion law, makes no reference to any legal time limit on so-called therapeutic abortions. What individual hospitals may choose to prohibit is separate from what the law allows. If a doctor can be found who is willing to perform the procedure, an abortion could be performed at nine months.

I call upon the national media to correct this appalling fact, and to stop spreading misinformation aimed at making the killing of unborn children more socially acceptable.

* * *

MUNICIPALITIES

INFRASTRUCTURE REBUILDING—REQUEST FOR FEDERAL PARTICIPATION

Mr. George Henderson (Egmont): Mr. Speaker, the Government's plunge in public opinion is not an accident. Its record is littered with broken promises and contradictions. A recent example speaks volumes. The Canadian Federation of Municipalities has proposed a five-year plan to create 60,000 jobs a year by rebuilding infrastructure, including sewers. The Prince Edward Island Federation of Municipalities supports this. However, the Minister of Finance (Mr. Wilson) rejected the request for a one-third federal participation, because it is not a federal responsibility.

On December 4, 1986, the Minister of the Environment (Mr. McMillan) called St. John's and Halifax harbours open sewers, and declared that the lack of treatment of municipal waste in eastern Canada's urban centres was nothing less than a scandal. Is job creation a federal Government concern? Yes? No? Maybe? We have had enough rhetoric; let's have some action.

* * *

TRADE

WOODWORKERS' SUPPORT FOR CANADA-UNITED STATES SOFTWOOD LUMBER SETTLEMENT

Mr. Lawrence I. O'Neil (Cape Breton Highlands—Canso): Mr. Speaker, it is because Canadians put economics above politics that they support the negotiated lumber agreement with the United States. Nine provincial Premiers support this agreement. Even the NDP of British Columbia support the settlement. The International Woodworkers of America, the union representing the workers, who are the people most affected, also supports the settlement. It is high time the opposition Parties put their rhetoric aside and supported the woodworkers in our country.

Last night I met with the representatives of the Atlantic Canadian lumber producers. They stated: "The negotiated settlement was the best possible solution under difficult circumstances". That is exactly what the Government has been saying. The Prime Minister (Mr. Mulroney), and the Minister responsible, must be congratulated for their leadership. I suggest the Liberal and NDP Parties reassess the support for their clearly partisan positions, and focus on people not politics.

* * *

• (1415)

NATIONAL DEFENCE

AWARD OF CF-5 MAINTENANCE CONTRACT TO WINNIPEG PLANT

Mr. Rod Murphy (Churchill): Mr. Speaker, today the federal Conservative Government has attempted to correct the damage which was done by the awarding of the CF-18 contract in November of last year. The people of Manitoba cannot be so easily fooled.

The awarding, without tenders being called, of the CF-5 repair contract will keep some jobs in Manitoba, but it will not help the continued growth and good health of an aeronautical industry in western Canada. Manitoba and the West continue to be treated in a second rate manner by the federal Government.

As the CF-18 fiasco and the Oerlikon affair have pointed out, the federal Government is not taking the best interests of

Canadians into account in the awarding of major government contracts.

Some Manitobans, like other Canadians, are pleased with announcements affecting their province, but the federal Government is not acting in the interests of all Canadians who want to see an open, upfront system of awarding government contracts through tendering.

* * *

NATIONAL DEFENCE

AWARD OF CF-5 MAINTENANCE CONTRACT TO BRISTOL AEROSPACE OF WINNIPEG

Mr. Lee Clark (Brandon—Souris): Mr. Speaker, although the Hon. Member for Churchill (Mr. Murphy) is disappointed with today's decision, I think the awarding of the CF-5 maintenance contract to Bristol is certainly good news.

In fact it turns out that there will be more jobs in Winnipeg because of the awarding of the contract than there would have been if Bristol Aerospace had received the CF-18 contract.

The CF-5 contract may be worth less money than the CF-18 contract, but the Winnipeg company will benefit from nearly all the contract, whereas the previous CF-18 contract was to be split among five companies located in five different cities.

In addition, as a result of today's announcement Bristol of Winnipeg will be able to bid for contracts from our NATO allies and perhaps have the opportunity to service some 2,600 F-5s, which it would not have been able to do under the other contract.

As a result, today's announcement is good news for Bristol, for Winnipeg, and for all Canadians.

* * *

WAR CRIMINALS

DESCHÊNES COMMISSION REPORT—CALL FOR GOVERNMENT STATEMENT

Hon. Bob Kaplan (York Centre): Mr. Speaker, I rise to express my uneasiness about the Government's silence on the report of the Deschênes Commission dealing with war criminals present in Canada.

When that Commission was launched, the then Minister of Justice said that the Government was concerned about harbouring individuals guilty of committing the horrible Nazi war crimes of World War II, and he added: "These individuals must be brought to justice".

No doubt the report is complicated and government consultations have to go on. However, the Government has had the report for over a month now. I think a clear statement is in order that the Government's intention, expressed in that statement by the present Minister of Transport (Mr. Crosbie), should be reiterated by the Government, and that its conclusions on the Deschênes Commission Report should be made public soon.

ORAL QUESTION PERIOD

[*Translation*]

THE ADMINISTRATION

ALLEGED IRREGULARITIES SURROUNDING REAL ESTATE TRANSACTION AT SAINT-JEAN—PRIME MINISTER'S POSITION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, in the absence of the Prime Minister my question is directed to the Deputy Prime Minister. On Monday here in the House, when I put my first question to the Prime Minister, I asked him when he was informed of the irregularities that apparently were involved in the unusual land transaction at Saint-Jean. He said before the House that the answer to the question was contained in his press release and the statement he made before reporters. In other words, he was informed of the situation for the first time only on January 13.

Could the Deputy Prime Minister ask the Prime Minister whether he still maintains this as his answer?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Right Hon. Prime Minister indicated in his press release that he was informed of the facts, as related to him by his principal secretary, on Wednesday, January 14, 1987.

OERLIKON LETTER TO LAW COMPANY—POSSIBLE KNOWLEDGE POSSESSED BY JEAN BAZIN

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the lawyers for Oerlikon, the firm of Byers Casgrain in Montreal, in which Jean Bazin is a senior partner, were advised on August 12, 1986, about irregularities affecting the purchase of land. We now know from the Canada Corporations Act files that Maître Jean Bazin became a director of the Oerlikon firm as long ago as April 29, 1986. We also know that he is a close personal and political friend of the Prime Minister. Would the Deputy Prime Minister confirm with the Prime Minister whether the Prime Minister maintains his position that Jean Bazin did not learn of the transaction until just recently or, if he knew of the transaction, he only informed the Prime Minister on January 13 or January 14?

• (1420)

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, as the Prime Minister has stated before both outside the House and inside the House, his principal secretary was informed of certain facts relating to property transactions in the Saint-Jean-Sur-Richelieu area which were linked to the Oerlikon plant and on

Wednesday, January 14, those facts were made known to the Right Hon. Prime Minister. It was on that basis that the actions taken on the weekend were, in fact, taken.

Mr. Turner (Vancouver Quadra): Mr. Speaker, those answers do not directly respond to the question. Indeed, we are left with a situation which, I believe, is severely testing the faith of this House.

An Hon. Member: Speak for yourself.

REQUEST FOR JUDICIAL INQUIRY

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the Deputy Prime Minister knows that the Prime Minister is leaving the country on official business in a few days. He also knows that he, as Deputy Prime Minister, will find himself in what I am afraid will be the embarrassing position of defending the Government's case along the lines that proved very difficult for his immediate predecessor in the role of Deputy Prime Minister.

Would the Deputy Prime Minister prevail upon the Prime Minister before he leaves the country to order an immediate, full, open, public, and even a judicial inquiry, so that the faith of the Canadian people can be restored in the political process and in the political operations of the Government?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Prime Minister has ordered a complete RCMP investigation into this affair.

Mr. Broadbent: It is not the same thing.

Mr. Mazankowski: I am surprised the hon. gentleman across would want to undo, interfere, impair or, in fact, prejudice the work of the RCMP—

Mr. Johnston: How would that happen?

Mr. Mazankowski: —in getting to the bottom of this issue. I think the Prime Minister said, as he indicated in his answer—

An Hon. Member: Velcro II.

Mr. Mazankowski: —to the right hon. gentleman yesterday, it may very well be in the future, depending upon evidence and information that may come to pass, that further action may be necessary. I think the Prime Minister clearly left that door open.

[*Translation*]

FORMER MINISTER OF STATE'S (TRANSPORT) BLIND TRUST—CONFLICT OF INTEREST GUIDELINES

Mr. Jacques Guilbault (Saint-Jacques): My question is for the Deputy Prime Minister, Mr. Speaker. The Canadian Press has alleged that Mr. Normand Ouellette, President of the Conservative Party Riding Association in Saint-Jean, the business associate and election campaign manager of the former Minister of State for Transport, is the manager of the latter's blind trust. Can the Deputy Prime Minister confirm these facts and tell us whether this kind of situation is a breach of conflict of interest guidelines?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am not quite sure I followed the Hon. Member's question. He referred Mr. Ouellette as the election campaign manager and being the administrator of this matter. Could he elaborate on that?

Mr. Axworthy: The blind trust.

ROLE OF NORMAND OUELLETTE—MANAGEMENT OF EX-MINISTER'S BLIND TRUST

Mr. Jacques Guilbault (Saint-Jacques): I will repeat my first question, Mr. Speaker. I will say it in English. Canadian Press reported that Normand Ouellette, President of the P.C. Riding Association in Saint-Jean, also a close business associate of the ex-Minister of State for Transport, his campaign manager, would be the manager of the ex-Minister's blind trust. I would like the Deputy Prime Minister to confirm this and to tell us if, in his opinion, this will break the conflict of interest guidelines?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Hon. Member refers to Mr. Ouellette as being the manager of the former Minister of State for Transport's blind trust. I cannot confirm that. There have been suggestions that he may have been, or is, a member of the trust, but those are facts that have to be ascertained.

[*Translation*]

Mr. Speaker: Hon. Members are aware of the interpretation problem. Therefore the Hon. Member for Saint-Jacques (Mr. Guilbault) may repeat his question.

OPPORTUNITY FOR PRIME MINISTER TO DEFER VISIT TO AFRICA

Mr. Jacques Guilbault (Saint-Jacques): Another question for the Deputy Prime Minister, Mr. Speaker. Prime Minister Jacques Chirac of France has cancelled his trip to Canada because of internal problems in his country.

Mr. Nystrom: Quite so!

Mr. Guilbault (Saint-Jacques): Would the Deputy Prime Minister not agree that, given the crisis faced by the Government, the Prime Minister might give serious consideration to postponing his trip to Africa, if only to restore the confidence of Canadians in his Government?

• (1425)

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, if there is any crisis in this country, it is in the mind of the Hon. Member.

The fact of the matter is that the Prime Minister acted with dispatch, in a decisive manner and in the public interest.

APPLICATION OF CONFLICT OF INTEREST GUIDELINES

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is for the Deputy Prime Minister who has responsibility for administration of the conflict of interest guidelines as they pertain to Ministers. I learned this morning that, before he met with the former junior Minister of Transport, the Prime Minister's Office was in touch with the Registrar General's office and obtained information about the former Minister's blind trust. Will the Deputy Prime Minister now confirm that as a result of what he learned, not about a law being broken but about a violation of a conflict of interest guideline, the Prime Minister requested Mr. Ouellette's resignation?

Some Hon. Members: Ouellette?

Mr. Broadbent: Bissonnette.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, that is true. The principal secretary did contact the ADRG and there was, in the examination, a view that there could have been a potential conflict of interest. That is clearly one of the conditions that were taken into account.

REQUEST FOR PUBLIC INQUIRY

Hon. Edward Broadbent (Oshawa): Mr. Speaker, for the first time the Government has finally acknowledged that there is something other than the framework of the law that is involved regarding Ministers' responsibilities. Considering that the Deputy Prime Minister has made this acknowledgement for the first time, will he now do the proper thing before the Prime Minister leaves the country by having a full public inquiry into this business?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Hon. Leader of the NDP seems to get rather excited and impatient. The fact of the matter is that there has been a full and complete RCMP investigation into this matter and in no way would it be desirable or, in my opinion, appropriate to engage at this particular time in any other kind of a parallel inquiry that may prejudice, interfere with or impede the process that is going on right now.

[*Translation*]

CONFLICTS OF INTEREST—GOVERNMENT POSITION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I might point out to the Minister that it is up to the Government, not the RCMP, to look into questions of conflict of interest. Such is the case. Since the Prime Minister's Office has examined Mr. Bissonnette's blind trust, I should like to ask the Deputy Prime Minister whether he can confirm that, in the Prime Minister's view, the ex-Minister is involved in a conflict of interest.

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I will repeat the answer because it was essentially the same question. While I appreciate the suggestions from the Hon. Leader of the New Democratic Party and while I am sure he is presenting those suggestions in good faith, I would have to wonder why he would want to engage in any kind of a side study, or parallel study, or inquiry that could impair the work of the RCMP which must go on and which is of urgent necessity right now.

* * *

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER OF ENVIRONMENT OF NOVA SCOTIA

Mr. Speaker: Order, please. I want to draw the attention of the House of Commons to the presence in our gallery of the Hon. Guy Leblanc, the Minister of Environment of Nova Scotia.

• (1430)

[*English*]

PRESENCE IN GALLERY OF NEWFOUNDLAND MINISTER OF THE ENVIRONMENT

Mr. Speaker: May I also draw to the attention of Members the presence in our gallery of the Hon. John Butts, Minister of the Environment for Newfoundland.

Some Hon. Members: Hear, hear!

PRESENCE IN GALLERY OF MAYOR OF VANCOUVER

Mr. Speaker: Hon. Members will excuse the Speaker for taking special pleasure in bringing to their attention the presence in our gallery of Gordon Campbell, Mayor of the City of Vancouver.

Some Hon. Members: Hear, hear!

* * *

THE ADMINISTRATION

MINISTER'S STAFF—LACK OF SECURITY CHECKS

Mr. John Nunziata (York South—Weston): Mr. Speaker, my question is directed to the Deputy Prime Minister concerning the conduct of the Minister without Portfolio, the Hon. Member for Joliette. We have now learned that security clearance procedures were ignored for at least three members

of the Minister's staff, two of whom have been fired. In view of the fact that the Minister has shown reckless disregard for security in his Ministry, for which he must assume full responsibility, will the Government order an independent inquiry to investigate all the facts surrounding this fundamental breach of security, and pending its conclusion will the Minister be suspended?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the other day I responded to a similar question which contained a series of allegations directed against the present Solicitor General and which were corrected yesterday. Let me simply repeat the answer I gave the Hon. Member on January 19. At that time I indicated there was indeed some breakdown in following strict security procedures. That has been investigated. I took the opportunity to assure the House that Ministers' staffs who have not been security cleared and who are handling sensitive information will certainly be subject to that procedure, and for those who have not been able to clear security appropriate action will be taken.

Mr. Nunziata: Mr. Speaker, there was no breakdown. There was a gross dereliction of duty for which the Minister must be held fully accountable. This is another example of how rotten and corrupt the Government is.

Some Hon. Members: Oh, oh!

DISMISSAL OF MR. MAJEAU

Mr. John Nunziata (York South—Weston): Mr. Speaker, my supplementary is directed to the Solicitor General. Yesterday in the House he indicated that Mr. Majeau was fired as a result of a two-month RCMP investigation. Will he not admit today that Mr. Majeau was fired because *Maclean's* magazine had called the Minister's office to make inquiries?

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, as I advised the House yesterday, I asked the RCMP to investigate a letter I had received with respect to an unnamed individual in an unnamed Minister's office. I turned that letter over to the RCMP on November 7, within 48 hours of its receipt by me. On January 8 the RCMP advised me of the results of their investigation. I immediately advised the proper officials of that investigation and all I can say is that within hours a firing resulted.

* * *

THE ADMINISTRATION

FORMER MINISTER OF STATE (TRANSPORT)—SCOPE OF RCMP INQUIRY

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, the Deputy Prime Minister has confirmed that the allegations surrounding the former Minister of State for Transport went far beyond merely possible criminal wrongdoing.

Some Hon. Members: Oh, oh!

Mr. Robinson: My question is directed to the Solicitor General who is responsible for the RCMP. Will he confirm that the RCMP inquiry cannot touch upon questions of conflict of interest and therefore explain exactly what the scope of that inquiry is, to whom the RCMP will report, and confirm that in the absence of any charges flowing from the report it will never see the light of day?

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, as the Prime Minister has already advised the House, the RCMP were asked to make a complete investigation. That is what they are doing and I am awaiting the results of that investigation.

QUERY CONCERNING POSSIBLE CONFLICT OF INTEREST

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, the Minister is responsible for the RCMP and he does not seem to understand their role. Will he not agree that the RCMP have no jurisdiction whatsoever to investigate alleged conflict of interest on the part of federal cabinet Ministers? How on earth can the Minister stand in his place and say there is going to be a full inquiry when one of the central issues, conflict of interest, cannot even be investigated by the RCMP?

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, I can only repeat that the RCMP have been asked to do a complete investigation. That is being done. As the facts are made known to me by them, any and all appropriate action will be taken.

* * *

NATIONAL DEFENCE

OERLIKON CONTRACT—REQUEST FOR JUDICIAL INQUIRY

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, my question is directed to the Deputy Prime Minister. Does he believe that the public's faith in the integrity of the bidding process was maintained when three high-level officials of the evaluation team which recommended that Oerlikon receive the defence contract are now working for Oerlikon or its consulting firm? If the Government has nothing to fear, why does it not launch a full-scale judicial inquiry into this whole matter?

Hon. Paul Dick (Associate Minister of National Defence): Mr. Speaker, it should be pointed out in dealing with this matter that there are two separate and distinct contracts. One is between the Government of Canada and Oerlikon and one is between Oerlikon and some commercial interests whereby it bought some land in Quebec. There is no doubt that the one between the Government of Canada and Oerlikon is clean and above-board and was let according to normal tendering procedures. The other problem is being investigated by the RCMP.

EVALUATION TEAM MEMBERS—EMPLOYMENT WITH OERLIKON

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, will the Minister confirm that three former officials of the Department of National Defence who were on the evaluation team which recommended Oerlikon receive the contract are now presently working for Oerlikon or its consulting firm?

Hon. Paul Dick (Associate Minister of National Defence): Mr. Speaker, none of the people who were with the Department of National Defence and are now working with Oerlikon were in a sole decision-making position when they were with the Department.

Some Hon. Members: Oh, oh!

Mr. Dick: I am not sure if the Opposition is really interested or whether they just want to laugh. Every one of these people went through the conflict of interest guideline rules to seek their release in accordance with the laws and regulations.

* * *

THE ADMINISTRATION

CONFLICT OF INTEREST GUIDELINES

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is directed to the Deputy Prime Minister. He will be aware that part of his responsibility is to ensure that conflict of interest guidelines for Ministers are lived up to. Since he has been aware of this matter for a week why has he not looked into this situation of abuse of conflict of interest and—

Mr. Clark (Yellowhead): Abuse of conflict of interest?

Mr. Riis: —when will he do so and report on his findings?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am not sure what abuse of conflict of interest he is referring to. If he is suggesting that he wants another inquiry alongside the RCMP investigation, perhaps he might want to explain what he has against the RCMP and why—

Some Hon. Members: Oh, oh!

Mr. Mazankowski: —he would want to put in place another inquiry which might limit or prejudice or impair the work of the RCMP in getting to the bottom of this issue with due dispatch.

REQUEST FOR APPOINTMENT OF INQUIRY

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I am simply suggesting that the Deputy Prime Minister do his job and fulfil his responsiblities. There appears to be a cover-up. The people of Canada believe the Government is trying to cover up something—

Some Hon. Members: Oh, oh!

Mr. Riis: —and that the Prime Minister is trying to—

• (1440)

Mr. Speaker: Order. If the Hon. Member has a question, he should put it.

Mr. Riis: Mr. Speaker, the people of Canada are now of the opinion that the Prime Minister is trying to cover up valuable information. Therefore, will the Deputy Prime Minister explain why the Prime Minister of Canada will not announce, before he leaves the country, an inquiry into this very critical matter in an effort to hold the reputation of the Government together?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there is no cover-up. The fact of the matter is that the RCMP have been asked to conduct a full and complete investigation with no limitations whatsoever.

Mr. Broadbent: They don't deal with conflict of interest.

Mr. Mazankowski: I really do not know how in the name of God that could be referred to as a cover-up.

I have answered the question before. The reason that an inquiry such as the Hon. Member is suggesting has not been called for is that it may very well prejudice, impair, or unduly limit the work of the RCMP in the conduct of its investigation.

Mr. Murphy: You're refusing to look.

Mr. Riis: Have confidence in the RCMP.

Mr. Fulton: You're trying to sell a car with flat tires.

Mr. Riis: The RCMP will do their job.

Mr. Speaker: Order. The Chair cannot help but notice that, as was commented upon yesterday, questions which are, if not exactly the same, certainly similar, are being asked.

Mr. Benjamin: You have to if you don't get an answer.

Mr. Speaker: When that happens, it is understandable that responses may become overly long in the opinion of some Members. I hope the Chair does not have to comment on this again today. I ask the Hon. Deputy Prime Minister to complete his answer.

Mr. Mazankowski: Thank you very much, Mr. Speaker. I simply want to reiterate the words which the Prime Minister used yesterday in response to the Right Hon. Leader of the Opposition. He stated as reported at page 2448 of Hansard:

> It may very well be that in the future, as the police inquiry goes on, other action will be required by this House, the Government, or the police. It may very well be that the action undertaken now will result in criminal prosecutions launched at some time in the future against some individual, in which case it is clear that nothing ought to be done that would compromise the ability of the RCMP to prosecute fully the initiatives they will have undertaken.

Mr. Benjamin: What does that have to do with conflict of interest?

REQUEST THAT SWEARING-IN OF JEAN BAZIN AS SENATOR BE POSTPONED

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is directed to the Deputy Prime Minister. It has nothing to do with the RCMP, so maybe he can answer it. Yesterday in the House of Commons I asked the Prime Minister if Jean Bazin had made representations to the Government of Canada on behalf of Oerlikon in the past. The Prime Minister said that he knew nothing of it. There have been reports today that Mr. Bazin was making representations on behalf of Oerlikon and also that he was a director on the board of Oerlikon since April 29. Therefore, is it not obvious that the Prime Minister should telephone his friend, Mr. Bazin, and ask him to postpone his swearing-in to the Senate of Canada?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, my answer to the first part of the question is the same answer as the Prime Minister gave yesterday. The repetition of the second part of the question does not impress me, and I am sure it does not impress other Members in the House.

Mr. Boudria: Mr. Speaker, answers such as that will earn the Deputy Prime Minister the nickname "Velcro Lips II".

[*Translation*]

REQUEST FOR WITHDRAWAL OF MR. BAZIN'S NOMINATION TO SENATE

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, in light of the fact that Mr. Bazin, according to a spokesman for Byers, Casgrain, a Mr. Vigneault, had been involved with Oerlikon since February 1986 and had been working as an administrator, as I said earlier, since April, I want to repeat my question to the Deputy Prime Minister: Will he or will the Prime Minister call Mr. Bazin today and ask him to resign his appointment to the Senate?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, same question, same answer.

* * *

INCOME TAX

NON-PAYMENT OF TAX BY HIGH INCOME EARNERS

Mr. Don Ravis (Saskatoon East): Mr. Speaker, my question is for the Minister of State for Finance. Revenue Canada released information yesterday indicating that 287 people who earn more than $250,000 per year paid no tax in 1984. Would the Minister explain to the House how it happened that they paid no tax? What is the Government doing to avoid the recurrence of this situation?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, I join the Hon. Member in his concern about the number of people who paid no tax. Over one-third of those taxpayers can be traced directly to the Scientific Research Tax Credit brought in by Finance Minister Lalonde.

Some Hon. Members: Oh, oh!

Mr. Broadbent: What about the other two-thirds?

Mr. Hockin: We have stopped that program. Second, tax reform with the alternative minimum tax is a comprehensive approach. In addition to that, which will account for a large number of the others, we have halted the tax sheltered financing of yachts, hotels, and recreational vehicles. We have prevented the use of carve-outs. We are introducing at-risk rules for limited partnerships. We are introducing rules to deny the intercorporate dividend deductions with respect to investments.

Some Hon. Members: More, more!

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THE ADMINISTRATION

OERLIKON LAND PURCHASE TRANSACTION—QUERY CONCERNING NORMAND OUELLETTE

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, my question is for the Deputy Prime Minister. It is a different and specific question. Can the Deputy Prime Minister tell the House when the Prime Minister or his office first heard about the possibility that Mr. Normand Ouellette, the President of the PC riding association, had received $970,000 in the Oerlikon land deal? If he can tell us when that happened, can he also tell us whether the Prime Minister's Office received this information from Mr. Jean Bazin?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the facts surrounding this issue were conveyed to the Prime Minister on Wednesday, January 14, by his principal secretary who had collected this information earlier that week.

Mr. Nystrom: I wish we could have an answer. He really is the son of Velcro Lips.

Some Hon. Members: Oh, oh!

Mr. Clark (Yellowhead): Broadbent is contagious.

Mr. Shields: Anything to assassinate a character. You're an idiot, that's what you are. You are a fool.

Mr. Gauthier: They are getting testy over there.

Mr. Speaker: Perhaps the Hon. Member could put his question.

[*Translation*]

FORMER MINISTER OF STATE (TRANSPORT) BLIND TRUST—PRIME MINISTER'S POSITION

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, I have a supplementary for the Deputy Prime Minister.

Here is my supplementary. What was the information the Prime Minister or his office received from Mr. Jean Bazin, which led the Prime Minister last week, between Wednesday and Friday, to ask for information on the blind trust of the former Minister of State for Transport? Could he answer that question?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, that is the same question and the same answer applies.

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NATIONAL DEFENCE

AWARD OF LOW LEVEL AIR DEFENCE CONTRACT TO OERLIKON CORPORATION

Hon. Bob Kaplan (York Centre): Mr. Speaker, my question is directed to the Deputy Prime Minister. It is not about the land deal, but about the underlying contract with DND which the Minister has characterized as being so clean and above-board, even though the bidder is loaded with friends of the Government.

How can the Canadian people maintain their confidence in the way the Government manages contracts when so many cronies of the Government are heavily involved with government contractors? This LLAD contract, for which Oerlikon was not the lowest bidder in the first round, was increased from $600 million to $1.15 billion within two months.

Mr. Speaker: Order, order.

Some Hon. Members: Sit down.

Mr. Speaker: Order, please. The Hon. Member for York Centre will put his question. I hope that his supplementary question will be appropriately brief.

Mr. Kaplan: How can Canadians believe that tough bargaining resulted in that increase of over $500 million when cronies were involved?

Mr. Paul Dick (Associate Minister of National Defence): Mr. Speaker, I would like to assure the Hon. Member of the independence of this contract. An independent American company was brought in to audit and to evaluate the process—

Ms. Copps: Who wrote that for you?

Mr. Dick: —which set the bidding in motion. This occurred in July of 1984. The contract was within budget. The bid of Oerlikon was first in price, first in technical evaluation, first in industrial benefits, and first in operational and maintenance costs. Not one person who had been with the Department of National Defence or otherwise with the Government joined Oerlikon until after the contract was signed.

Some Hon. Members: Oh, oh!

• (1450)

Mr. Speaker: The Hon. Member for York Centre with a short supplementary.

Mr. Kaplan: That is all very nice.

Some Hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Clark (Yellowhead): You struck out, Bob.

Mr. Speaker: Order. That was a very short preamble. Perhaps the Hon. Member could get to the question. Also perhaps some Hon. Members who are his closest colleagues could let the Hon. Member ask the question.

BIDDING PROCESS

Hon. Bob Kaplan (York Centre): Is it not a fact that all of those "firsts" the Minister described were not firsts achieved by Oerlikon in the first round of bidding, but in the second round of bidding?

Hon. Paul Dick (Associate Minister of National Defence): Mr. Speaker, the process which was set up and approved by the previous Government in July of 1984 was carried through to the end.

Some Hon. Members: Oh, oh!

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ENVIRONMENTAL AFFAIRS

ACID RAIN—VISIT TO CANADA BY UNITED STATES VICE-PRESIDENT

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, my question is directed to the Right Hon. Secretary of State for External Affairs. It concerns the visit of Vice-President Bush to Canada today. I wonder if the Secretary of State for External Affairs could tell us whether or not Vice-President Bush is now persuaded that President Reagan's budget is inadequate with respect to acid rain? And was the Prime Minister able to get a commitment from the Vice-President that the recommendations of the Davis—Lewis report would be lived up to in full, and swiftly?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the Prime Minister, the Minister of the Environment and I certainly made that case to Vice-President Bush. We believe he understands the case of Canada.

Mr. Blackburn (Brant): You don't sound very sure.

Mr. Clark (Yellowhead): We will be watching to see if in fact there is action taken by the United States—

Mr. Broadbent: Was there a commitment?

Mr. Blaikie: I am listening.

Mr. Clark (Yellowhead): —to honour the commitment which was given by the President of the United States with regard to acid rain. We expect that commitment to be honoured.

Mr. Blaikie: In other words, Mr. Speaker, it appears that a commitment was not received from the Vice-President.

REQUEST FOR MINISTERIAL STATEMENT

Mr. Bill Blaikie (Winnipeg—Birds Hill): I want to ask the Secretary of State for External Affairs, without writing off the hope that some day it might be lived up to by the current administration, what alternate plans does the Government have for working with people in the United States Congress who want to reduce acid rain? What alternate plans does the Government have for seeking a remedy to Canada's trans-boundary environmental problems through that vehicle? Will either the Minister of State for External Affairs or the Minister of the Environment be soon making a statement in the House to say what the response of the Canadian Government will be to continuing American inaction, particularly on the part of the administration?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, one response of the Government of Canada was to call President Bush here to inform him directly of our concerns. If the Hon. Member is asking if we will be working closely with members of the House of Representatives and the Senate of the United States who are interested in action on acid rain, the answer is yes, we will continue to work with them. However, we will also continue to keep up pressure on the administration to honour the President's commitment with respect to acid rain.

ENVOYS' REPORT—UNITED STATES POSITION

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, my question is directed to the Minister of the Environment who knows today the Prime Minister has been saying that the U.S. Government has not done nearly enough about acid rain. In saying so, the Prime Minister is trying to build a façade to make Canadians believe—

Mr. Clark (Yellowhead): Order.

Mr. Caccia: —that the acid rain agreement is about emission cuts, and the Minister knows very well that it is not. Will the Minister admit that, even if President Reagan lives up to the Envoys' report, the U.S. would not be committed to acid rain controls protecting Canada? Would the Minister come clean with the House and the public and admit that?

Hon. Tom McMillan (Minister of the Environment): Mr. Speaker, the premise of the Hon. Member's question is dead wrong. I quote from page 30 of the Envoys' report which the Hon. Member says has not addressed itself to acid rain emission and reductions. It says:

—although the primary purpose of this research program—

The clean coal technology program.

—is to demonstrate the kinds of technologies that would be needed for any future acid rain control program, it should also result in some near-term reductions in U.S. air emissions that affect Canadian ecosystems.

Go back to the report and read it. It is in black and white.

CANADIAN POSITION

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, in the very same quotation the Minister has just read, the emphasis is on research:

—the primary purpose of this research program is to demonstrate the kinds of technologies that would be needed—

Therefore, the emphasis is on research.

Mr. Speaker: Order, please. Hon. Members, I am sure, would want the Chair to point out that an exchange which gets into a lot of detail and goes into extensive quotations is really for debate. I would ask the Hon. Member, who has an important matter to raise, to put the question.

Mr. Caccia: I abide by your ruling, Mr. Speaker. Will the Government commit itself at the April Summit to accept nothing less than an acid rain control program of significance to Canada?

Hon. Tom McMillan (Minister of the Environment): Mr. Speaker, the objective of the Canadian Government in April, or whenever the Summit is held—as it has been all along—is the achievement of a bilateral accord between Canada and the United States to bring about substantial reductions in acid rain-causing emissions on both sides of the border. Translated into plain English, that for us means a reduction from about four million metric tonnes of U.S. emissions a year to about half, two million metric tonnes, which cross the border from the United States into Canada, doing irreparable harm to our environment.

TRADE

CHARGE PAID ON DRESSED AMERICAN LUMBER SHIPPED BACK TO UNITED STATES

Mr. Derek Blackburn (Brant): Mr. Speaker, my question is directed to the Minister for International Trade. Why is the Government charging Canadian remanufacturers 15 per cent on American lumber imported to Canada which is dressed here and shipped back to contruction companies in the United States?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I am glad the Hon. Member brought that particular anomaly to my attention and I will check into it and get back to him.

CHARGE PLACED ON EXEMPT NEW BRUNSWICK LUMBER EXPORTED THROUGH ONTARIO

Mr. Derek Blackburn (Brant): Mr. Speaker, while the Minister is checking into that one, I hope she will look at this one. Why is a lumber supplier in Ontario forced to pay 15 per cent on lumber from a mill exempt from the tax, like an Irving Mill in the Province of New Brunswick, simply because that lumber stops over on its way to the United States in Ontario?

Mr. Murphy: And how many more?

Mr. Broadbent: Will you look into that, Pat?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, as I said, these anomalies brought to my attention by the Hon. Member—

Some Hon. Members: Oh, oh!

Miss Carney: —I am unaware of. I will check into them and report to the Hon. Member.

Mr. Orlikow: How many more are there?

Mr. Blackburn (Brant): There are a lot more.

CANADA-UNITED STATES AUTO PACT

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, my question is also directed to the Minister for International Trade. At the conclusion of the meetings this morning, Vice-Pesident Bush is reported to have said that the Canada-U.S. Auto Pact was not even discussed at the meetings with Canadian Ministers. Knowing the extreme importance of the Auto Pact to the economy of this country, and the statements made by high U.S. officials that they want to have it negotiated as part of the free trade talks, why did we not raise the Auto Pact? And why did we not gain from Vice-President Bush a clear, clear repudiation of any attempts by the United States to negotiate the Auto Pact during these discussions?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the Hon. Member might also ask why we don't stop beating our wives.

Some Hon. Members: Oh, oh!

Miss Carney: In this case we have said that we have not put the Auto Pact on the table. The Americans have not put the Auto Pact on the table. Why would we discuss something which is not on the table that we have indicated we are not willing to put on the table?

Mr. Axworthy: I can tell the Minister that I do not beat my wife but I cannot comment on the Tory Caucus. You will have to answer for your own actions.

Some Hon. Members: Oh, oh!

• (1500)

STATEMENT MADE BY UNITED STATES NEGOTIATOR

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, in a speech in Washington last week Peter Murphy, the chief negotiator for the U.S., said that the Auto Pact should be considered as part of the negotiations. That was confirmed by the Under Secretary of Commerce, Bruce Howard. It is clearly a major area of priority to the United States Government. Will the Minister tell us why the Government refuses to discuss something so vital to our interests? Why did we not make a clear statement to Vice-President Bush when we had him here that they should not touch the Auto Pact?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I think I have answered that question. I have pointed out that we are not proposing that the Auto Pact be put on the table, therefore we would not raise it with the Vice-President. The Americans have not brought it forward. We are discussing—

Mr. Axworthy: And this is our negotiator!

Miss Carney: Mr. Speaker, the only people who keep trying to force and drag the putting of the Auto Pact onto the table are members of the Opposition.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

* * *

BANKS AND BANKING

INCREASES IN BANK SERVICE CHARGES

Mr. Bill Attewell (Don Valley East): Mr. Speaker, my question is directed to the Minister of State for Finance. I realize that we are moving toward a re-regulated financial

services market-place, and I support that initiative. However, I have received a number of complaints about the excessive increases in bank service charges and the lack of adequate notice. Will the Minister look into this particular problem? Can he assure us that through this re-regulation we will see more competition in the market-place to help combat these apparent excessive increases in service charges?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, I would be very happy to look into this matter. I remind the Hon. Member that, with respect to the level of service charges, the financial institutions' policy framework which was brought in on December 18 will greatly increase competition which, hopefully, will affect the levels.

With respect to the terms and the posting of notices of terms which used to be posted on the inside of banks, people are now using cash machines and not going into the banks. This is a real problem. I have asked the OIGB to examine this matter to see if consumers' needs are being met. If they are not, changes must be made.

* * *

[*Translation*]

VACANCY

YUKON—HON. ERIC NIELSEN, BY RESIGNATION

Mr. Speaker: I have the honour to inform the House that I have received a communication notifying me that a vacancy has occurred in the representation:

[*English*]

—Eric Nielsen, Esquire, Member of Parliament for the electoral district of Yukon, by resignation.

Accordingly, I have addressed my warrant to the Chief Electoral Officer for the issue of a new writ of election for the said electoral district.

* * *

HOUSE OF COMMONS

APPOINTMENT OF INTERNAL ECONOMY COMMISSIONER

Mr. Speaker: I have the honour to inform the House that Bill Kempling, Esquire, Member for the electoral district of Burlington, has been appointed as a member of the Board of Internal Economy in place of J. Robert Howie, Esquire, Member for the electoral district of York-Sunbury, for the purposes and under the provisions of Chapter 39 of the Statutes of Canada, 1985, entitled an Act to amend the House of Commons Act.

Some Hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

[*English*]

ELECTORAL BOUNDARIES READJUSTMENT

TABLING OF 1986 REPORT OF ELECTORAL BOUNDARIES COMMISSION FOR PROVINCE OF NEW BRUNSWICK

Mr. Speaker: It is my duty pursuant to Section 9 of the Representation Act, 1985, Chapter 8, Statutes of Canada, 1986, to lay upon the Table a certified copy of the 1986 Report of the Electoral Boundaries Commission for the Province of New Brunswick.

[*Translation*]

In accordance with the Act, this report is deemed permanently referred to the Standing Committee on Elections, Privileges and Procedure.

* * *

[*English*]

OFFICIAL LANGUAGES

TABLING OF REPORTS OF COMMISSIONER OF OFFICIAL LANGUAGES

Mr. Speaker: I have the honour to lay upon the Table three reports of the Commissioner of Official Languages for the Governor in Council pursuant to Section 33(1) of the Official Languages Act.

[*Translation*]

Pursuant to Standing Orders, these reports are referred to the Standing Joint Committee on Official Languages.

* * *

[*English*]

PETITIONS

GOVERNMENT RESPONSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 106(8), I have the honour to table, in both official languages, the Government's response to petitions, Nos. 332-294 to 332-308 inclusive, 332-320 to 332-329 inclusive, 332-334 to 332-338 inclusive, 332-349, 332-353 to 332-358 inclusive, 332-370 to 332-373 inclusive, 332-385 to 332-395 inclusive, 332-399 to 332-402 inclusive and 332-440.

[*Translation*]

COMMUNICATIONS AND CULTURE

PRESENTATION OF SECOND REPORT OF STANDING COMMITTEE

Mr. Jim Edwards (Edmonton South): Mr. Speaker, I have the honour of tabling, in both official languages, the Second Report of the Standing Committee on Communications and Culture. The report is entitled: *Taxation of artists and the arts*. The Committee asks the Government to table a response to its report, pursuant to Standing Order 99(2). The Committee has started to examine a number of important issues relating to Canada's cultural policy, and one of its priorities is to make the position of artists and the arts a more equitable one.

[*English*]

The key recommendation of the report is to incorporate a definition of professional artist and artistic activity in the Income Tax Act, a measure which would give juridical status to artists and their work. This measure would give the current administrative practice followed by Revenue Canada the force of law.

Other recommendations deal with the highly distinctive economic circumstances of artists. One of these, if adopted, would extend to professional artists the right to use block averaging and the modified accruals basis of accounting in the same way as do farmers and fishermen.

The needs of organizations established to promote the arts and the welfare of artists are also the subject of our recommendations, as is the larger issue of deductibility of charitable donations.

[*Translation*]

The changes the committee is recommending have been considered at length and have received the unanimous approval of members of the arts world and of committee members representing the three federal political parties. Artists are hoping that changes in the legislation will be announced shortly. I would like to take this opportunity to thank Members from all three parties for their sustained effort in preparing this unanimous report for submission to the House.

[*Editor's Note: For above report, see today's Votes and Proceedings.*]

* * *

[*English*]

PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Rod Murphy (Churchill): Mr. Speaker, I have the honour under Standing Order 106 to present a petition signed by residents of northern Ontario and by other Canadians in which they express their concern that the Government's intention to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers and severely restrict the ability of average Canadians to buy necessary prescription drugs. In their petition the petitioners explain that they believe this is yet another example of the Canadian Government making concessions to the United States in the free trade negotiations at the expense of average Canadians.

OPPOSITION TO EXODUS LINK CONTRACT

Mr. Andrew Witer (Parkdale—High Park): Mr. Speaker, it is my privilege today to present to the House a petition on behalf of the residents of Parkdale—High Park in which they express their opposition to the Exodus Link parole privatization contract which would locate up to 80 ex-convicts in their neighbourhood. I would like to add my strong support to their call for the Solicitor General (Mr. Kelleher) to immediately terminate funding to Exodus Link until a location outside the boundaries of Parkdale—High Park has been found.

REMOVAL OF MAILBOXES BY CANADA POST

Mr. Andrew Witer (Parkdale—High Park): Mr. Speaker, residents of Parkdale—High Park have requested that I present a petition to the House of Commons on their behalf calling for the return of the mail post boxes which were arbitrarily removed from the streets of Toronto without consultation. The petitioners are residents of Springhurst, Tyndall, Cowan and Close Avenues who have been greatly inconvenienced by the decision. I am pleased to add my strong support to their demand that Canada Post restore the mailboxes and ensure the level of efficient and convenient postal service that Canadians have every right to expect.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Les Benjamin (Regina West): Mr. Speaker, I have the honour and duty to present two petitions. The first is from Senior Power of the City of Regina. They ask the House of Commons not to pass the legislation regarding amendments to the Patent Act because the proposals of federal Government drug plans will result in higher priced drugs for the provincial Government and senior citizens.

• (1510)

TRANSPORTATION—ECONOMIC REGULATORY REFORM

Mr. Les Benjamin (Regina West): I have a further petition from residents of Richmond, Coquitlam, Vancouver, Delta, West Vancouver, and North Vancouver in British Columbia, as well as Regina, in which they say that in the opinion of your petitioners transportation is a monopoly without economic regulation, and that Bill C-18 will create unnecessary chaos in the transportation industry. It will lead to unacceptable reductions in safety standards, as well as deterioration in service, quality, type, and frequency.

Therefore, your petitioners humbly pray and call upon the House of Commons to withdraw Bill C-18 and retain public convenience and necessity as a fundamental factor in the development of public transportation policy.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is my duty to present under Standing Order 106 a petition on behalf of a number of residents of Canada who are asking the Government to reconsider the plans to change the Patent Act. They feel it will result in significant increases in prescription drug costs. They believe that this will occur at the expense of average Canadians. They ask the Government to consider this, particularly in light of the free trade negotiations.

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, pursuant to Standing Order 106, I have the privilege and honour to present a petition to the House. The petition opposes Bill C-22 and calls upon the Government to abandon it. The petitioners from the communities of Sudbury, Val-Caron, Chelmsford, Lively, Naughton, and Blezard Valley feel that changes to the Patent Act will unfairly hurt them and their health needs which require the purchase of prescription drugs on an ongoing basis. Furthermore, they believe that the proposals of the federal Government in Bill C-22 will result in higher costs to the provincial government drug plans.

Furthermore, they believe that this is just another example of the Canadian Government giving concessions to the United States in the free trade negotiations at the expense of ordinary Canadians. They thereby call upon this Government to withdraw this iniquitous Bill C-22.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I have the honour to present a petition under the provisions of Standing Order 106 signed by residents of Regina, Fort Qu'Appelle, and other towns and cities in Saskatchewan. They say that the federal Government's proposal to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers, and it will result in higher costs to the provincial govenment drug plans.

Therefore, they call upon Parliament to reject those proposals which will increase prescription drug prices for Canadians.

POSTAL SERVICES ESKIMO POINT, NORTHWEST TERRITORIES

Mr. Thomas Suluk (Nunatsiaq): Mr. Speaker, I have the honour to present a petition under Standing Order 106. The petition is signed by 45 residents of Eskimo Point, Northwest Territories, who are unhappy with the discontinuation of postal money orders and C.O.D.s which have been unavailable since October, 1986. The community is only accessible by air and it is very time consuming to get them from other communities which are hundreds of miles away. The petitioners respectfully request the reinstatement of those services.

JIMMY ISHALOOK—REQUEST FOR PAROLE

Mr. Thomas Suluk (Nunatsiaq): I have another petition from 47 residents of the same community who are petitioning the House for the parole on humanitarian grounds of Mr. Jimmy Ishalook, who is an inmate of the Yellowknife Correctional Centre. Mr. Ishalook is suffering from an advanced state of cancer. He is presently being treated at the Cross Cancer Institute in Edmonton. Mr. Ishalook is now eligible for parole, but due to language difficulties, he has not yet filed an application.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Simon de Jong (Regina East): Mr. Speaker, I wish to introduce a petition under Standing Order 106. The petitioners ask Parliament, and particularly the Government, to withdraw Bill C-22, the legislation which would extend patent rights and allow the multinational corporations to increase their profits at the expense of the elderly and the sick.

OPPOSITION TO LOCATION OF TRANSFER POINT—DANGEROUS GOODS

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, I have the honour to present two petitions today. The first one is from my constituents in the downtown area of Vancouver East, which includes Chinatown. It is from many citizens who are very concerned that the Canadian Transport Commission relocated the transfer point for dangerous goods to an area within the densely populated downtown part of Vancouver East. This is a hazard that is unacceptable in any inner city area, and particularly on the harbour side of Vancouver East.

Therefore, the petitioners are asking that the Canadian Transport Commission be required to relocate the transfer of hazardous commodities to outside the inner harbour of Vancouver, and finalize a permanent solution to the movement of hazardous commodities, which will be acceptable to the citizens of greater Vancouver.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Ms. Margaret Mitchell (Vancouver East): The second petition is from citizens in Cumberland, B.C. It is a petition concerning the changes to the Patent Act in Bill C-22 which will severely restrict the ability of average Canadians to buy prescription drugs, and will result in higher costs to provincial government plans and concessions to the United States. The petitioners strongly ask that the House of Commons reject the proposals in Bill C-22.

Mr. Dan Heap (Spadina): Mr. Speaker, I have the honour and duty to present a petition from a number of residents of Manitoba in Stonewall, Selkirk, Pembina Highway, and Winnipeg who are concerned about the Government's determination to change the Patent Act relating to prescription drugs in a way that the petitioners believe will severely restrict the ability of average Canadians to buy the prescription drugs that they need. The petitioners are afraid it will particularly

hurt Canadians whose health needs require regular prescription drugs. They feel that these changes are another example of Canadian Government concessions to the United States for free trade.

Therefore, they humbly pray and call upon Parliament to reject these proposals on the ground that they will increase prescription drug prices for most Canadians.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. Dan Heap (Spadina): I also have the honour to present another petition. This one is from a number of residents of Alberta in places such as Calgary, Edmonton, Wetaskiwin, Athabasca, Blackfield, Red Deer, and also from Toronto, Ontario. These people are concerned about the low level flight training at Goose Bay in Labrador and they feel that it should be discontinued. They believe that the present training disrupts the environment and the life of the native people there, and also it is not in the best interests of the security of Canada on the ground that it is a provocative and aggressive preparation for a first strike, and it tends to endanger world peace.

Therefore, they ask Parliament to ensure that the Prime Minister (Mr. Mulroney) will end all the low level flight training in the Goose Bay Canadian Forces Base, and cease negotiations with NATO for the establishment of a larger base there.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, under the requirements of Standing Order 106, I have a petition submitted by residents of the Wynyard area in my riding who are availing themselves of their ancient and undoubted right to present a grievance common to the petitioners with certain assurance that the House will provide a remedy. They point out that changes to the Patent Act relating to prescription drugs will increase drug prices, will unfairly hurt those Canadians whose health needs require the purchase of prescription drugs on an ongoing basis, and will result in higher cost to the provincial government drug plans.

Therefore, they call upon Parliament to reject these proposals which will increase prescription drug prices to all Canadians.

• (1520)

OPPOSITION TO PRIVATIZATION OF TELEGLOBE CANADA

Mr. Bob Brisco (Kootenay West): Mr. Speaker, pursuant to the provisions of Standing Order 106, I have the honour to present a petition asking that the present service provided to the Canadian public by Teleglobe Canada while providing telecommunications to all corners of the world, whether profitable or not, be protected; that job security of Teleglobe employees be protected; that protection of acquired and contractual rights of Teleglobe Canada employees be respected by the Government; and that the Government take immediate action to halt the process of Teleglobe's privatization.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, it is my privilege today to present a petition on behalf of a large number of residents of the City of Toronto who are concerned about the plans of the federal Government to licence prescription drugs differently and to allow the profits from those drugs to flow to multinational drug companies.

They therefore call upon Parliament to reject those proposals.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, I have a second petition to present today. It concerns the Goose Bay war fighting and training base in Labrador. These petitioners are opposed to the continuation of that base and any extension of its use for practising for war.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, my third petition is signed by a number of residents of the City of Winnipeg and by one from La Salle, Quebec. It also calls upon the Government to turn away from its plans to change the Patent Act and inflict higher drug prices on Canadians.

* * *

CANADIAN HUMAN RIGHTS ACT

MEASURE TO AMEND

Mr. Albert Cooper (Peace River) moved for leave to introduce Bill C-239, an Act to amend the Canadian Human Rights Act (non-discriminatory practices).

Mr. Deputy Speaker: Shall the Hon. Member have leave to introduce the Bill?

Some Hon. Members: Agreed.

Mr. Cooper: Mr. Speaker, the purpose of the Bill is to allow an employer for whom the promotion of a religion is a main objective to require the observance of that religion by his employees.

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

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker,

the following questions will be answered today: Nos. 36, 43 and 55.

[*Text*]

INTRODUCTION OF C-7 RIFLE

Question No. 36—**Mr. McKinnon:**

1. Does the government expect the C-7 rifle, on which it started to take delivery in the spring of 1986, to be in ordinary use for drill and practice firing throughout the Armed Forces and, if so, on what date?

2. Has there been any unexpected delay in the introduction of the rifle and, if so, for what reason?

Mr. Bud Bradley (Parliamentary Secretary to Minister of National Defence): 1. Yes, in 1987.

2. Yes, a problem with the Canadian produced ammunition delayed the introduction of the new rifle to 1 Canadian Brigade Group and to 4th Canadian Mechanized Brigade Group. Occasionally during firing some bullets fragmented, either in the weapon barrel or shortly after exit. The manufacturer has advised that the problem is resolved.

EXPANSION OF LORAN-C RADIO NAVIGATIONAL SYSTEM

Question No. 43—**Mr. Parry:**

Did the Minister of Transport receive correspondence from the Ontario Minister of Transportation and Communications requesting the expansion of the Loran-C radio navigational system in Ontario and, if so, what action is the Minister planning to take concerning this request?

Mr. David Kilgour (Parliamentary Secretary to Minister of Transport): Yes.

Air navigation.

Transport Canada has been working closely with the United States Federal Aviation Administration to confirm existing areas of Loran-C signal coverage and to determine whether expansion of the signal coverage in Canada could be justified.

Transport Canada's position is to facilitate the use of existing Loran-C signal coverage. Any expansion of Loran-C coverage in Canada would involve consultations with the industry and would only be pursued if sufficient benefits for instrument flight navigation could be confirmed in order to offset the capital and operating costs involved.

Vehicle monitoring.

There appear to be a number of potential benefits associated with surface vehicle monitoring and these should be more clearly defined following a demonstration project being established by the Government of Ontario. However, it is not clear, at this time, if Loran-C is the most suitable system for determining the location of a vehicle. Other systems are being investigated and it is unlikely that an expansion of the Loran-C system can be justified, at this time, on the basis of surface vehicle monitoring alone.

* RCMP—REMEMBRANCE DAY CEREMONIES

Question No. 55—**Mr. Cooper:**

1. For the fiscal years ended (*a*) 1983 (*b*) 1984 (*c*) 1985 and (*d*) 1986, were wreaths provided to RCMP detachments for presentation during Remembrance Day ceremonies and, if so, at what cost?

2. Was the practice eliminated for the fiscal year ending 1987 and, if so, for what reason?

Hon. James Kelleher (Solicitor General of Canada): 1. RCMP policy provides for the purchase of wreaths for presentation on Remembrance Day by Division and Sub-Division Headquarters only. There is no provision for purchases for detachment use. Therefore, no such purchases from public funds have occurred during the years 1983 to 1986 inclusive.

2. The above noted policy is still in effect and consideration is not being given to changing same.

[*Translation*]

Mr. Lewis: Mr. Speaker, I ask that the remaining questions be allowed to stand.

Mr. Speaker: The questions enumerated by the Parliamentary Secretary have been answered. Shall the remaining questions stand?

Some Hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all notices of motions for the production of papers be allowed to stand.

Mr. Deputy Speaker: Shall all notices of motions stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed from Tuesday, January 20, consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee, and the amendment of Mr. Turner (Vancouver Quadra), (p. 2382).

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I want to avail myself of this opportunity to speak for a few minutes on the export tax which is being imposed upon softwood lumber.

During an intervention yesterday by the Hon. Member for The Battlefords—Meadow Lake (Mr. Gormley), he suggested

that the woods industry in northern Saskatchewan was supportive of and happy with the imposition of the tax. The Hon. Member said that he had been in that area during the last few weeks. I suggest that he should return to northern Saskatchewan and ask mill operators and workers about the tax now that they have had a chance to look at it and its effects. In fact, the entire woods industry in northern Saskatchewan now recognizes the negative effect of the tax.

Of course the market has not settled down because of the change in tax. However, there is no doubt that the industry is already adjusting to its inability to fit into the market which will be developed by the imposition of the tax. Even now in places like Hudson Bay, Big River, and Meadow Lake—and two of these areas are in the Hon. Member's constituency—people recognize that they are unable to compete with the B.C. market for the areas that have traditionally been the direction in which their lumber has gone. In fact, a Hudson Bay plant which produces studs almost entirely and exports them to a great extent to the United States, particularly the Chicago market, is indicating that it laid off 30 employees because of the tax.

A study which was conducted in British Columbia suggested that the price of studs would be $120 per thousand, which is down about 25 per cent to 30 per cent from what it was before the tax was imposed. Also, the mill rate, or what the mill will get, is down from $153 per thousand to about $120 per thousand. Even with the transportation advantage in Saskatchewan of moving to the Prairies and possibly even to the Chicago market, no plant in Saskatchewan can match that rate. The lowest possible rate which can be matched in that province—and it would be very difficult to confirm it—is probably well above the $140 per thousand which B.C. companies suggest they can match anywhere in Saskatchewan.

Plants in Saskatchewan cannot possibly produce studs or lumber at that particular rate. Even the Hon. Member for The Battlefords—Meadow Lake should know that no plant in Saskatchewan has the ability to compete with the B.C. industry if it tries to sell into the Canadian market. A good portion of Saskatchewan production is sold domestically within Saskatchewan and within the Prairies. The rest of it is exported to the Chicago market or that particular part of the United States. Some of it is domestic production and goes to Ontario. However, no plant in Saskatchewan has the ability to compete with the B.C. industry. Therefore, the taxation imposed upon softwood lumber will directly and negatively affect the production of the mills in Saskatchewan. No doubt some of them will be able to adjust, but they will all feel the effects.

The reason Saskatchewan mills are unable to compete with the British Columbia industry has nothing to do with quality or even efficiency. We just do not have the scale of operations in Saskatchewan that there are in British Columbia. For instance, there is not one optimizer in any of the mills in Saskatchewan. The capital investment which would be necessary to put that kind of technology in place is so great that no mill could afford it and stay operational. We do not have the world-class mills in Saskatchewan that are necessary to compete with British Columbia. We also have to take into consideration distance, the cost of wood and the transportation of wood to the mill. The cost of wood is so high to start with, having brought it out of the bush and to the mills, that the Saskatchewan mills already start with a disadvantage.

• (1530)

British Columbia mills have suggested that when they start selling into the new markets on the Prairies, in Ontario and in the United States, they will probably be forced to use the U.S. transportation system. If the Transportation Act, which is presently before this House, were to pass very suddenly—which we hope will not happen—it would allow Canadian companies to ship on U.S. transportation lines to U.S. markets. At present there is a requirement to cross the Canadian Prairies to reach the Ontario and U.S. markets.

In Saskatchewan, where we have a fairly large number of operations in places like Hudson's Bay, Big River, Meadow Lake and Prince Albert, this tax will affect us. Even where the market is domestic it will affect us. Other areas of Canada will be able to take over our market without too much difficulty. We will not be able to sell at the price which larger and more technically capable mills can from other provinces.

Management consultants studying the effect of this tax suggest that a large number of mills under the $153 a thousand or a little higher survived, but now they will be forced out of business. Jobs will be lost. We also know that with the little higher prices in the States, many mills will not be able to operate. With the added burden of the 15 per cent tax, many of those marginal mills in the U.S. will take over part of their own market. The total amount of lumber shipped to the United States will be considerably less than we expect it to be. Because lumber will be more expensive in the States this will translate into fewer U.S. housing starts. Not only will we have to pay 15 per cent more or take a 15 per cent drop in the price of lumber, because of the increased price in the United States we will not be selling the same amount of lumber as we have in the past.

Mr. Brisco: Who told you that?

Mr. Hovdebo: We will be looking for that lumber market in Canada.

I just wanted to point out that even in a place like Saskatchewan where a large portion of our market is domestic, we know the effect of this tax will be to reduce the markets we have available to us and will also reduce the amount of return and possibly force the closing of several mills.

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I appreciate the comments of the Hon. Member for Prince Albert (Mr. Hovdebo), particularly in the context of the concern he has over the price escalation for housing in the United States. But whose fault is that? That is something the Americans brought

upon themselves. That is something the U.S. Congress inflicted on the consumer and something for which the democratic congressmen in the United States will have to answer.

In respect of the countervail action of 1982-83 the comparison has been drawn that we have not followed the same route followed then. At that time the Liberals were in power. We have heard that the matter was a piece of cake and we have complicated the process. What people have failed to acknowledge is that there was no preliminary determination in 1982-83. What people also failed to acknowledge is that in 1982-83 the Opposition remained silent in order to support a united position of the Government of Canada in battling the lumber industry of the United States. The Conservatives and the New Democratic Party restrained themselves and said that Canada must go into this united and together: Government, industry and labour. Granted the circumstances were not quite the same. Granted the stress on the U.S. trade imbalance was not quite as severe. But we did adhere to a position of solidarity and unity on the issue. How unfortunate that that circumstance did not prevail in this particular action we have just sweated through.

The remarks in and outside the House by the Leader of the Opposition (Mr. Turner), by the Leader of the New Democratic Party (Mr. Broadbent) and by other members of those two caucuses have been far from helpful. They have contributed to the problem. If they are so obtuse as to believe that the United States and the lumber coalition of the United States is not listening, then clearly I feel sorry for them. I have to consider, in the light of any other evidence, that it was irresponsible conduct. I do not think there is any other explanation for it. They have to live and be accountable for that kind of action.

Adam Zimmerman says the industry would have done a better job. What were the options, Mr. Speaker? He said the industry would have done a better job and they would have made a better deal. But can you not see the scenario, Sir? After the industry got whipsawed in Washington, people would have been back here in Canada dumping on the Government saying, "Where were you when we needed you?" It would have been a field day for the Opposition, which would have replied: "Where was the Government? Why didn't it get involved?" One cannot have it both ways. If we are to take the sage words of Mr. Zimmerman, we have to consider his track record, particularly as it applies to Noranda, and that, of course, creates a bit of a credibility problem.

• (1540)

If we had exercised the options left to us by the industry or the options the Opposition would have us pursue, what would we really have been left with? We would have had a countervail action, and if that was not fair we could have taken the Americans to court. Can you imagine, Mr. Speaker, two or three years of that process in court and the possibilities of winning? I cannot. However, if we did win, what would the next step be? It would be a Congressional Bill and there is not one member of the Opposition who does not realize that. They know of the protectionist mood in the United States just as government Members do. They know Congress would act separately and very strongly. The only other opportunity left would be the GATT. The whole country might just as well go to sleep while waiting for that decision.

Mill owners and operators in my riding have spoken out on this issue. Mr. Zammit of Westar Timber in Castlegar says that the export tax is the lesser of two evils and that he is willing to live with it as such. He did not tell me how much his mill exports to the United States but I do know that the volume is substantial.

There is a naysayer in my riding. Mr. Nelson of ATCO Lumber has said that he is totally dissatisfied with the export tax and would have preferred to see the issue run its course and be settled in court. Mr. Nelson is entitled to his day in court or out, and I had the opportunity to speak to him about this. However, he did not want to talk about it so I have not had the opportunity to fully examine his opinions. By the way, most exports from his mill go to the United States.

Kalesnikoff Lumber sends 35 per cent of its products to the United States. Ymir Forest Products exports 95 per cent of its products to overseas markets.

Ike Barber of Slocan Forest Products says, among other things, that the talk of new market development is not realistic, and I will turn to that later. He also says that much is already being done in that area. Slocan Forest Products employs 300 and exports 70 to 75 per cent of its products to the United States. It will not be shutting down.

For-Wood Manufacturing has not exported to the U.S. since May 1986. Mr. Mackie of that company believes that the stumpage rates should be higher. Mr. Aldinger of Meadow Creek Cedar believes that the settlement was the best possible under the circumstances. He believes that the tax revenue should be placed in a trust fund until a trade agreement with the United States is in place and then decide on the best use for the money. The tax does not affect him, however, because he exports most of his products to Japan.

Mr. Remple of Cooper Creek Cedar is not terribly disappointed with the negotiated settlement and says that under the circumstances, the Government did as well as it could. The tax will affect his operation but not to a substantial degree because there is a high demand for cedar in the United States. He exports about 50 per cent of his products to the United States.

Of all the mills in Kootenay West, I was unable to contact four, most of which are small mills. I look forward to having an opportunity to speak to those mill operators within the next few days.

In the press, in the industry, in this House and on the street, it is evident that the weight of argument in favour of the position taken by the Government, when put on the scales of justice, tips very heavily in our favour.

What is the response of the industry? The Hon. Member for Essex—Windsor (Mr. Langdon) has said that the softwood industry across the country is reeling, uncertain and confused. I really thought that he was talking about his Party. I have had the opportunity to outline that confusion of which he speaks in Kootenay West. That confusion simply does not exist.

The Hon. Member spoke of initiating major moves in the industry and its unions to find new markets. The industry in Kootenay West has already found new markets. It takes a great deal of time to change and develop those new markets.

I only wish that I had a great deal more time to develop my arguments, justifying and demontrating that there is a very real problem in bringing about an effective change in housing habits in China, Japan and Pacific Rim countries. Perhaps the House wishes to reflect on this. I would end by asking Hon. Members to compare housing in Canada from British Columbia to Ontario, brick to wood, with Japanese and Chinese housing and accommodations.

Mr. Derek Blackburn (Brant): Mr. Speaker, I rise to enter this debate today to point out some obvious problems with the export tax. The most crucial point of all is the very idea that the Parliament of Canada should be considering such action at all. We are not responding to any Canadian concern, we are merely responding to American pressure. We are considering a tax on the export of softwood lumber because the United States says we should. That more than anything else is clearly unacceptable to me, to my Party and, in a general sense, to the people of Canada.

This tax comes before us as a desperate, last-minute arrangement made by the Conservative Government. It shows. There are obvious inequities and oversights in this proposal, showing that it was rushed through without sufficient thought or planning.

For example, the original complaint from the American lumber industry was about low stumpage fees. This tax has nothing whatsoever to do with stumpage fees. Instead, this debate is about a tax on the export of softwood lumber products. It is not the right measure to address the American complaint. It takes a broad-brush approach and victimizes many innocent people.

The American countervailing duty was assessed on the first mill price. Although we argue that this countervailing action was unjust, at least it was aimed at what the Americans saw as being the problem. However, the Canadian export tax is not levied at the first mill. Fifteen per cent on the export price is charged as the softwood crosses the border. The proposal indicates that the free-on-board mill price paid or payable for the products includes all costs incurred to produce the products. That involves a lot more than just stumpage fees.

The Government's export tax assumes two things: that all softwood leaving the country is taxable and that it comes from the first mill. That may not be the case. Let me explain.

There is a lumber supplier in my constituency of Brant who imports American lumber, cuts and dresses it and sells it to construction companies in the northern United States. However, the regional director of tax interpretation in London, Ontario, has ruled that this supplier must pay 15 per cent of such a sale and he is right. I have searched in vain for some provision in this Bill that would exempt such a transaction. There is no such provision. This proposal simply indicates that softwood exported to the United States is taxable.

We are protecting Americans in respect to their own lumber. The measure does not address a complaint about Canadian stumpage fees. It just assures that re-manufacturing takes place on the American side of the border. Canadian suppliers to American markets will be forced to close or move their operations South. Canada will stop exporting softwood and start exporting jobs.

There are other inequities in this proposal as well. Some mills are exempt from the tax. This will force some mills out of business and give others a decided competitive advantage. This tax may not only lose Canadian jobs but may contribute to increased corporate concentration. In addition, Canadian suppliers buy from these exempt mills but if they turn around and sell the same lumber to the U.S. they have to pay the tax.

• (1550)

A supplier in my riding buys stock from Irving Lumber in New Brunswick. Irving Lumber is exempt from the tax. However, the Ontario supplier will be forced to pay the tax when he tries to move the lumber to market in the U.S. I understand some 120 companies in Canada have drawn these anomalies to the attention of the authorities.

I use the word "anomalies" because that is the word the Minister for International Trade (Miss Carney) used in response to my two questions in Question Period today on this very subject. She did not say I was wrong. She said these were anomalies which had crept in. That is another way of saying we goofed. We did not take the time to plan. We did not take the necessary degree of exactness in our negotiations to make certain these anomalies did not creep in.

There may be ways of addressing such inequities but the agreement prevents the Government from assisting the lumber industry. The Americans assert that the tax revenue cannot be used to benefit the lumber industry. They assert that stumpage fees were an unfair subsidy and were able to get the Canadian Government to accept that fact by bringing in this tax. How will Americans look on modernization grants or low-interest loans which Canada might offer its lumber industry? The Government has allowed the U.S. to stick its nose into our stumpage fees. Will regional development assistance be next?

There may be even wider consequences to this Government's caving in. This tax applies only to exports to the U.S. That is dangerous for two reasons. It is inconsistent with the General Agreement on Tariffs and Trade because it applies only to the U.S. That opens the door for other countries to pursue the

same course of action. What is to prevent other producer countries from insisting that the tax apply to exports to their markets? After all, the Government has admitted our exports deserve to be taxed.

This tax invites more trouble and it will not come just from outside Canada. This tax is a recipe for federal, provincial and regional disputes. The export tax could be altered by a change in stumpage fees but stumpage fees are a provincial matter and the provinces have different levels of stumpage. Will all the provinces agree to raise their stumpage fees? Should stumpage fees be made uniform across the country? If only some provinces raise their stumpage fees will they not balk at paying the bill for lifting a federal tax? I do not envy the Prime Minister who has to negotiate such an agreement, whoever that person may be in a couple of years' time.

Finally, we should not kid ourselves that this tax is the end of the problem. I submit it is just the beginning. The Government has recognized that might makes right. The Americans have enormous economic power, therefore Canada has to jump when the Americans demand change, even if it infringes on our sovereignty and puts Canadians out of work. This is a very bad and dangerous precedent. There is no one in this House who can go home and face his or her constituents and tell them their jobs are safe. The Americans could suggest that any product exported from Canada will be next on the list. Canadians now know that the Government will not protect them from such an attack.

While this is an unfortunate cave-in, it may not be irreparable. If in a few years' time the next Government develops a degree of courage in facing up to the U.S., or any other country, it is possible that we may be able to bring in remedial legislation after the end of this Parliament. However, it is abundently clear to me that the present Government, in cosying up to the U.S. on a whole host of issues and disputes and problems, has weakened, not strengthened, our national identity, our Canadianess and our ability to cope with our problems. Witness the softwood lumber issue and our negotiations with a major power. No one ever said it was easy negotiating with the U.S. It never will be. However, if you negotiate from a position of weakness and on the premise that you have to give in at the outset of any negotiations, then God help us when it comes to other important issues in the future.

[*Translation*]

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, thank you for giving me the opportunity to speak to this Bill which concerns an agreement on softwood lumber exports to the United States.

Mr. Speaker, this could be called a panic agreement, since the Minister simply decided to sign an agreement to do the Americans a favour. As a result, a 15 per cent tax will be levied on all our softwood lumber exports to the United States. The tax will cause tremendous harm to our forestry industry, especially in the Maritime provinces, and will probably mean increased prices for the consumer.

Mr. Speaker, several experts have said there are a number of disadvantages for Canada in this agreement with the United States.

Mr. Speaker, first of all, it is an assault on our Canadian sovereignty. It is an assault on our Constitution, which guarantees the provinces control over their natural ressources, and it also deals a severe blow to relations between the Government and the softwood lumber industry.

Under the agreement, the Americans may accept or reject any replacement measures for the tax, on the basis of the income generated. Such income must be equivalent to the income generated by the export tax. This means that the Americans have the last word. And I could go on. It is clear that the disadvantages are many, and the way the Government has approached this situation from the outset is an outrage.

As we recall, on several occasions the Minister for International Trade (Miss Carney) changed her mind. One day it was a 7 per cent tax, the next day 15 per cent, and yet another day we were going to support the representations of the industry, only to end up with a second final offer.

It turned out to be a comedy of errors, Mr. Speaker, but I can assure you that the people in the industry did not think it was funny at all. We must keep in mind that the industry had already spent several million dollars in an attempt to defeat the American drive to impose countervailing duties. Canadian companies were convinced that we would have come out winners. In fact we had already won our case in a similar dispute a few years earlier and our stumpage fees had remained unchanged. Only the Government and the Cabinet have changed since then and unfortunately, Mr. Speaker, we can see now that the situation has worsened.

The industry blames the Government for fumbling the ball. I should like to read the comments of Mr. Knut Grotterod of the Fraser Company in New Brunswick, and I quote:

[*English*]

We had a strong case to make and we believe we could have won it before the Government interfered without consulting the industry.

[*Translation*]

Yet we can still remember this Government promising a new era of consultation and good will.

Mr. Speaker, more about the question of Canadian sovereignty. My leader has already mentioned the various ways in which this agreement threatens our sovereignty, so I will not repeat them here. However the Liberal Party is not the only one to say this, and you might be interested in this remark made by Mr. Max Cohen, an acknowleged Canadian international law expert:

The agreement on softwood lumber creates a dangerous precedent which threatens Canadian sovereignty.

Because of this agreement, the forest industry will have to face another threat. The fact is that the European Economic Community views this agreement unfavourably and has

already indicated that it is considering obtaining a similar Canadian tax on Canadian lumber imports. All this is certainly a bad omen for our other forest products, as well as for all Canadian products exported to the United States or elsewhere. This agreement sets a dangerous precedent. The Americans could ask for a similar charge at any time on our pulp and paper exports or on our mining products, such as potash, zinc, lead, and many others. This would have a devastating effect on New Brunswick.

Let us look at the potential impact of this agreement on the Maritime provinces, Mr. Speaker. The Maritimes should undoubtedly have been exempt from this tax. The fact is that stumpage fees in the Maritimes are much higher than in other provinces. Our producers already have to pay their fair share in stumpage fees.

In New Brunswick, stumpage fees amount to $57 per 1,000 feet, compared with $8 in British Columbia. It should be added that five New Brunswick companies have been exempt, but only five. Over 100 do not benefit from this exclusion.

The Maritime Lumber Bureau, which represents 125 sawmills in the region, is organizing a committee to be called the Atlantic Coalition Against the Unfair Lumber Tax. The purpose of this Committee will be to do everything in its power to convince Ottawa to exclude the Atlantic region from the charge.

For the moment, about 130 producers and exporters from the Maritime provinces, in addition to paying the highest stumpage fees in Canada, will have to pay a 15 per cent charge on their exports to the United States, which is very unfair to this New Brunswick industry.

These small companies will certainly not be able to continue to export their products if they have to pay these two charges. According to Mr. Rumbold, Director of the Maritime Lumber Bureau:

• (1600)

[*English*]

Several firms are seriously considering the future of their sawmills because of the tax.

[*Translation*]

And according to Mr. Percy Wilkins, of Wilkins Sawmill in Fredericton:

[*English*]

I see quite a few sawmills in the province being wiped out. I just can't see them surviving. It's that bad.

[*Translation*]

Mr. Speaker, I would like to take this opportunity to put on record two messages I received from people in New Brunswick, people in the industry. First, the New Brunswick Federation of Woodlot Owners, which state:

[*English*]

—that they:

—support the effort of the Atlantic Coalition Against Unfair Lumber Taxes to have the region excluded from the lumber export tax. The closure of any of New Brunswick's sawmills will have a serious detrimental effect on private woodlot owners.

[*Translation*]

I have here another message from Southampton:

[*English*]

Southampton Sawmills Ltd. of Nackwic, New Brunswick—wishes to express in the strongest possible terms its dissatisfaction with the Government of Canada's decision to implement a 15 per cent export duty on softwood lumber to the United States.

Southampton Sawmills cannot survive such unfair competition where we are taxed and our competitors are not. Southampton Sawmills cannot compete with low-priced lumber flooding our market.

[*Translation*]

Well, Mr. Speaker, I could go on and on. You know the industry in the Maritimes is threatened and, in conclusion, I urge the authorities, the Government, to do all they can to exempt the Maritime lumber industry from that unfair tax on lumber exports.

[*English*]

Mr. Benno Friesen (Surrey—White Rock—North Delta): Mr. Speaker, I am happy to take part in this debate about the softwood lumber deal between Canadian producers and the United States. I had a little trouble following the logic of the previous speaker. It ought to be noted for the record that the producers in New Brunswick probably have the best insurance package of any producers in Canada. It is strange that when 92 per cent of their producers have exemptions they are still crying foul on the deal. I am sure the producers in the rest of Canada think that New Brunswick is in pretty good shape.

We must go back to the beginning. Probably everyone would wish that we did not have to debate this issue. We would all wish that there had been be no penalties, taxes or countervails, and that we had a free and open access across the border. After all, that is what the free trade talks are about. They are to open up the business relationship between Canada and the United States to give Canadian businesses wider access to the American markets.

We must keep in mind, however, that the reason we were in a countervail situation and had to negotiate the softwood lumber deal was because of the strong American dollar and the weaker Canadian dollar. The Canadian lumber producer did have a 38-cent advantage. In fact, because of the difference in the dollar, Canadian producers could charge the same price on the American market as it charged on the Canadian market and have a 35 per cent or 38 per cent advantage. That is what brought on the tension between the producers in the United States and those in Canada.

Due to this, there has been increased trade across the border, not only in lumber, but in all other industries which have been taking advantage of the market in the United States. Canadian industries have been able to strengthen their market positions in the United States because of the lower Canadian dollar. One plant in my constituency put on an extra

shift six or seven years ago when the dollar had dropped to about 80 cents. They believed that if the dollar stayed at that level or dropped further it would be profitable for them to run another shift and ship into the United States. They gambled that the Canadian dollar would remain weaker than its U.S. counterpart. They expanded their operation by employing another shift and have been doing very well. We are all happy for them.

I believe that even Opposition Members would agree that, although there are a lot of down sides to having a weaker Canadian dollar, it is because of that lower dollar that our manufacturers have been able to compete better in the United States. The fact is that this profitability has allowed our plants to improve and modernize and, consequently, in many cases, to be able to compete more effectively in the U.S. market. That is the good side of it.

In addition, this deal allows producers to plan. It is a fact that there has been insecurity in the forest industry in Canada for the past three years because it did not know how the American industry would respond to Canadian success. What we needed was a firm deal with the United States. It may be that we all wish that would not have been necessary, but the fact is that it was necessary. The Canadian industry now has a package which provides it with a framework which it knows will be in place and which allows it to plan its business in such a way that it can predict and anticipate the future. The clearest example of that was given by the Minister for International Trade (Miss Carney) the other day.

• (1610)

In the last days of December the stock market showed stock prices of some of the manufacturers as being 28 per cent below what it was after the deal. That is, after the deal the stocks of the leading manufacturers and lumber in Canada rose dramatically because the investors knew exactly where they were at and they could plan. They moved from a period of insecurity to a period of security. The deal allows investors to respond in a systematic way to U.S. competition.

Third, it is a good deal because it allows for adjustments to correct anomalies. The Hon. Member for Brant (Mr. Blackburn) pointed out that there are anomalies. All of us recognize that. There are members of the industry, particularly in the remanufacturing sector, who face anomalies and who will face a 15 per cent disadvantage in some of the product lines they manufacture. There is no doubt about that.

There is also no doubt that Appendix B is a very incomplete list. What Hon. Members of the Opposition have failed to point out, however, is that that list was compiled in the last days of the negotiation by the legal council of the remanufacturers from a list supplied to them by the remanufacturers. That is not to criticize those people. It is simply to say that it is an incomplete list and the deal in Clause 4(*b*) of the Memorandum of Understanding allows for those corrections by stating that there will be an opportunity to adjust the list. It states:

> The Government of Canada will collect an export charge on those products listed in Appendix B and such other further manufactured products as may subsequently be agreed to by the two Governments.

It allows for adjustment. While there may be some product lines not on the list, they will be there in the future. It allows for a change in trading volumes if the market turns in such a way that it puts the Canadian producer at a disadvantage. If Hon. Members will turn to Clause 8(*d*), they will see that the Canadian negotiators allowed for that kind of variable. Clause 8(*d*) reads:

> If exports from Canada to the United States of any of the products listed in Appendix A show a rapid and substantial decrease, the two governments will consult to determine whether any remedial action is required.

So what we have is an agreement which provides the framework for stability and adjustment.

Fourth, the deal allows for the kind of revenues to stay in Canada which allow us to upgrade our forest industry. Particularly those Hon. Members from British Columbia know that there is a lot to be done in British Columbia to bring the forest industry up to par so that we can continue to harvest that resource in the years ahead. We have fallen far behind. We will now have the resources to provide the kind of silviculture which will ensure that that industry is there in the future. I would certainly urge the Province of British Columbia to make sure those dollars which flow into B.C. as a result of these taxes will be earmarked for the rejuvenation of the forest industry in British Columbia.

Let me say in closing that many comments of the Opposition have centered on the fact that the U.S. gave us a rough time and a raw deal. That is the way it is in these dealings. The Americans are hard bargainers. However, what the Opposition is forgetting is that the United States does not have to buy. In a free market system it is not obligated to buy. We want to sell. We think the United States ought to buy, but it does not have to. The very fact there is protectionism in the United States indicates that it does not have to if it does not want to. Therefore, we have to bring about the kind of market conditions and negotiatons which will make the Americans want to buy our products. That is why we have negotiated this deal.

I appreciate the opportunity to speak in this debate. I am particularly appreciative of the negotiators who worked hard into the last hours of 1986 to ensure that our industry in British Columbia and across Canada will remain secure in the future.

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, let me say at the outset that this is a very sad day. I am very displeased I have to be here to deal with this legislation and listen to the kind of self-serving comments we have been hearing from the Government over the last few days. During the whole process of the American countervail action, the negotiations between the Government of Canada and the Government of the United States, myself, my colleagues, the Hon. Member for Thunder Bay—Nipigon (Mr. Epp) and the Hon. Member for Kenora—Rainy River (Mr. Parry), the three New Democrat representatives of northern Ontario, kept

in touch with our industry and with the two major unions involved, the Canadian Paper Workers Union and the lumber and sawmills union. At each step of the process we found out from them what the impact was, what the communciation links had been and what their feelings were in terms of the decisions.

I can sum it very briefly by saying that those unions, the individual workers, the owners and manufacturers in the sawmill industry in northwestern Ontario, feel betrayed. They feel sold out by the Government. It was pointed out to us by the industry that for a while there was some consultation. During that consultation there was the 10 per cent final offer and the 15 per cent final, final offer. They were told we were going to fight this offer, and then all of a sudden there was no more consultation, no more communication, no more questioning of the industry. They were not asked: "What would the impact be if we tried X or Y or Z?" Therefore, they feel betrayed and rightly so.

Let us examine the specifics of the impact. I listened with interest to the Minister's introductory comments Monday afternoon at the commencement of the second reading debate. One of the things referred to by the Minister was that even the New Democratic Party could not find any evidence of any job loss as a result of this decision. That is not what we said, Mr. Speaker. I was here at the press conference. I took part in the national survey of the industry. What we found out was that there was great uncertainty, that there had been mills closed as a direct result of the initial decision by the United States and those mills were still closed and their future was even more uncertain as a result of the decision of the Government to make this deal with the United States.

As a direct result, back in the fall in Thunder Bay, according to company officials, the Great Lakes Paper Company stud mill was closed, throwing 80 people out of work. At that time the company said: "We will have to wait and see what the Government comes up with to determine whether or not we can reopen the mill". That is what the company said within a day of the word getting out about the agreement which was signed on December 30. Great Lakes Forest Products was saying: "It really looks more uncertain now. In fact, we will have to take a look at our other stud mill operation in Dryden, Ontario," which mill had remained fully operational. Other mills elsewhere in the country have been closed, particularly mills in northern Ontario.

• (1620)

At the very least this agreement has dashed the hopes of those workers, at least in the short term, of getting their jobs back. It has thrown a spanner into other negotiations, since this same mill was forced to close a waferboard plant last May because of totally unrelated circumstances. I say that because I do not want to mislead Hon. Members. However, that has added to the confusion in that operation, which confusion has spread through the ranks.

I had a call from one of the workers who, on his own, spoke to some 100 workers who were doing some maintenance as a result of a temporary shut-down. He spoke to both mill workers and private contractors. They were angry about the decision and fearful for their futures. There is confusion out there, and there is fear about what has happened.

Something which has become clear to me through this process is that the Government of Canada and the officials directly involved in the negotiations really do not understand the forest industry in Canada. If they understood it they would not have done what they did. An American countervail duty, the Canadian export tax or an increase in stumpage fees do not in any way, shape or form affect the selling price of a product. The selling price is set by the market based on a variety of factors, most particularly demand. When people are building homes they are buying two-by-fours. When more people are buying homes more two-by-fours are bought and the price goes up because there is greater demand. However, when no homes are being built no one is selling two-by-fours. All the Government of Canada has done, in co-operation with the Government of the United States, is increase the input costs of softwood lumber, whether it be two-by-fours, treated lumber or the items spoken about by my colleague who referred to manufactured products. It has increased the cost of producing that product.

To use a word which has been bounced around frequently, the situation is an anomaly. At a time when there is great concern about the industry we are seeing share prices going up. The Chicago market has been going up. Because of the unusually mild winter, construction has continued on through what is normally a slump. That may last for a while longer. However, we do not know what will happen in the spring. Those mills which have stayed open in northern Ontario have been stockpiling. They have been keeping their workers employed as a result of stockpiling for the spring when construction will resume, at which time there will be a heavy demand. They do not know how long they will be able to do that. In fact, it can only be done up to the point when it will become cheaper to shut down than it is to continue to take a loss.

Ten minutes is a very short period of time in which to deal with a problem that is now affecting hundreds of people in northern Ontario, and which has the potential to affect thousands. I will be proud to stand in my place on behalf of my constituents to vote against this Bill when we have the opportunity to do so.

Ms. Sheila Copps (Hamilton East): Mr. Speaker, we have heard a number of Members, both today and in the last two days, outline some of the specific technical problems which we will face as a result of the Government's unprecedented move of kneeling down before the demands of the United States on the lumber issue. Today, I ask Hon. Members to look ahead with respect to the results of this agreement. For example, let us consider a constituent in the riding of Hamilton East who is looking at this agreement wondering what effect it will have on

his or her livelihood in the future. We must recognize the general concern that is being felt across the country as a result of the signing of this agreement.

The Conservative Government has embarked on an unprecedented move. It has bowed down to the United States on trade issues to the point where, in this particular agreement, the Canadian Government has agreed to open its books on softwood lumber to perusal, to investigation, by the United States. I would like to quote from the Memorandum of Understanding which states:

> The Government of Canada will provide the Government of the United States of America with data concerning the level of Provincial and Federal softwood and total stumpage harvest, the total revenue collected from the sale of Provincial and Federal softwood and total timber, total export charge collected, total shipments of certain softwood lumber products to the United States of America, total lumber production by province and total softwood lumber production by province, for each fiscal year—

Mr. McDermid: From what are you quoting?

Ms. Copps: A direct quote from the Memorandum of Understanding which was signed as part of the infamous agreement which sets out the ground rules whereby the Government of Canada is saying to the United States: "Not only are we guilty but we will pay 15 per cent. On top of that we will open up our books to you so that you can come in and have access to them".

Not only will there be access, the agreement permits the U.S. Government to dictate domestic policy in Canada. We know quite clearly as a result of the tenor of the agreement that at the moment a 15 per cent export tax is being imposed by Canada. At the same time, to ensure that no other Canadian Government is involved in any way in assisting some of our failing industries, the Americans have made it quite clear that no provincial Government will have the authority to set domestic policy for timber agreements within the context of our provinces and our country. If I were a steelworker sitting in my easy chair in the riding of Hamilton East I would be feeling very uneasy at this moment. Today, the issue is softwood lumber. Who knows what it will be tomorrow.

Canada has been a fair trading partner in the steel industry, as we have been in the softwood lumber industry. This was borne out by the judgment rendered in 1983, at which time it was determined that, yes, Canada was a fair trading partner. We are a fair trading partner in steel. But now that the Americans have seen how quickly the Minister for International Trade (Miss Carney) dropped the ball, how quickly she bowed down to the Americans, why should they stop at softwood lumber? Why not deal with pulp and paper next? Or why not deal with the steel industry next? Why not the Auto Pact?

We all witnessed the pitiable situation in the House today when the same Minister, who was touting this agreement as being a safeguard to Canada's sovereignty, told the House that when George Bush came to Canada the Canadian Government did not have the guts to tell him in black and white that the Auto Pact is not to be a subject of discussion. That was not even talked about. The Canadians did not even bother, even though we have all heard the chief negotiator, both in the United States and in Canada, reiterating on more than one occasion that the Americans have not ruled out the Auto Pact.

On the one hand, we have before us a single agreement. However, what it represents is a sell-out by the Conservative Government. It is a sell-out which will not only cost us jobs in the softwood lumber industry in the short-term, and which will not only affect consumer prices in Canada with respect to softwood lumber and construction of homes, it will also foretell and portend future concerns in other industries in which we have already been deemed to be fair trading partners.

• (1630)

My colleague, the Hon. Member for Westmorland—Kent (Mr. Robichaud) stated earlier today that the European Community is looking greedily at this same agreement. If the Americans were so easily able to get the Canadian Government to bow down on softwood lumber, why should we not impose the same type of pressure?

By signing this agreement, Canada has effectively bargained away our position in the GATT because we are developing a bilateral agreement which excludes the same competitive aspects that may be available to other countries. What is Canada getting in return? We heard our colleague on the Conservative side say that the Americans are hard bargainers. We, in the House of Commons, through the Conservative Party, have made this so-called free trade agreement the corner-stone of policy.

Imagine my surprise when over the holidays I heard the Prime Minister (Mr. Mulroney) state that he would stake his political career on the free trade agreement. If the softwood lumber deal is any indication of so-called leadership, translate capitulation, that we can see by this Government, then I can tell you that Canadians from coast to coast in the lumber industry, the steel industry, and the auto industry would rather trust our sovereignty to another Government, to another political Party.

Four years ago when the same type of protectionist noises were coming from the United States, a Canadian Liberal Government held firm. It said that we have fair trading practices, and we are prepared to test those in the international courts. We tested those practices and we won because we essentially believed that the softwood lumber industry in Canada was a fair, competitive industry which could compete with the best of any nation without government assistance.

Yet, on this side of the House, as soon as we heard noises from Washington, the Minister for International Trade and her colleagues bowed down. The first statement was that we will give you 10 per cent, that is our final offer. Then it was 15 per cent. Then over the Christmas break we saw the hastily constructed agreement which not only saw our Government agreeing to charge our producers 15 per cent to sell our softwood lumber to the United States, but at the same time we

told the Americans to come and examine our books. The Minister for International Trade is empowered by this legislation to allow anybody that she wants to examine our books with respect to our export taxes.

In Clause 19(3) it states:

Every person required by subsection (1) to keep records—shall—make the records and books of account and every account and voucher necessary to verify the information therein available to officers and other persons thereunto authorized by the Minister and give them every facility necessary to inspect the records, books, accounts and vouchers.

That means that Canadian industries could be required by the Minister to allow any American to examine the books of our companies.

Mr. McDermid: It is a standard clause in all tax Bills.

Ms. Copps: The Member says it is standard tax policy. Is it standard tax policy that we allow Americans to come in and examine the books of Canadian companies? That is exactly what this particular section is recommending.

Mr. McDermid: That is wrong.

Ms. Copps: If the Member took the time to read the Memorandum of Understanding, he would know that the Americans make it quite clear that they wish to have the chance to come in and go over every nook, cranny, ledger, and every one of our books to determine whether, in their reckoning, we are paying the fair tax.

Mr. McDermid: What clause is that?

Ms. Copps: It is Clause 7, paragraph d.:

If the Government of the United States of America presents the Government of Canada with information showing its concern with an identified problem of evasion or underpayment of the export charge or replacement measures, the Government of Canada will provide to the Government of the United States of America information relevant to such concerns. The Government of the United States of America will hold such information in the strictest confidence—

We are opening our books, our country, and we are selling out to the Americans. It is being aided and abetted by a Conservative Party that does not understand the meaning of the word sovereignty. We should be fighting this Bill. It is the first step in a longstanding possibility of losing the type of sovereignty that we have known in Canada.

[*Translation*]

Mr. Aurèle Gervais (Timmins—Chapleau): Mr. Speaker, I want to thank you for giving me the opportunity to take part in this most important debate on Bill C-37.

[*English*]

I feel compelled to express my views today on the current Bill relating to the 15 per cent export tax on softwood lumber exports to the United States.

As the Member for Timmins—Chapleau, representing a constituency of northern Ontario, I have a vested interest in ensuring the federal Government's endeavours in the softwood lumber issue are in the best interests of all Canadians, particularly those in northern Ontario.

At issue is a 15 per cent federal export tax imposed by the federal Government on all softwood lumber exported to the United States. Considering the following facts, the potential ramifications of the tax on northern Ontario are serious indeed.

Let us consider a brief profile of northern Ontario as it relates to the sawmill industry, 90 per cent of all wood cut in northern Ontario is softwood; 80 per cent of total softwood cut in Ontario is from the northern region of the province; 28 mills account for 85 per cent of the softwood lumber cut in Ontario; 6,000 people are directly employed in the sawmill industry with an annual payroll of $117 million.

In northern Ontario, we are painfully aware that northern Ontario's economy is largely resource based. There are communities that are totally reliant on softwood lumber. Therefore, as a Member of Parliament representing a constituency in northern Ontario, I am sensitive to the special needs and concerns of the residents of the region. The reality of the situation is that, if Canada had not pushed the U.S. into an agreement on softwood lumber, the Americans would have imposed their own countervailing duty. In fact, they had imposed a 15 per cent countervailing duty on Canadian softwood going into that country since October, 1986. The American countervailing duty, if implemented, would have been disastrous for Canada and northern Ontario.

If we had not pushed for an agreement, the United States could have imposed a higher countervailing duty, resulting in a loss of some $600 million. An American countervailing duty would deny all company exclusions. Under the countervailing duty process, the U.S. Commerce Department conducts annual reviews and can unilaterally determine the value of changes in provincial stumpage practices. The countervailing duty rate is established in these annual reviews and can be revised retroactively.

The actual level of the countervailing duty will vary with changes in the perceived subsidy level and would increase in a down market.

Under the negotiated agreement, the federal Government will return revenues to the provinces predicated on export performance. Under this plan, Ontario could conceivably earn from $35 million to $45 million based on export performance of the softwood producers. Eventually, replacement measures will be instituted by the provinces so that they can be responsible to collect the fees themselves.

From a northerner's perspective, I am pleased to hear that the Ontario Government plans to return its share of these funds collected by the federal Government to the northern region.

• (1640)

The Premier of Ontario has already announced his Government's intention to use the recouped moneys earned by the 15

per cent export tax to retrain affected lumber workers. It may even set up a heritage fund for northern Ontario. I support these initiatives since the provincial Government appears to be in agreement with the federal Government's commitments to assisting northern Ontario.

I have many personal views of where these funds might be expended for the forestry sector in northern Ontario—first, on greater control of the spruce and jack pine budworms which have been devastating our forests for years; second, on a better and higher rate of reforestation; and, third, on the search for expanded international markets in Europe and the Pacific Rim in order that we are not totally reliant upon the United States markets.

I do not deny that a 15 per cent export tax on Canadian softwood will hurt softwood lumber producers in northern Ontario. The federal Government is concerned about potential ramifications to the industry. To this end, we have been in contact with the Canadian Forestry Service which is monitoring the activities of 28 sawmills across Ontario that account for 75 per cent of the softwood cut in Ontario. The survey will assist the federal Government in determining the impact of the 15 per cent export tax on the industry. We will be pleased to share the results of the survey and other information pertinent to the industry with the provincial Government of Ontario and with the industry.

In my riding of Timmins—Chapleau, I have communicated with all major softwood lumber producers in the region to discuss the 15 per cent export tax. The individuals involved in the industry are fiercely independent, hardworking people. They are sincerely devoted to free enterprise and are mature enough to understand the issue and draw their own reasonable conclusions. They are not ready to close down or lay off.

Some of them expressed concerns or reservations about the impact of the duty on the industry. However, all of them agree that it is better having the money remain in Canada as opposed to paying a duty to the United States. That is precisely what would have transpired if this particular deal had not been achieved. Allowing the Americans to impose and retain a 15 per cent countervail duty would result in the loss of at least $600 million. Now that the money will remain in Canada, it will be reinvested in our own country instead of providing the Americans with a financial windfall.

It is important to consider the nature of the softwood industry. It is a cyclical business, affected by many extenuating influences such as building starts and weather conditions. As a cyclical business it is prone to regular slow-downs and even shut-downs. During this period sawmill owners take advantage of the time to do other important related activities such as machinery maintenance, building maintenance, et cetera.

While I do not deny a tax increase is not altogether healthy for the softwood industry, or for any other industry for that matter, it is crucial to consider that the industry has periods when its productivity is reduced. This is a natural occurrence in the business. One must not confuse regular lay-offs or shut-downs with any potential effects of the duty on the industry.

I am disappointed the Opposition has chosen to confuse its political ambitions at the risk of ignoring the real issue. By citing statistics on what it perceives as direct lay-offs in the industry as a result of the duty, they are inciting panic.

As I stated, I am prepared to support the provincial Government in its endeavours to assist affected lumber workers. I stress at the same time the importance not to panic or over-react to instances where lay-offs might indeed be veritable regular causes and effects of the industry.

[*Translation*]

Mr. Speaker, the federal Government is deeply convinced that the deal reached on December 30, 1986 with the United States is the better of two difficult alternatives for Canadians and the Canadian forest industry. It protects Canadian sovereignty because it preserves the integrity of the Canadian stumpage system. Had the Americans refused to respect our control over Canadian resource policies, we would have had no hesitation in rejecting the deal.

[*English*]

I should like to refer for a minute to the comments which the Hon. Member for Hamilton East (Ms. Copps) made just a few minutes ago. I am surprised that since the beginning of the debate the only solution proposed by the Liberal Party was one which would propel us into an outright trade war with Americans. This is what we want to avoid at all costs.

I can assure the House that the sovereignty of the softwood lumber industry has been maintained. I support the Bill of the Hon. Minister for International Trade (Miss Carney). I will not relinquish my efforts to fight for the lumber industry in northern Ontario specifically and for the lumber industry in all of Canada.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, it is obvious to anyone who has read United States newspapers and magazines for at least two years or three years, except of course the Prime Minister (Mr. Mulroney), that the protectionist sentiment in the United States has been accelerating at a rapid rate as the American economy slowed down and as traditional industries, such as the steel industry, the auto industry, and the micro-electronic industry which employ hundreds of thousands of people, came under attack and succumbed to competition from Japan, West Germany, France, and Italy, just to mention a few countries.

Of course we must deal with the Americans. They are our neighbours and our biggest customer. We cannot live without them. Any arrangements we make or any agreements we conclude with them must bring benefits to both Canada and the United States.

When the Prime Minister met with President Reagan, they both approved of the concept of free trade between the United States and Canada. However, the Prime Minister ignored the

fact that in the American political system, unlike our parliamentary system, the President may have or say he has a policy, but the House of Representatives and the Senate, as well as members of his own Party, do not have to support him. That is precisely what happened.

When the Prime Minister of Canada and the President of the United States agreed to explore the possibility of free trade between our two countries, one would have thought that there would have been no harmful acts on the part of either country at least during the period when discussions were ongoing.

However, what have we seen since the meeting between the Prime Minister and the President in Quebec City? The Americans have taken action. They have slapped duties on shakes and shingles, steel pipe, fish from the East Coast, hogs from Manitoba and Saskatchewan, and now on softwood lumber which brings billions of dollars into the Canadian economy.

The Americans announced that they were considering a tax on the Canadian softwood lumber industry on June 26, 1986. The then Minister for International Trade vowed that Canada would fight the case to the end in the ways permitted under American law and in the ways which stopped a similar proposal a few years ago.

When the Prime Minister appointed the new Minister for International Trade (Miss Carney), he said: "Just watch her go". We have been watching her. On September 30, the present Minister made the first—and these are her words—"final offer to the United States to settle the dispute by raising stumpage fees on an average of 10 per cent". That was rejected by the American lumber industry.

Then what happened? On December 30, the Minister agreed to another final offer, a 15 per cent tax on Canadian softwood exports. Why did she agree to that? She indicated in the House that the agreement would avoid dangerous development in U.S. countervail policy by having the petition withdrawn. Also she indicated that it was central to the negotiations that in return for a negotiated settlement the actual petition brought by U.S. interest groups, the U.S. Coalition for Fair Lumber Prices, would be withdrawn.

• (1650)

The Minister implied that the agreement meant that the softwood lumber issue was set aside and there would not be a ruling by the International Trade Commission of the United States which would set a precedent for other areas and for other industries. In other words, we would not have to worry about this situation affecting other areas. But that is not what is happening. *The Financial Post*, one of the two major newspapers servicing the interests and the needs of the business community, on January 5, 1987 in an article entitled "Playing by America's rules" had this to say:

> Just last month Washington's Federal Energy Regulatory Commission ruled Canada's longstanding method of charging U.S. pipeline customers for natural gas must be changed to conform to internal U.S. practices. The requirement—now being appealed by Ottawa—could force Canadian gas exporters to absorb much of the cost of shipping to the border, instead of passing them on to U.S. customers.

The Financial Post for January 12 estimates that this could cost the Canadian gas companies $450 million. That indicates quite clearly that the settlement agreed to by the Government has not ended the tax on our resource industries and probably not on our manufacturing industries which United States' interests will take to try to protect their own markets.

In the same article entitled "Playing by America's Rules" in *The Financial Post* for January 5, 1987 we read:

> A recently formed coalition of U.S. coal companies and electricity producers, for example, is charging that provincial ownership of power companies in Canada—such as Manitoba Hydro, B.C. Hydro, Hydro Quebec and Ontario Hydro—means lower borrowing costs and no taxes, providing a major subsidy to Canadian power exports. A trade case may soon be launched.

The Province of Manitoba, from which I come, has invested billions of dollars in building a new power plant because it was able to make agreements with customers, large utilities, in the United States to sell power to states for distribution to customers at a cheaper rate than they could get it from alternate sources. Premier Bourassa of the Province of Quebec is proposing major expansions of the James Bay hydro project because he wants to sell the power to the northeastern United States.

The kind of opposition which the utilities and the coal producers in the United States will likely launch against the sale of power, using the same arguments that they used in the softwood lumber dispute, could have tremendously severe adverse effects on Canada. The Minister, who as the Prime Minister said "Just watch her go", has gone in a way which has proved a major defeat for the Canadian lumber industry. She has opened the door in the electrical power industry, in the natural gas industry, probably the steel industry and the auto industry, just to mention a few, to take the same action, using the precedent which the Americans were able to establish in this case to put the blocks to Canadians.

This decision by the Government not to fight the case as it could have in the proper way, in the way permitted by U.S. law, was a major mistake. It will have the most serious effects on hundreds of thousands of Canadians. It is one which this Party to which I belong cannot accept and one which we will oppose here and in every other way in this House and outside if we can.

[*Translation*]

Mr. Alain Tardif (Richmond—Wolfe): Mr. Speaker, I welcome this opportunity to speak to this very controversial legislation, Bill C-37. When we talk about this question we are talking about an industry where tens of thousands of Quebecers are earning a very decent living. When we see how the situation has evolved in the course of negotiations, Mr. Speaker, I think we should take every opportunity to vigorously oppose this kind of agreement and do so for a number of reasons.

I listened with great interest to what was said by a number of Government Members, which was, substantially: We have

just signed an excellent agreement with the United States. It is excellent for the simple reason that the 15 per cent tax which in fact represents about $600 million will not be paid to the Americans. This money will stay in Canada. That seems to be their motivation and reasoning for endorsing and supporting this Bill. Mr. Speaker, I submit, with respect, that this reasoning and this logic would only make sense if we assumed that the United States would otherwise have won their case for imposing a tax. Actually, there is a precedent, because this is not the first time the matter has come up. There was a precedent where the Canadian position won out, and the United States had to drop their plan to impose a tax. I repeat, this agreement is entirely unacceptable, for a host of reasons.

First of all, and my colleagues on this side of the House have said this repeatedly, it is a direct attack on our sovereignty. To those who are inclined to believe this is not so, I say that at least part of the agreement would seem to be very significant in this respect. I shall read it, if I may:

"The Government of Canada will provide the Government of the United States of America with data concerning the level of Provincial and Federal softwood and total stumpage harvest, the total revenue collected from the sale of Provincial and Federal softwood and total timber, total export charge collected, total shipments of certain softwood lumber products to the United States of America, total lumber production by province and total softwood lumber production by province, for each fiscal year within three months of the close of the fiscal year."

Mr. Speaker, what I have just read is an integral part of the memorandum of agreement, and I think the conclusion is obvious. What we have here is blatant proof that the United States will now be entitled to interfere directly in a sector that in my view is a strategic and vital one and one of the most important industries in our economy. That in itself is sufficient indication that what we have here is interference and a serious attack on Canadian sovereignty.

Mr. Speaker, there are also the consequences of the agreement. The federal Government is the official party to this agreement. However, it so happens that the forestry sector and the lumber industry fall within the exclusive purview of the provinces. Now, at first glance, that 15 per cent levy might be expected to total some $600 million, but it could also come up to much more. What about those $600 million? People have said, and I hope they are right, that the $600 million will be redistributed to the provinces on the basis of their lumber exports to the United States. This of course would mean additional revenues for the producing provinces.

But the question is this: What will the provinces be doing with that tax money? Clearly, in my own Province of Québec, we have a specific forestry problem, a reforestation problem. We have a problem in the sense that we must make huge investments in that strategic sector. Those who are concerned about that important question of course would be tempted to see in those future revenues the possibility to use them to meet expenditures that are absolutely vital for Quebec's future.

But no, that will not be, Mr. Speaker. The province of Quebec will not be allowed to use those monies the way it would like, because the Americans are telling us those funds cannot be used to support the lumber producing sector.

At that point, Mr. Speaker, we in Quebec will be faced with a still more dramatic problem—producers will have to, first, pay the 15 per cent tax, and, second, dig into their pockets for the investments needed for reforestation. This means that many producers will be so hard pressed that unfortunately it is to be expected that in a near future we will be faced with a whole series of sawmill shut-downs.

Mr. Speaker, I was rather surprised as well when I heard my colleagues opposite, particularly those who come from Abitibi, say that they had consulted practically every single producer and that nearly all of them endorsed the agreement.

Mr. Speaker, allow me to say that I too had discussions with a number of producers, including some of the most important, and that I found the picture to be quite different. Right now they are very concerned—shocked might be more accurate—about the dire consequences which the agreement mentioned in this Bill will have on the industry.

As I see it, Mr. Speaker, another aspect which must be pointed out is the principle underlying the whole negotiation process.

Last Monday I listened to the Hon. Member for Charlevoix (Mr. Hamelin) when he gave us his own version of a progress report on the negotiations. Here is how I would sum up his remarks: Gentlemen, let us be realistic. Canada is a country which borders on the United States, a country which happens to be much bigger, much more powerful, and much more important than Canada. The Hon. Member for Charlevoix even referred to David and Goliath as an example, Canada being David, of course. He told us: In the normal course of events it is practically impossible that a power the size of Canada, confronted by a superpower like the United States, would be in a position to negotiate on equal terms and hope to reach an agreement that would not compromise its sovereignty.

Mr. Speaker, if we suffer from such an inferiority complex, if we feel so powerless, and if we think that a superpower such as the United States can do pretty well as it pleases, I suggest we should be very concerned about the future and especially about the free trade issue that is currently making headlines.

Mr. Speaker, if we start on the premise that Canada is a very small country compared with a superpower such as the United States, it is like admitting publicly that we must surrender and give up on almost all areas.

Mr. Caccia: David won.

Mr. Tardif: My honourable colleague reminds me that, in the Bible, David really did win. Based on my honourable friend's logic, Mr. Speaker, I suggest that in this case Canada

should have negotiated as an equal and signed a deal which could protect the interests of Canadians in this major industry.

To conclude, Mr. Speaker, may I say that I represent a riding which is clearly a major pulp and paper producer which uses a large amount of wood. What guarantee do we have that, in the near future, the American Government will not act as it did in other circumstances and impose its own tax on our lumber?

In my opinion, Mr. Speaker, this is a major surrender by Canada vis-à-vis the United States and it is a source of major concern for the future.

• (1700)

[*English*]

Mr. Ross Belsher (Fraser Valley East): Mr. Speaker, this afternoon I rise to speak on Bill C-37 and more precisely on the amendment of the Leader of the Opposition (Mr. Turner) providing that an Act respecting the imposition of a charge on the export of certain softwood lumber products be not now read a second time but that it be read a second time this day six months hence. I am left wondering what would happen if we were to accept this amendment since we as a nation have already signed a memorandum of understanding and we have commenced doing what we said we would do.

The opposition Parties are fostering doom and gloom and are claiming that the sky is falling in. Last summer when a tax on cedar shakes and shingles was levied, they felt that it was the end of the world. As a Member from British Columbia, I feel that that tax on cedar shakes and shingles did have some effect on us but nevertheless, that industry has got back up to at least 80 per cent of its capacity and is doing quite well.

I am not here to suggest that this is the finest agreement that has ever been entered into, but I must say that under the circumstances in which we had to negotiate, it is the best of a bad deal. It is a bad deal when another country threatens to take severe action against products crossing its borders. Nonetheless, it has a right to do so.

So it was that nine provincial premiers came to the federal Government and asked if we would help fight against this action. It was the federal Government's role to take this matter up on behalf of the producers and the provinces. After the preliminary determination came down which found that a 15 per cent duty would be levied or at least that bonds would have to be posted, the provinces asked us to try to negotiate a stop to this. We acted in concert with nine out of 10 provincial premiers who asked us to take part in it.

British Columbia has been seriously affected by the impact of the actions that have been taken. The Province of British Columbia accounts for some 60 per cent of the Canadian production of lumber and some 58 per cent of the value of lumber shipped out of Canada. Needless to say, about 80 per cent of Canadian softwood lumber is exported to the United States, and this seriously affects British Columbia.

There are some anomalies in the agreement that has been signed and these have been identified by various producers in the re-manufacturing sector, the people who add value to the product itself before it is shipped. Some of the anomalies that have crept into the agreement have serious consequences on many of the companies located in Fraser Valley East. Nonetheless, the majority of those companies will, I am sure, be able to work around the agreement the way it now stands. As they get on with it, I am sure they will still be in business a year from now.

• (1710)

Some of the products were not put on the Appendix B list, however. That covers those products which are not taxed on the value added to them in the manufacturing process. That list is not broad enough so we will have to negotiate in order to expand it. Allowance has been made for that in the agreement. I might add that if I had my druthers between doing that or taking the originating mill as the f.o.b. point, I would rather take the originating mill as the f.o.b. point. Be that as it may, we are not renegotiating that agreement today.

We have been hearing a lot of doom and gloom from the opposition Parties about this agreement. I would like to read from an article in *The Windsor Star*. The article is headed "Area lumber yards refilled with softwood, employees." I will just highlight some of the points made in the article. It says:

> All 20 workers laid off shortly after the imposition of the U.S. tariff have been recalled by Van De Hogen Material Handling Inc., one of Windsor's largest reloaders.
>
> The lumber pact restored "much needed" stability to Canada's wood-exporting system, said John Van De Hogen, president of Van De Hogen.
>
> U.S. lumber users shied away from importing Canadian wood because they were uncertain about the outcome of tariff negotiations. But with the uncertainty gone, "things are beginning to get back to normal," Van De Hogen said.
>
> Van De Hogen said the tariff dispute has little to do with low stumpage fees. "It has everything to do with our low dollar. It's cheaper for the U.S. to buy our lumber with their dollar."
>
> As long as a significant gap remains between the two dollars, Americans will continue buying Canadian lumber. On top of this, he said, the quality of most Canadian lumber is vastly superior to the quality of the U.S. product. "The simple fact is, they need our lumber."
>
> "After mid-February we expect our volumes to be slightly lower than is normal for this time of year," McKeown said.

What we have before us is the legislation needed to ensure that our Customs and Excise officials can get on with the job of collecting this tax. I for one support the Bill even with its imperfections because there is a job to be done and we cannot hide from that fact.

It is interesting to note that the unions concerned in British Columbia are supportive and complimentary of the Government over the action which has been taken. Both sides of the British Columbia legislature agree that this is the best that could have been done under the circumstances. It seems strange that both opposition Parties in this House are condemning the agreement, yet the people most affected are telling the Government that we have stuck up for them, gone out on a limb and obtained a partial victory for them.

In closing, I just want to say that I am pleased our trade negotiators were able to get this agreement and I will continue to work with them and pass on information from the various companies concerned in Fraser Valley East to make sure that the imperfections contained in the Bill are corrected. This situation posed a serious threat to those companies and caused them great concern. Nevertheless, the agreement we now have in place was necessary and this legislation should be passed immediately.

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, I am glad to have the opportunity to say a few words about this Bill and respond to the remarks of the Hon. Member for Fraser Valley East (Mr. Belsher) and several other speakers on the government side who have made much of the fact that members of the trade union movement, presumably in British Columbia and perhaps elsewhere, have supported what the Government has done. Whether that is the case or not, it is not what I intend to comment on. I want to comment on the irony in the fact that Progressive Conservatives, particularly the leadership, are in the habit of getting up and accusing the NDP of simply being the voice of the CLC, as if there were something wrong with that. We have been accused of taking our orders from the labour movement and so on. Those Members are now criticizing us because in their judgment we have taken a view different from that of certain trade unions on this matter. That simply goes to show that we do not take orders from the CLC or any other trade union movement—

Mr. McDermid: The only thing you take from them is money.

Mr. Blaikie: I have certainly struck a nerve. There is an old saying that when you throw a stone into a pack of dogs and you hear them yelping, you must have hit something. That certainly seems to be the case today. What is clear from our position is that we do not take orders from anyone on this. We have made an independent judgment with respect to which the Government may disagree. Fair enough. Obviously it does because it has come to an arrangement with the United States that we fundamentally disagree with. I simply wanted to point out the irony, if not the hypocrisy—and I of course would not accuse the Hon. Member of hypocrisy—in getting up and trying to use the unions against the NDP when the leadership of his own Party, on the floor of the House of Commons, is in the habit of making snide remarks about the relationship between the NDP and the trade union movement. Let us put that to rest and recognize that political parties have to make independent judgments about what they think is in the best interests of the country at large.

The Progressive Conservative Government of Canada was faced with a very difficult situation, I admit that. It made a certain judgment as to what would be the best course of action to take. We in our view are critical of that judgment.

Mr. Belsher: What about your provincial counterparts in British Columbia?

Mr. Blaikie: Our provincial counterparts in B.C. disagree with our decision? Big deal. I do not take my orders from the provincial NDP in British Columbia either. We make judgments as a federal caucus as to what we think is in the best interests of the country. We think, faced with this difficult situation which no one has denied, that the Progressive Conservative Government opted for short-term gain and the consequences will be long-term pain. That is the exact opposite of the philosophy of the Member for St. John's West (Mr. Crosbie) who, as Minister of Finance, on December 13, 1979, exhorted us to accept short-term pain for long-term gain. We see the wisdom of the Minister's philosophy now, if not of the measures he wanted to introduce at that time.

• (1720)

The fact remains that the Government was faced with a difficult situation with regard to the $600 million. However, there was only a chance that we would lose the money. We maintain that we could have won the case. However, let us imagine that we lost it. The arrangement which the Government has made has set a precedent to allow the United States of America to poke its nose into any industry in which it feels it can be successful in bullying the Canadian Government into thinking that it cannot win, as it did in the softwood lumber industry.

The real issue in this debate is the nature of Canada's relationship with the United States. Much of what we are is defined by our relationship with the United States. I contend that one of the reasons the Government is so low in the public opinion polls is that Canadians in general do not like the approach the Government took with respect to Canada-U.S. relations. Although Canadians are concerned about corruption, conflict of interest, and all the other things, the thing which bothers them most about the Government is the fact that since September, 1984, there has been a systematic restructuring and selling out of our traditional relationship with the United States. It began with the dismantling of the Foreign Investment Review Agency and the National Energy Program. It has continued with the Government's attitude toward the United States in regard to transboundary environmental problems, an area in which I have taken a special interest.

Even after today's visit by Vice-President George Bush, the Government is still not being honest with Canadians about what we can legitimately expect from the United States on the acid rain issue while Mr. Reagan is the President. The Government should be honest with Canadians and say that we cannot expect anything from that bunch of yahoos in the White House. The Prime Minister (Mr. Mulroney) does not have to use the word "yahoos", but they should be honest about what we can legitimately expect on transboundary issues.

Canadians would appreciate an honest declaration of failure because it would at least be failure with integrity. It would be failure as a result of having our say, asking for justice, and

being denied it. If acid rain continues to fall on us, at least we would have some self-respect. We presently have neither a reduction in acid rain nor self-respect. I commend a more self-respecting approach to the Prime Minister in these issues. More than failure in our relationship with the United States, Canadian people deplore the context of that failure. Canadians want to see a self-respecting country asking for justice rather than the supine, sanguine acquiescence which has been characteristic of the Government.

I am sorry that I have only 10 minutes to speak because I have a lot more to say about this and other issues which fall within the framework of Canada-U.S. relations which I believe is the Achilles heel of the Government.

Mr. George Henderson (Egmont): Mr. Speaker, I am pleased to take part in this debate. One may wonder why a Member of Parliament from Prince Edward Island would get excited about this agreement since we are not known as a major exporter of softwood lumber products. We are known, first, as an agricultural province and, second, as a province with a great stake in the fisheries, that being our second most important industry. We are known as well for tourism.

However, forestry is also a very important sector on Prince Edward Island. Over the years we have negotiated forestry agreements with federal Governments which have done much for Prince Edward Island with regard to reforestation. I am sure that if this agreement does not affect the ability of the federal Government to deal with the provinces, Prince Edward Island will continue to ask for support in an effort to regain some of the forests which have been lost.

In the 1800s one of the main industries in my province was shipbuilding. I represent an area of the province which was most prominent in that industry. In the Port Hill area we now have a museum of the shipbuilding industry. We used to have tremendous stands of softwood and hardwood lumber, especially hemlock. Therefore, Prince Edward Island had a major stake in the forestry industry at one time. However, since the land was very fertile, many of the forests were cut down to make room for the agricultural sector. We still have a lot of Class 3 land which can produce a lot of good quality lumber. That is why we are in the reforestation business at this time.

I would like to discuss this Bill in terms of what it does to our relationship with the United States and to the sovereignty of Canada. Bill C-37 is entitled "an Act respecting the imposition of a charge on the export of certain softwood lumber products". My colleague, the Member for Humber—Port au Port—St. Barbe (Mr. Tobin), said that the Bill should be entitled "an Act respecting the imposition of the American administration's will on the weak and vacillating Tory administration in Canada".

Members on the Government side have said that Members of the Opposition do not like the Americans. That is not true at all. My father came to Canada at the age of nine years. He and my grandfather selected Canada as their home at that time. My Dad passed away one year ago at the age of 94. He was a great Canadian.

• (1730)

I must say that most of my relatives are Americans. Actually about 75 per cent of my cousins live in the Massachusetts area. Therefore, I do not feel that I, or most members of the Opposition, have anything detrimental to say about the Americans. They have been good neighbours and good allies. Certainly Canada has done an awful lot during its history in conjunction with the United States. However, we all have good neighbours in our various localities. That does not mean we have to crawl into bed with them. We want our country to remain an independent sovereign nation.

I look at this tax as an erosion of our sovereignty. There have been many indications of this erosion since this Government took power. There was the ice-breaker which moved through our northern waters without asking permission, not recognizing our sovereignty in the North. That was a very contentious issue. I know the Government did a lot of howling about it and I am sure the Canadian people in the last year or so, and as long as this Government is in power, will certainly take a tough stand when it comes to our sovereignty as it relates to the North and, certainly, as it relates to our country.

The softwood lumber export tax is a vitally important matter for many reasons. Of course, my colleagues have expounded upon those reasons at some length. We have heard about the negative economic impacts. However, in the short time I have to speak, I would like to comment a little more about the loss of sovereignty. I would like to expand on the subject with regard to the limits this sort of action puts upon Canada's ability to manage its own natural resources. I might add that this episode is only the latest in a number of U.S. tariff measures taken against Canadian exports since this Government took office.

In June of 1985, the International Trade Commission imposed a penalty duty of 20.75 per cent on imports of dried salt codfish from Canada. The affected companies included the Canadian Saltfish Corporation and the United Maritime Fishermen. There were other companies in Labrador and down through Quebec, some of them in the Prime Minister's own riding. These companies were all affected by the imposition of that duty. Last March, 1986, we had a 5.82 per cent duty imposed on fresh Canadian groundfish exports destined for the United States markets. Originally, there was a preliminary study which suggested it should be 6.85 per cent. However, after going through the proper channels it was found it should be only 5.82 per cent, and that was the duty which was imposed.

We did not see any great change in the fish market with the United States over that duty, but there was a good reason why that did not happen. That was because of the value of the Canadian dollar in relation to the American dollar and also because the markets were extremely strong in the United States. Therefore, it did not affect the Canadian fishing

industry to any great extent. However, given the fact that those conditions can change and change quickly—and we are seeing right now the dollar strengthening against the U.S. currency—I am very concerned. Ten minutes is not long enough to go into it thoroughly, but I will be speaking again on this Bill. Hopefully, I can speak for 20 minutes then.

I am very concerned, as are other members of my caucus, about the signals this kind of deal is giving to Canadians and what it is going to do to our natural resources. We have had a number of programs which were cut back. The fishing vessel subsidy program was cut back along with other programs under the Department of Fisheries. How did the Minister explain that? It was because of the countervail duties. I do not believe it is going to stop there. As a Prince Edward Islander, I am concerned about the fisheries and about our potato industry because the mood of the United States is not very conducive to a happy relationship such as the great relationship we saw at Quebec between the Prime Minister and the President of the United States when Irish eyes were smiling. Before this is all over, I am afraid there will be a lot of tears shed in Prince Edward Island by our farmers, our fishermen and all the people who use our natural resources, certainly by those working in the softwood lumber industry.

We in Atlantic Canada pay the highest stumpage fees in Canada. There are only five companies which are exempt from the 15 per cent tariff in Atlantic Canada. Put that 15 per cent on top of our higher stumpage fees and take into account our high unemployment rate, and you will see, Mr. Speaker, that we cannot afford to lose jobs. I want to thank you, Mr. Speaker, for giving me those few extra seconds. You are a gentleman and I am sure that you will be one of the guys who survive after the next election.

Mr. Robert Wenman (Fraser Valley West): Mr. Speaker, we find ourselves in debate today because the Canadian forest industry has been too successful in penetrating the United States market. The large disparity between the Canadian and the U.S. dollar, the efficiency of product and its quantity and quality, make the protectionist sentiment and action of the United States forest industry all but inevitable. Canadian forest companies have moved from 17 per cent to 33 per cent of the market.

The provinces should have adjusted their forest policies several years ago. They should have made adjustments regarding stumpage, annual allowable cut and intensive silviculture, recognizing the full implications of unneccessarily depleting a precious forest resource. They should have moved toward diversification, secondary manufacturing in the prime resource field. They should have had a stronger emphasis from industry and from provincial management many years ago. But again it is difficult to move from a status quo.

I suppose at this time it is time to compliment the unions because they in fact have seen this coming for several years and were among the first to call for changes in this direction. It seems to me that as a nation we always move in after a crisis rather than recognizing the signs and the necessity for times to change. The winning of the earlier countervail duty was in fact a signal, not to shout hurrah and continue on as we were but rather to see it as a danger signal calling for a re-examination and change in our policies and our ways of thinking.

Back in 1983 the Minister of Transport was early to recognize protectionist forces in the United States and called for a comprehensive trade agreement. The Prime Minister (Mr. Mulroney), as soon as he took office, moved toward a comprehensive free trade with the United States because he recognized the tide of protectionism and immediately countered with his own free trade initiative. The provinces started talking but it was too little, too late. The first thing we knew another very serious, even deadly, countervailing duty was upon us. Through the mechanism of enhanced federal-provincial relationships, the provinces called upon the federal Government to help, and the Minister for International Trade (Miss Carney) came in and negotiated a better deal than even the money markets' managers could ever have contemplated. We are now implementing an interim measure export tax until our provinces can modernize and redesign their own forest policies. Until then, the federal Government will collect a tax for intensive silviculture and job retraining in the provinces.

• (1740)

Our Minister and her negotiators should be complimented and appreciated for their efforts with respect to the complicated agreement and negotiations which had to be completed on Canada's behalf. She has done a fine job for Canada, and Canadians are beginning to recognize this more and more each day.

There is a growing consensus among members of the industry, the unions, the financial community and British Columbians that the Government, facing a difficult situation to negotiate, has in fact done a good job in reaching a negotiated settlement. I get the feeling that the industry senses it can now live with the agreement. It now feels we should get on with settling the anomalies of the agreement as quickly as possible. That is really what this debate should be focused on and what subsequent committee meetings should be looking at in terms of giving priority to it.

During the parliamentary recess I was pleased to meet with many groups and representatives of the forest industry in British Columbia. Of particular importance were the meetings I held with the Independent Lumber Remanufacturers Association of British Columbia. The B.C. secondary softwood lumber industry is a sector of the forest industry which has grown in importance to the province in recent years. The industry has over 60 firms and employs close to 3,000 workers. In 1986, its sales volume was estimated to be in the range of $500 million Canadian.

The industry produces a wide range of value-added products from raw material purchased from primary lumber producers, both in British Columbia and the United States. The industry sells its products to both domestic and foreign markets. By far,

it is the most important market for many firms is the United States. This small but growing sector of the British Columbia lumber industry is of utmost importance to British Columbia and Canada because the remanufacture, secondary manufacture or value-added components of the forest industry are critical to the full use and management of Canadian forest resources.

The British Columbia economy is hurt by the buffeting of primary resource boom and bust cycles. It must be levelled out through a diversified secondary industry base, the most logical and natural part of which is the secondary manufacture of local primary resources.

Because of the importance of the remanufacturing sector, and because this sector finds anomalies in the agreement as it relates to them, I was pleased to welcome Mr. Shawn Sullivan of the Independent Lumber Remanufacturers Association and Mr. Charles Widman of the Coalition of British Columbia Secondary Softwood Lumber Manufacturers to meet with Ministers and members of the British Columbia caucus to discuss the anomalies of the agreement as it relates to their sectors. I am pleased to report that the delegations felt that they received a very good hearing from both the British Columbia caucus, the Minister of State for Forestry and Mines (Mr. Merrithew) and the officials in the Departments involved. Members of the delegations left with a slight glimmer of hope that, with minor adjustments, a resolution of their problems might be found in the interpretation and implementation of the agreement.

The application of the U.S. Coalition for Fair Lumber Imports was focused on a perceived competitive inequity caused by what it viewed as unfairly low stumpage rates paid by Canadian producers. Its complaints were not directed toward value-added activities through remanufacture. This position was clearly stated in its application and followed up in the agreement. Negotiators for the agreement wisely recognized that under the pressure of a tough deadline certain anomalies might arise in areas of the agreement. As a result Clause 4 b. was put into the agreement. It states in part:

> The export charge however will not be imposed on the value added in manufacturing some softwood lumber products.

That is, of course, the key by which we will have to try to see if we can find space for some of the other products which were perhaps missed in the first place. The Independent Lumber Remanufacturers Association was pleased that the list of products it submitted appeared in the agreement, giving them protective exclusions. However, upon closer examination by all parties involved, it was recognized that a number of other products such as pallet cut stocks, bed frame components, firring strips, roof decking cedar boards and industrial clears and shop products of remanufactured, box shook, edge-glued panels, select fascia and other patterns, such as 134, 130, 116, 118, 137, 204 A&B, 206 and 141, under NLGA standard grading rules may have been inadvertently left off the list of exclusions.

Similarly, some companies which would have qualified under the corporate exclusion list had they applied were left off that particular list. Whether they did not know that they could apply, whether they knew and did not want to apply because of the risk involved or because of the paperwork effort, cost and exposure of their books, or whether they simply assumed that the matter would be settled before it affected them directly, there still exists an anomaly in the agreement. In the outcome some companies of equal standing have exclusions while others do not.

Undoubtedly, the negotiators of the United States are strong and competent. However, we must also assume that they are fair and want to correct any such anomalies that may have occurred under the pressure of time and a tight deadline. Certainly, when rough lumber that comes from the United States is sold to Canada and we treat it with wood preservatives and then send it back to the United States the Americans do not want to see us charging a duty on that since they surely must want us to continue to buy that raw lumber. Thus it will be in their best interests, as well as in ours, to have a look at some of these anomalies to see if we cannot find a satisfactory solution to them. I hope the Government will appeal to the sense of fair play well known to the United States ethic and in the interpretation and implementation of the agreement make adjustments to these anomalies in the positive spirit and intention of the agreement itself.

We must resolve this issue and move on quickly to a comprehensive free trade agreement with the United States.

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, I understand that the Vice-President of the United States, George Bush, was visiting Ottawa today. Where was he when the Government could have used him three months ago? I understand that the Government tentatively booked the National Arts Centre theatre where the Prime Minister (Mr. Mulroney) and the Vice-President will have a sing-song. They will sing *Help Me Make It Through the Night*. It seems to me they will need a lot of help through the next year and a half before the next general election.

I knew we were in for some trouble when the present Minister for International Trade (Miss Carney) was appointed to her post. Previously, she had been the Minister of Energy, Mines and Resources. She has a well-known record for her negotiations. After all, she negotiated the Western Accord, which was the result of her first negotiation process. It was easy to come out successfully in that negotiation because she gave everything away. She did the same thing with respect to the offshore rights in Newfoundland. She is a great negotiator—she gives everything away.

As a matter of fact, after she had successfully negotiated the Western Accord and the deal with respect to offshore resources on the East Coast the Prime Minister sent his Minister a note in which he stated: "Pat, bingo!". The note was signed: "Brian". Then when the Prime Minister made her the Minister for International Trade he said: "We've given the ball

to the Minister with respect to free trade. Watch her go. Go, Bingo, go! Go get 'em, Bingo!" She is a tough negotiator, a real tough negotiator.

When the preliminary determination was made by the U.S. Commerce Department she had this to say: "We believe that the U.S. position is fundamentally wrong". I can just imagine her saying it since I see her in the House every day pounding her desk when she speaks. The Minister said that Governments have a sovereign right to establish conditions for the management and utilization of their natural resources. She further said that stumpage clearly does not constitute a subsidy and the imposition of countervailing duties is therefore inappropriate.

• (1750)

The Minister said that it was a question of sovereignty. The Minister was stating her position very clearly and very firmly. If it were to be even more clear, and we can see this picture of a determined Minister with both feet firmly planted, banging away, saying "You can't do this. We have a right.", at a press conference on October 22, this determined Minister, to drive home this determination, stated:

> This decision strikes at the sovereign right of governments to manage their own natural resources for the benefit of our own people.

She told this to a news conference after a three-hour meeting at the Metro Toronto Convention Centre. She further stated:

> We are determined to fight this decision.

Well, Mr. Speaker, she fought. When the fight was on, there was the Minister from the beaches of Waikiki, and we can imagine her saying this, "We shall fight them from the beaches, we shall fight them from the Aloha Lounge of the Waikiki Hilton, we shall fight them on the telephones; we shall never surrender".

The Minister accused the Americans of blinking. How would she know, she never eyeballed them, she was never there. She was sunning herself on the beaches of Hawaii. She was fighting them from that vantage point. I get this big picture of the surf rising in crests, the Minister lying on the beach in dark shades with a bank of telephones shouting instructions over the telephones: "Don't blink, eyeball them. I am right behind you." When the dust settled, what did bingo have to say? What was going to be the big battle over the fact that the Americans did not have a right to tell Canadians how to develop their forests, and what stumpage to charge? Now, instead of being pushed off the ledge of the Hilton in Waikiki, we jumped. We jumped without a safety net beneath us. In the Minister's own words, what is indeed a defeat for us, because it is the Americans who will tell us what stumpage to charge, and in fact the Minister's words on January 6, 1987—

Mr. Riis: What were they?

Mr. Rodriguez: There are the words. She first said that the Americans would have got a hell of a lot more out of a countervailing duty than out of this negotiated agreement. She reinforced it by saying, "By limiting the Americans only to the arithmetic we kept them out of our forests, out of our books, and out of our hair". Can you just see it, Mr. Speaker. Then she went on to say, "They blinked. We didn't,". She said the most important victories are fighting off U.S. attempts to force changes to our stumpage system. What a crock of bingle. Fought them off? When she went in to negotiate there was an exemption for the softwood forestry industry in the Atlantic region. After the dust settled and she had fought this great fight in the trenches, lo and behold, they got the 15 per cent being applied to the softwood industry in Atlantic Canada. Is that not marvellous? What great negotiations.

She snatched defeat from the jaws of victory, and then turned around and talked about how she made the Americans blink. Some blink. Some eye. The sad part about this is that the Americans now recognize that we have a patsy negotiating for us, a real patsy. It is not only the Americans who recognize that we have a patsy, but all the industrialized nations of the world. The Japanese are now talking a 15 per cent duty, because they think that we are going to be dumping our softwood lumber into the Japanese market.

Mr. Brisco: I rise on a point of order. In a fit of compassion, I thought it might be instructive for the Member to know that the camera is having a great deal of difficulty following him. It is a great speech, but if he would try to remain in place long enough for the camera to see him, then all of Canada could watch.

Mr. McDermid: The Hon. Member should not use the name of the Minister.

Mr. Rodriguez: The Parliamentary Secretary has said that I am using the Minister's first name. When I use "patsy" I use it in a generic sense, meaning a push-over.

Mr. Riis: Carney queen.

Mr. Rodriguez: The Carney queen. A push-over, Mr. Speaker, that is what we all understand that term to mean.

The Japanese are now talking about challenging this patsy. The Europeans are talking about a 15 per cent duty.

It is a sad day, and the late Sir John A. Macdonald must be turning over in his grave at the display of this spineless reaction by this Government. If it was wrong for the Americans to try and tell us that our stumpage was too low, and that we had that sovereign right to determine the stumpage fee and any other matter regarding our resources, then we see them in court. That is what we do, we see them in court. We do not do what they want us to do for them.

Mr. McDermid: That's good, and lose all the money to the Americans.

Mr. Angus: I rise on a point of order. Looking at the clock, I see that we only have two minutes left. I wonder if the House

would give permission for the Hon. Member for Nickel Belt (Mr. Rodriguez) to continue his very enjoyable speech.

Mr. Deputy Speaker: Shall I call it six o'clock?

Some Hon. Members: No.

Mr. Deputy Speaker: On debate, the Member for Eglinton—Lawrence (Mr. de Corneille).

Mr. Roland de Corneille (Eglinton—Lawrence): Mr. Speaker, I would like to speak to this Bill C-37. There is very little time left for me. In fact, there is only two minutes before the clock runs out. I am sorry that this is being put on the edge, but the Speaker will not call it six o'clock. May I call it six o'clock now, and I can begin next week or tomorrow?

Some Hon. Members: No.

Mr. de Corneille: I thank Government members very much for their co-operation. It is obvious that they are willing to co-operate in the new spirit of conviviality, cordiality, and co-operation. We have seen a lot of that. The Canadian people have noticed a great deal about the way in which this Government conducts its business, and they are becoming tired of it.

I wish to begin by saying that this Bill should be trashed, as should the Memorandum of Agreement which this Bill aims to implement.

The way in which we have dealt with the United States in the past has brought a relationship of a good neighbour policy where we have been able to respect one another; where the governments in the United States respected Canada and treated Canada in a way that showed that we were able to manage our affairs and live as good neighbours, because good fences make good neighbours.

The moment that this Government began to undertake its policy of trying to get in good with the Americans, trying to sell ourselves to them as special neighbours, we found that we were being repudiated and taken advantage of. Canadians believe that this Government is selling out this country. That is why at this time I rise to speak to this Bill.

[*Translation*]

Mr. Deputy Speaker: It being 6 o'clock, the House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1).

At 6 p.m., the House adjourned.

HOUSE OF COMMONS

Thursday, January 22, 1987

The House met at 11 a.m.

ROUTINE PROCEEDINGS

[*English*]

COMMISSION OF INQUIRY

TABLING OF REPORT OF COMMISSIONER—HINTON TRAIN COLLISION

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, pursuant to the provisions of Standing Order 67, I have the honour to lay on the Table copies of the Commission of Inquiry into the Hinton Train Collision, in both official languages. In other words, I am tabling the report of the Commissioner, the Hon. Mr. Justice Foisy. As an editorial comment I might say that it is a very well done report.

* * *

[*Translation*]

PETITIONS

GOVERNMENT RESPONSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 106(8), I have the honour of tabling, in both official languages, the Government's response to Petitions Nos. 332-284, 332-288, 332-419, 332-421 to 332-430 inclusive and 332-441 to 332-447 inclusive.

* * *

[*English*]

INTERPARLIAMENTARY DELEGATION

PRESENTATION OF TWELFTH REPORT OF CANADIAN-NATO PARLIAMENTARIAN ASSOCIATION

Hon. Allan B. McKinnon (Victoria): Mr. Speaker, pursuant to Standing Order 101, I have the honour to present to the House the twelfth report, in both official languages, of the Canadian-NATO Parliamentarian Association. The report deals with the petition of the Hon. Member for Northumberland—Miramichi (Mr. Jardine) to meetings of the Subcommittee on Defence Co-operation in London, December 9.

PETITIONS

CANADA-U.S. AUTO PACT—SAFEGUARDS

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I have the honour to present a petition signed by 710 of my constituents. These are people who are deeply concerned about the statements of the Government with respect to the safeguards concerning the Auto Pact. They call upon the Government and on Parliament to maintain as deep a commitment as possible to those safeguards for the sake of their jobs and for the sake of the prosperity not just of their constituency but of all of Canada.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I also have two petitions to present which deal with the question of the changes to the Patent Act which are before the House. The first petition comes from New Brunswick.

[*Translation*]

The federal Government's proposals will lead to increased costs for provincial health insurance plans and an increase in the price of drugs.

[*English*]

The second of the two petitions comes from Ontario. These petitions provide a clear statement from Canadians across Canada that they wish to see an end to the concessions being made with respect to the free trade talks.

• (1110)

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, I have the privilege under Standing Order 106 to present a number of petitions. These petitions have been signed by Canadians who are concerned about the Government's proposals to change the Patent Act, and who are worried about the resulting increase in the prices of new prescription drugs. The petitioners view these plans as a concession to the United States, at the expense of ordinary Canadians.

The first petition protesting these measures is signed by residents of Emo, Fort Frances, Stratton, Barwick, and Devlin, in my riding.

The second petition comes from residents of those communities, as well as Rainy River, Atikokan, and Burlington.

The third petition comes from residents of the aforementioned communities, as well as the communities of Sleeman and Thunder Bay.

The fourth petition is signed by residents of the City of Toronto, and surrounding areas.

The fifth petition is from residents of Don Mills, Huntsville, Peterborough, Burlington, and St. Catharines.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. John Parry (Kenora—Rainy River): Finally, I have a petition which protests the plans by the Government to expand low-level flight training at the Goose Bay Canadian Forces Base. It calls upon the Government to suspend negotiations with NATO to expand the base there.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Dan Heap (Spadina): Mr. Speaker, I have a petition from a number of residents of Vancouver, North Vancouver, Victoria, and other places in British Columbia. The petition complains that the proposed changes to the Patent Act, which the Government is trying to drive through, will increase drug prices for many ordinary Canadians. The petitioners point out that this will bear especially hard upon those who are on fixed incomes and required to make regular use of prescription drugs. They feel that this is another intolerable example of Canadian concessions to the United States over free trade. They ask Parliament to reject the Government's proposals on this because it will increase the drug prices for many Canadians.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. Dan Heap (Spadina): I also have a petition signed by a number of residents of North Vancouver, White Rock, Surrey, Burnaby, Victoria, and Kilworthy which points out that the present program of low-level flight training of pilots for NATO at the Canadian Forces Base at Goose Bay is disrupting the life of the native people, damaging the environment, and is also inherently an aggressive war-fighting action that tends to endanger world peace, since the intent is to promote a first strike into Eastern Europe. Therefore, the petitioners call upon Parliament to ensure that the Prime Minister (Mr. Mulroney) ends the present low-level flight training at Goose Bay, and ceases negotiating with NATO for the establishment of a larger base there.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is my responsibility and honour to present a petition pursuant to Standing Order 106 from a number of residents of Atlantic Canada who are concerned about the federal Government's proposal to change the Patent Act relating to prescription drugs. They believe this will increase drug prices for Canadian consumers, and severely restrict the ability of average Canadians to buy the necessary prescription drugs. The petitioners are calling upon the Government to reject its plans to proceed with this legislation.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. Nelson A. Riis (Kamloops—Shuswap): I have another petition to present on behalf of a number of citizens who are concerned about the low-level flight training of pilots of NATO countries at the Canadian Forces Base in Goose Bay, Labrador. They believe that this disrupts the way of life of many of the native people there. The petitioners also suggest that the training of pilots at Goose Bay to fly under the radar into Eastern Europe is a provocative and aggressive war-fighting action that tends to endanger world peace.

Therefore, the petitioners are asking the Prime Minister (Mr. Mulroney) and Parliament to end the low-level flight training programs at the Canadian Forces Base at Goose Bay, and to cease negotiations with NATO for the establishment of a larger base at that location.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Rod Murphy (Churchill): Mr. Speaker, I have the honour under Standing Order 106 to present a petition which has been signed by many residents of New Brunswick. The petitioners are concerned about the federal Government's proposal to change the Patent Act relating to prescription drugs. They believe that this will increase drug prices for Canadian consumers, and that it will severely restrict the ability of average Canadians to buy necessary prescription drugs. The petitioners believe that this is another example of the Canadian Government's concessions in the free trade negotiations, at the expense of average Canadians. Therefore, the undersigned petitioners humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

* * *

PUBLIC SERVICE EMPLOYMENT ACT

MEASURE TO AMEND

Mr. Don Ravis (Saskatoon East) moved for leave to introduce Bill C-240, an Act to amend the Public Service Employment Act (open competition).

Mr. Speaker: Shall the Hon. Member have leave to introduce the said Bill?

Some Hon. Members: Agreed.

Mr. Ravis: Mr. Speaker, I am pleased to introduce my Private Members' Bill C-240. The purpose of this Bill is to open competition in the Public Service to the most qualified and best trained Canadians within the Public Service, which I feel does not presently exist. I look forward to speaking to this Bill in the future.

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

* * *

CANADA POST CORPORATION ACT

MEASURE TO AMEND

Mr. Murray Dorin (Edmonton West) moved for leave to introduce Bill C-241, an Act to amend the Canada Post Corporation Act (exclusive privilege).

Mr. Speaker: Shall the Hon. Member have leave to introduce the said Bill?

Some Hon. Members: Agreed.

Mr. Dorin: Mr. Speaker, the purpose of this Bill is to allow private sector competition with the Post Office by removing the exclusive privilege to deliver mail that the Corporation presently has. For example, it would allow utility companies the right to deliver their own bills, if they so choose.

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

* * *

• (1120)

COMBINES INVESTIGATION ACT

MEASURE TO AMEND

Mr. John R. Rodriguez (Nickel Belt) moved for leave to introduce Bill C-242, an Act to amend the Combines Investigation Act (loss leadering).

Mr. Speaker: Shall the Hon. Member have leave to introduce the Bill?

Some Hon. Members: Agreed.

Mr. Rodriguez: Mr. Speaker, the purpose of the Bill is to prohibit the retail sale of a food product in a food store at a price lower than the production cost incurred by the seller of the product. We find that this has been used as a predatory pricing practice and that once the monopoly has been established on the market, the price for the product simply zooms up.

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

Introduction of Bills

EXPORT AND IMPORT PERMITS ACT

MEASURE TO AMEND

Mr. Dan Heap (Spadina) moved for leave to introduce Bill C-243, an Act to amend the Export and Import Permits Act (apparel industry).

Mr. Speaker: Shall the Hon. Member have leave to introduce the Bill?

Some Hon. Members: Agreed.

Mr. Heap: Mr. Speaker, it gives me pleasure to introduce this Bill which would undertake to regulate the import of manufactured clothing into Canada in such as way as to encourage Canadian domestic production by relating importation to the volume of production. I hope to have an opportunity to speak on it soon.

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

* * *

CANADA LABOUR CODE

MEASURE TO AMEND

Mr. Geoff Wilson (Swift Current—Maple Creek) moved for leave to introduce Bill C-244, an Act to amend the Canada Labour Code (grain handling).

Mr. Speaker: Shall the Hon. Member have leave to introduce the Bill?

Some Hon. Members: Agreed.

Mr. Wilson (Swift Current—Maple Creek): Mr. Speaker, the international agricultural subsidy wars have given Canadian grain producers enough to worry about without domestic problems such as last year's grain handling and ports disputes exacerbating their situation.

The Bill would curtail work stoppages by grain handlers and those involved in the transportation of grain from the farm gate to the port. Instead of prolonged walk-outs, a mechanism for resolution would be immediately implemented thereby avoiding such work stoppages.

I urge Hon. Members to support this initiative.

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

S.O. 29

SENATE AND HOUSE OF COMMONS ACT

MEASURE TO AMEND

Mr. Murray Dorin (Edmonton West) moved for leave to introduce Bill C-245, an Act to amend the Senate and House of Commons Act (suspension).

Mr. Speaker: Shall the Hon. Member have leave to introduce the Bill?

Some Hon. Members: Agreed.

Mr. Dorin: Mr. Speaker, in the unfortunate event that you found it necessary to suspend someone from the House for a day or a longer period of time, the Bill would reduce his or her salary accordingly by deducting a day's pay or an appropriate amount for the time he or she were suspended. I think it would be appropriate in that, in such circumstances, obviously the person through his or her behaviour would not be adequately representing the people he or she were elected to represent.

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

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MOTION TO ADJOURN UNDER S.O. 29

CONFLICT OF INTEREST GUIDELINES—GOVERNMENT ADHERENCE

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, pursuant to Standing Order 29, I ask leave to propose a motion to adjourn the House for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the unparalleled circumstances surrounding the departure from Cabinet of the Hon. Member for Saint-Jean (Mr. Bissonnette), which has raised grave doubts in the public mind concerning the integrity of the Government's dealing with contractors and its adherence to conflict of interest standards.

I should like to cite sources which would lead Your Honour to be able to grant the request for an emergency debate. In doing so, I refer to a speech given by the Right Hon. Prime Minister (Mr. Mulroney) several months ago in which he said:

> You will find no quasi-independent agencies in this Code that will allow the Government to shirk its responsibility by saying that the problem belongs to someone else . . . Instruments already exist which permit the Government to respond appropriately to such a requirement. But making use of these instruments will not relieve the Government of the responsibility to decide and to stand accountable before Parliament. The principles of responsible government and the supremacy of Parliament are respected and reinforced.

He went on to say:

[*Translation*]

> As Prime Minister, my primary responsibility is to protect the public interest and implement legislation and policies, including policies on individual behaviour and conflict of interest. All this comes under the responsibility of the Prime Minister, who has a duty to act firmly and expeditiously in the national interest.

[*English*]

Mr. Lewis: On a point of order, Mr. Speaker—

Mr. Speaker: Order, please. I see the Hon. Parliamentary Secretary rising on a point of order. I think, perhaps to save time, I can anticipate the point of order.

I have allowed the Hon. Member for Sudbury (Mr. Frith) to go a little beyond the rule that debate is not appropriate at the presentation of an application such as the one which has been brought before the Chair. However, I assure the Hon. Member that the Chair has the point and is clearly of the opinion that it is an important matter.

As to whether it is appropriate under all the circumstances to order an emergency debate, that is a matter on which I would ask the Hon. Member to permit the Chair to defer its ruling until this afternoon.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, Question No. 46 will be answered today.

[*Text*]

NUMBER OF PUBLIC SERVANTS AND CROWN CORPORATION EMPLOYEES

Question No. 46—**Mr. Scott (Victoria—Haliburton):**

1. What is the total number of public servants and Crown corporation employees employed in Canada and, in each case, how many are located in (a) the Ottawa region (b) each province?

2. How do these figures compare with June 1984?

Hon. Robert de Cotret (President of the Treasury Board): The tables below show employee counts at the end of June, 1984, and June, 1986. Federal Government Enterprises data are not available for the National Capital Region.

Federal Government Enterprises, Total Number of Employees in June, 1984 and June, 1986.

Geographic Location	Number of Employees	
	June 1984	June 1986
Newfoundland and Labrador	5,463	5,608
Prince Edward Island	994	916
Nova Scotia	6,041	6,142
New Brunswick	7,966	7,580
Quebec	58,906	57,145

Ontario	65,822	66,478
Manitoba	15,796	14,939
Saskatchewan	6,279	6,471
Alberta	18,219	18,481
British Columbia	16,312	16,968
Yukon	470	494
Northwest Territories	792	577
Outside Canada	5,335	5,804
Total	208,395	207,603

Softwood Lumber Products

Ontario (NCR)	58,462	56,870
Manitoba	11,466	11,350
Saskatchewan	6,990	6,882
Alberta	14,469	14,354
British Columbia	22,775	22,949
Yukon	1,257	1,063
Northwest Territories	1,891	1,822
Outside Canada	1,679	1,594
Unspecified	8	16
Total	243,983	238,969

NCR–National Capital Region

Federal Government Enterprises includes:

Air Canada
Canada Deposit Insurance Corporation
Canada Mortgage and Housing Corporation
Canada Ports Corporation
Canada Post Corporation
Canadair Limited
Canadian Broadcasting Corporation
Canadian National Railways
Canadian Patents and Development Corporation
Canadian Saltfish Corporation
Canadian Wheat Board
CN/CP Telecommunications
Eldorado Nuclear Limited
Export Development Corporation
Farm Credit Corporation
Federal Business Development Bank
Freshwater Fish Marketing Corporation
Northern Canada Power Commission
Petro-Canada
Royal Canadian Mint
St. Lawrence Seaway Authority
Teleglobe Canada
Via Rail Incorporated

Federal Government, Total Number of Employees in June, 1984, and June, 1986, for which Treasury Board Represents the Employer

Geographic Location	Number of Employees	
	June 1984	June 1986
Newfoundland and Labrador	6,591	6,197
Prince Edward Island	2,191	2,300
Nova Scotia	15,280	14,936
New Brunswick	8,236	8,049
Quebec (less NCR)	35,101	34,296
Quebec (NCR)	17,810	17,708
Ontario (less NCR)	39,777	38,583

[*Translation*]

Mr. Lewis: Mr. Speaker, I ask that the remaining questions be allowed to stand.

Mr. Speaker: The questions enumerated by the Parliamentary Secretary have been answered. Shall the remaining questions stand?

Some Hon. Members: Agreed.

• (1130)

GOVERNMENT ORDERS

[*English*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed from Wednesday, January 21, consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee, and on the amendment of Mr. Turner (Vancouver Quadra), (p. 2382).

Mr. Roland de Corneille (Eglinton—Lawrence): Mr. Speaker, Bill C-37 should be trashed, as should the Memorandum of Understanding on softwood lumber which this Bill aims to implement. Why? Simply, if you look at the facts, Sir, you will see that not only is the softwood lumber industry being betrayed by this agreement but so are the Canadian people, not only by this agreement but by other evidences of Canada being sold out through other attempts to make agreements with the United States.

Softwood Lumber Products

For many years Canada has helped the United States meet its lumber requirements. Canadian lumber has filled the gap between United States consumption and domestic production. When markets are good, the United States has encouraged Canadian companies to increase production to meet United States needs for wood products. When markets are bad there have been periodic attempts by some U.S. producers to restrict Canadian lumber imports. Each time Canadian industry has never been found to be anything but a fair competitor with its United States counterparts.

In 1982, a minority group of United States producers filed a countervailing duty petition against Canadian import policies, lumber policies and lumber imports. The United States Department of Commerce, through the International Trade Administration, the ITA, undertook a detailed investigation of the Canadian lumber industry. The American Department of Commerce ruled in 1983 that the Canadian lumber industry was not receiving any significant government subsidies in Canada. That decision had a sound, legal and factual basis and was not based on mere technicalities of U.S. countervailing duty law.

Since that ITA decision, Canada has not changed any of its long-standing policies. Unfortunately, accusations of unfair competition have been revived to try to lay the blame for current industry conditions on Canadian lumber. Congress, to curb Canadian wood product imports, called for quotas and tariffs. Others advocate changes to United States countervailing duty, in effect, changing the rules of the game so that it can be replayed with a stacked deck against Canada.

At this point, the United States threatened to slap a huge countervailing tariff against Canadian softwood lumber. Canada had a choice of one of several things. It could scream foul, press for a decision by ITA and, if necessary, appeal to GATT internationally. That was the first declaration the Government made. The Minister of State for Forestry and Mines (Mr. Merrithew) and the President of the Treasury Board (Mr. de Cotret) said it was the Canadian Government's view that the preliminary countervailing duty in October was flawed in law, inconsistent with established U.S. practice and in some important respects based on eroneous assumptions. That was the first reaction of the Canadian Government to American threats.

Then this incompetent Government lost its nerve. The Minister for International Trade (Miss Carney) huffed and puffed and made a so-called final offer. On September 30, 1986 our Canadian Trade Minister made her first final offer to the United States to settle the dispute by offering to raise provincial stumpage fees by 10 per cent; a compromise already, a sell-out. Then on November 26, 1986 she made her second final offer, this time to impose a 15 per cent export tax on Canadian softwood. The offer was rejected by the U.S. industry coalition. On December 12, 1986 she rejected a U.S. counter-offer to accept the 15 per cent export sell-out on the grounds that the U.S. demanded its say on how the provinces would manage their resources. Finally, on December 30, 1986 Canada caved in and signed a Memorandum of Understanding with the United States that did, indeed, impose a 15 per cent duty for which the Americans were asking on exports of softwood lumber products, and according to the U.S. interpretation of the Memorandum of Understanding, also severely restricting Canadian provincial management of our own resources, our own forest management, our own replanting programs and so on.

The result is total confusion for the Canadian forest industry which totally opposed this sell-out, loss of markets in Europe and Japan, the laying off of workers and the spin-down effect of lost jobs in related sectors to the lumber industry. Now the Government wants to stuff this agreement down our throats by way of this odious Bill C-37 to implement this odious agreement.

Why were we sold out to the Americans, Mr. Speaker? The answer is not hard to come by. Canada could have taken the courageous way. We could have taken on the Americans, as we did in 1982 and 1983 under a Liberal Government and faced them down and made them prove that they were unfair before the Department of Commerce, ITA and the GATT in Geneva. Before those bodies we could have argued the case. We could have called the Americans bluff, as the Leader of the Opposition (Mr. Turner) has pointed out.

The ITC prepared a report released September 23, 1986 that the United States lumber industry was not being hurt by Canadian lumber imports and the decision, we are told, could well have gone in Canada's favour. Even if we had lost that argument there—it appears we would not have, it appears we would have won—we still could have appealed to the GATT in Geneva. This American threat of countervail is unfair. It is as unfair now as it was unfair in 1982 as it was unfair in 1983.

Why did the Government cave in and sell our forest industry into slavery? Because the Prime Minister (Mr. Mulroney) has an obsession to be loved by the Americans, to be in their tent, to get a free trade agreement of some kind, any kind it would appear. First fish, then shakes and shingles, and now we find the forest industry is being sacrificed. Next comes our softwood industry. In other words, it has to be the one to suffer and sacrificed in order that we will not annoy the Americans. Canadian workers in the forest industry have had to be sacrificed to appease Americans.

Canadians are rubbing their eyes. They are becoming annoyed at seeing Canada being used, taken, mocked and, worst of all, ignored. That is why the Prime Minister desperately needed to get Bush up here once again to bluff and posture, only this time to pretend that he is tough. The P.M. now knows that Canadians realize that he has gambled through appeasements and fawning and lost.

Canadians are becoming increasingly incredulous and outraged as they realize that the Government is so corrupt, so confused and so lacking in direction that it is betraying our national interest by bad judgments and incompetence. In his misguided and amateur effort, the Prime Minister thought

that by fawning to the American President he could ingratiate himself. He tried to dissociate himself with past policies of the Canadian Government which were there in place to defend our independence. The Government has taken a step to try to eliminate our protection of our resources in energy through the elimination of certain efforts to give ourselves a reserve through the National Energy Program. The Prime Minister has eliminated our control over our economy through FIRA by eliminating FIRA and thus allowing investments in Canada that are not as much in the interests of our country as otherwise would have been.

• (1140)

The Prime Minister (Mr. Mulroney) reversed the Liberal policy of standing our ground against Americans on offshore sovereignty, in world courts and with independent foreign policy. I suggest that we are in grave danger. The Prime Minister has now found that his efforts to appease the Americans have brought only contempt and disinterest.

The Prime Minister's policy of appeasement has been recognized and now Canada is seen by Americans for what it is, a country stumbling while being led by a well meaning group of incompetents. The recent deal struck on softwood lumber with the United States is a most pathetic example of this. It is a case of confusion, bravado and posturing followed by exposure of the bluff. For Canada, it is a defeat and a disaster.

I would hope that after the Prime Minister's meeting with the American Vice-President, and after he learns of the mood of the country, the Government will reconsider this agreement, go back to the negotiating table and, if necessary, throw this agreement out and begin by appealing to the ITA, the ITC and GATT. I hope the Government seeks for Canada a just solution. We have not done anything unfair to the Americans and we should stand our ground and be courageous enough to say that this is where we stand, we are not cowards.

Mr. Speaker: The Hon. Member for Kenora—Rainy River (Mr. Parry).

Mr. McDermid: Mr. Speaker, I rise on a point of order. If you check yesterday's records, Mr. Speaker, you will find that the Hon. Member for Nickel Belt (Mr. Rodriguez) spoke, followed by the Hon. Member for Eglinton—Lawrence (Mr. de Corneille). I believe you will find that it is the Government's turn to have the floor.

Mr. Speaker: I thank the Hon. Member for the intervention. I regret that I did not see the Hon. Member for Capilano (Mrs. Collins) rise. I am sure the Hon. Member for Kenora—Rainy River (Mr. Parry) will understand that we do follow the roster.

Mrs. Collins: Mr. Speaker, I know that that is one of the difficulties of Hon. Members who sit on the back-bench. They are not quite as noticeable to the Speaker.

Mr. Speaker: I may not have recognized the Hon. Member but I always see her.

Mrs. Mary Collins (Capilano): Mr. Speaker, I take pleasure in participating in this debate. However, quite honestly, I must say that I have never heard such an erroneous twisting of facts as I have heard from Members on the other side of the House. I have never heard such outrageous indignation as I have heard from Hon. Members opposite who have spoken on this Bill.

I would like to talk about some of the facts pertaining to this issue. I have been trying to figure out what is really concerning opposition Members about this particular measure. I thought it might be the plight of the forest workers. I had a chance to look back on the record of six months ago when we were faced with the 35 per cent tariff on shakes and shingles. At that time we heard the Hon. Member for Saint-Henri—Westmount (Mr. Johnston) predict that this particular measure would put thousands of jobs in jeopardy. The Leader of the New Democratic Party (Mr. Broadbent) called it an incredible decision which would sacrifice some 4,000 jobs in British Columbia. The Liberal House Leader, the Hon. Member for Windsor West (Mr. Gray), upped the ante again and said that it would put at risk at least 10,000 direct and indirect jobs in the province. That was the scary stuff that was spread across Canada.

What is the reality? Six months later we know that 80 per cent of that industry is operating at full capacity. My colleague, the Hon. Member for Mission—Port Moody (Mr. St. Germain), who represents a constituency in which many of those plants are located, found that there was not the disruptive influence that had been predicted.

Quite honestly, the record on credibility of Members opposite was not very good on that issue, nor is it on this one. Again, we have heard during this debate wailing and lamenting about the thousands of jobs that will be lost because of this horrendous imposition of a 15 per cent export tax. What is the reality? The best source to which we can turn is the unions themselves. One would expect that the unions would be upset if what opposition Members have been saying were true. Certainly the unions would be the first to verify that. Instead, the reality is this. On January 5, a few days after the agreement was reached, the Western Canadian Regional Council of the International Woodworkers of America had this to say:

> During the past few days, the softwood lumber settlement has been severely criticized on both political and economic grounds. We would suggest that many negative comments have been both ill-informed and ill-founded. All seem to be based on the assumption that somehow the 15 per cent duty could have been substantially reduced if a negotiated settlement had not been entered into. That is simply untrue.

Opposition Members have said that if we had stood our ground things would have been different. We know that that is untrue, and they know that that is untrue. Why do we not all face up to reality?

Softwood Lumber Products

I am sure my hon. colleagues are aware of today's article in *The Globe and Mail* reporting on a study done by the International Woodworkers of America on the impact of this particular tax on the industry. That report's assessment is that the federal tax on softwood lumber will have little impact on Canada's lumber industry. The article quotes Mr. Douglas Smythe of the International Woodworkers of America as saying:

"We believe that because of the very high efficiency of Canadian sawmills, particularly in the British Columbia interior, the Canadian industry will remain cost competitive in the U.S. market in spite of the export tax,"—

There will be little slowdown in lumber activity. In fact, the IWA suggests that while there may be some loss of jobs—and we have all admitted that some jobs could be lost—its estimate is perhaps 1,000 jobs over a period of time, most where plant modernization has not taken place. Fortunately, in British Columbia, we have taken a leadership role and have modernized our plants to become efficient and competitive. Unfortunately, this has not been done in some other parts of the country. To be realistic, we must be competitive in this global world of ours. We cannot expect to sit back and continue on with our old ways. We must modernize and become efficient so that we can be competitive.

Obviously members of the Opposition are not in tune with what the forest workers themselves are saying. In fact, there is this really ridiculous anomaly of federal members of the New Democratic Party wailing about this export tax while their British Columbia counterparts, both in the NDP and the IWA, are saying that this agreement had to be entered into because it is the best deal we could have made. No one likes trade wars. We must do something about them because they serve no one any good in the long run. However, given the present political and legal situation, the negotiated deal was the best deal we could have made.

Perhaps my hon. colleagues are concerned about the forest companies. Perhaps members of the Liberal Party are concerned about the forest barons and perhaps members of the NDP are concerned about the terrible devastation this may have on their profits. Again, the facts speak for themselves.

Let us look at the impact this has had on the price of forestry stocks between December 29, the day before the deal was announced, and January 20. The increase in the prices of those stocks was as high as 21.6 per cent in a three-week period. The price of Canfor stock went up by 21.6 per cent and the price of MacMillan Bloedel stock went up by 17.6 per cent. Do Hon. Members think those companies are suffering? Do they think the public perception is that the investors in Canada will suffer? They will not suffer.

Obviously, opposition Members are not really concerned about the forest barons. Perhaps they are concerned about the business community. Let me quote from a letter from the Board of Trade of Vancouver to the Hon. Minister, received just a few days ago after the Board of Trade had assessed this issue:

• (1150)

Everyone accepts that having the $600 million duty remain in Canada is obviously far better than having it go to the U.S. government. This money can now be used for much needed reforestation, silviculture and other public works projects that will enhance Canada's important forest industry.

It is my informed opinion that a duty of at least 15 per cent or probably more would have been the inevitable result of following the legal process to its ultimate conclusion. Even if we had won the legal case under those circumstances we would have been visited with even tougher legislation in Congress given the groundswell of protectionist sentiment in the U.S.

We know what the U.S. is facing on trade issues. We do not like it, but it is there. We cannot hide behind righteous indignation.

Obviously the Opposition was not concerned about the forest barons. I thought perhaps it was the provinces because I am sure opposition Members feel they must support provincial Governments. Yet we all know provincial Governments are the winners in this situation because that $600 million will go to them. They will be able to enhance their activities in silviculture, as was pointed out by the Hon. Minister of State for Science and Technology (Mr. Oberle) yesterday, as well as do other creative things to help the forest industry.

Obviously it is not the provinces who are losing. Given that, I finally realized who opposition Members were trying to protect. Who is hurt by this tax? It is the U.S. consumer. So we have members of the Opposition standing up and fighting for the rights of the U.S. consumer because they will ultimately be hurt by the increase in the cost of lumber. I am surprised that U.S. consumers have not spoken out earlier. However, we are well aware that U.S. lobby groups are extremely strong and I do not think the U.S. consumer realizes the kind of trade war this results in. That is something we need to address.

Obviously I cannot cover all the issues involved in the few minutes I have left. However, the facts speak for themselves. This deal that the Canadian Government was able to negotiate under very difficult conditions enables us to keep the money in Canada. It is certainly the best and most courageous thing our Minister for International Trade (Miss Carney) was able to accomplish.

I am sure we will have other opportunities to debate this, but this situation points to the necessity for entering into new trade arrangements with the U.S. If anything underscores the importance of that fact, it is this situation. We must have new mechanisms to resolve trade disputes. The existing mechanisms are not satisfactory, whether it is in this field, in natural gas or anything else. We have to come to a new understanding of what fairness is about.

Over the Christmas holidays I had an opportunity to meet with some U.S. Congressmen. They talked very eloquently about wanting fair trade and fair access to markets. I asked them what they meant by "fair". Was it the same? Was that what they meant by "fair"? They could not really reply. That is the problem we have to start addressing. We cannot mean the same thing because we have different political and business

systems, as well as social structures. However, those are the issues we have to address and this Bill will implement—

Mr. Speaker: I regret that the Hon. Member's time has expired.

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, on the second last day of 1986 the Progressive Conservative Government signed an eleventh-hour deal with the U.S., a deal without precedent in our history. In what should be described as the terms of surrender, Canada sustained its most severe blow yet along the Prime Minister's path to free trade. This deal, which has Canada imposing a 15 per cent tax on all softwood lumber exports to the U.S., including dressed products and remanufactured lumber, including even American lumber which has been imported and re-exported, is comparable to a sports team coming home from an out-of-town game having sustained a terrible drubbing and then saying it could have been worse.

I would like to briefly review the chronology which has led up to this disastrous agreement. We are all well aware of the preliminary determination and, perhaps more importantly, what preceded it, the victory won by the Canadian industry lobby in front of the U.S. International Trade Commission. We are well aware of the ripple of shock which went through Canadians when it was announced that the U.S. lumber industry was again seeking an ITC ruling in its favour for protectionist measures against Canadian lumber. The preliminary determination by the ITC went against the Canadian industry and it would appear that is when our country's troubles really started. Until that time there had been little intervention by the Government of Canada. Yet at a time when Canadians should have pulled together, when Government, industry and the unions should have co-operated, it appears that our Government struck out on its own on a course which led us to the predicament we are now in.

I would like to briefly quote the President of the Canadian Forest Industries Council:

> The second thing we can clearly note from this sorry tale is the absence of a formal protocol or mechanism for coming together as Canadians.

He continues:

> The solo excursions of various politicians into what had theretofore been a successful co-operative strategy destroyed years of the most extraordinary united effort by a major industry.

There he is of course referring to the Minister for International Trade (Miss Carney). Those are telling, trenchant condemnations of the Government's failure to consult. I do not think there is some form of vested interest in those remarks. There is no percentage in the President of the Canadian Forest Industries Council criticizing a Minister of Government in those terms, unless it be simply to put on the public record before Canadians what the truth is and where the Government has fallen down.

It is not my intention to merely conduct a jeremiad against the Government's actions. It is certainly not to indulge in the sort of Pollyanna optimism we just heard from the Hon. Member for Capilano (Mrs. Collins). The agreement is signed and I would like to deal with the reality. Whether it was signed at 10 per cent or 15 per cent, it contains very serious defects.

The straws that the Government is clutching at in its interpretation and presentation of declarations of support are in fact assessments and analyses made by various interested partners. It seems to me that the need for certainty very much governs the assessment. I believe that is why there has been an indication from the unions in British Columbia and some industry spokesmen that perhaps they can live with the agreement. It is the greater fear of uncertainty which exists in that province and the lumber-producing sector which is less evident in other parts of the country. That of course is influenced by the very high level of unemployment in British Columbia, unemployment which the Government has done little if anything to recognize and absolutely nothing to bring down. It is said that a drowning person will clutch at a straw and that is indeed a straw which the Government has thrown to the industry in British Columbia.

We have a range of analytical and speculative factors that will govern our reaction to the possibility that without an agreement the case would have been won. I do not want to gratuitously attack the Government here. Obviously it had to make its own judgment. However, it could have signed a far better agreement than it did. It could have signed an agreement that would not lead to the many problems that this agreement will.

• (1200)

This agreement does indeed dangerously compromise Canadian sovereignty. Barely a commentator or analyst has attempted to rebut that point. It allows for the replacement of the export charge with stumpage increases only through U.S. agreement that the value of the stumpage increase alternative is equivalent to the export charge. We are letting the competition look at our books. Even in provinces like British Columbia, where it is acknowledged by the Government that stumpage is too low, it is unacceptable in terms of Canadian sovereignty and independence to allow the American Government to dictate what the level of increases should be.

The American interpretation specifically prohibits the provision of grants, low-cost loans, and other benefits to the forest industry. It is totally amazing that the United States Government and its International Trade Commission have been granted the power to shape the future evolution of the Canadian forest industry, far more than perhaps even they believed possible. They now have *de facto* approval over virtually any development in our forest industry.

The agreement states that any replacement stumpage must yield the same price increases on lumber exports to the United States as the tax. This could have disastrous consequences for the pulp and paper industry in Canada which is larger than our softwood lumber industry. If we follow the American prescription, we will have a stumpage system which will render our industry vulnerable to competition from U.S. domestic

producers. It would give Sweden, Finland, and other countries which are beginning to produce pulp, a competitive advantage over the Canadian pulp and paper industry.

The export tax which is introduced in this agreement goes against GATT. It is illegal under the terms of the General Agreement on Tariffs and Trade. Our greatest counterweight to the American presence in our trade is being snubbed. Industry competitors such as Sweden may go to GATT and insist that we increase our prices for exports to all other countries, thus making our exports competitive in all of our markets.

With regard to keeping the money in Canada, if we had won the case that would have occurred anyway, because there would have been no money paid out. This agreement will cause great divisions between the provinces, particularly Ontario, Quebec, and British Columbia. There is no clause in the agreement which states that it will not be used as a precedent in other proceedings. The 30-day provision is ludicrous. Our competitiveness is decreasing as a result.

In the strategic context of free trade negotiations the Government of Canada could have done nothing worse than to sign an agreement on a specific sector, because it calls into question all the other sectors on which our trade depends. It defies reason for the Member for Capilano to suggest that we need a dispute mechanism after the Minister said in the House last month that we were not going for that. This agreement is a prescription for disaster, not only in Canada's forest industry, but in many other sectors of our economy.

Mr. Keith Penner (Cochrane—Superior): Madam Speaker, the vice-president of a lumber manufacturing company in Northern Ontario has written to me with regard to the 15 per cent export tax on Canadian softwood lumber. He said that as an elected representative from Northern Ontario my support is needed to oppose this tax which will have an adverse impact on the lumber industry and on communities like Hearst, Chapleau, Terrace Bay and Elk Lake. He writes: "I am of the opinion that the Government's handling borders on bungling", and that "the Government overrated the strength and role of the American lumber coalition opposed to Canadian lumber exports".

It is well known, as Adam Zimmerman, chairman of the Canadian Forest Industries Council has pointed out, that it is a nonsensical assertion and fallacious theory put forward by some U.S. lumber interests that stumpage can be a subsidy. In most cases in Canada wood costs are higher than they are in the United States. Costs are higher because it is so expensive to harvest trees in Canada, to bring those trees to the mill where they can be transformed into usable products. The costs are high because of the nature of the terrain where the trees are harvested, because of weather conditions, and because of long distances from the cutting site to the mills. The question is not one of the value of a tree on these stumps but, rather, what it costs to bring that tree to a place where it can be converted into a usable and marketable product.

On that point, the Alberta Forest Products Association, in a letter to the Right Hon. Prime Minister (Mr. Mulroney), said that the industry is convinced:

—that we are not guilty of receiving stumpage subsidy and this fact stands up to verification procedure. We, along with other CFIC members, have spent much time and effort, along with over ten million dollars ($10,000,000.00) in professional fees, to research, analyze and present our position. Our attorneys assure us that our position is a win situation and legally sound.

A Washington trade lawyer, with regard to the agreement signed by the Minister for International Trade, (Miss Carney) said recently that "it must have seemed more sensible to the U.S. lumber industry to accept the Canadian settlement rather than risk getting nothing at the end of the day".

What will the effects be of the 15 per cent export tax on softwood lumber? Of course, opinions on the effects vary. For example, in *The Globe and Mail* this morning it is reported that the director of research for the International Woodworkers of America has argued that the Canadian industry can absorb the tax and remain competitive, particularly in the interior of British Columbia. I do not know whether that is so or not. However, according to him, only about 1,000 jobs will be lost in the forestry sector as a result of this tax. The loss of 1,000 jobs seems rather serious to me. However, the Canadian Forest Industries Council itself has a different estimate. According to them, abut 6,000 jobs in the forest industry are in jeopardy as a result of this tax, and that another 11,000 jobs in allied industries and services are at risk.

A lumber company executive from Hearst, Ontario wrote a letter to the Minister of State for Forestry and Mines (Mr. Merrithew). This individual who is executive president of the Levesque Lumber Company says:

• (1210)

Crown dues in Ontario are five to eight times higher than those in British Columbia, so the imposition of a 15 per cent increase in stumpage to Ontario lumber firms would be a prohibitive expense to Ontario producers. In addition, British Columbia has offshore markets and sells surplus lumber in the Ontario market because of low freight rates from British Columbia to Ontario. So British Columbia has three markets, (the United States, offshore, and the Toronto Montreal area) whereas Ontario only has the local market and the central United States market.

I was more than a little interested in what my Progressive Conservative neighbour, the Hon. Member for Timmins—Chapleau (Mr. Gervais) said in the debate yesterday when he let us know his views. First, as reported at page 2530 of *Hansard*, he agreed that:

—the potential ramifications of the tax on northern Ontario are serious indeed.

A little later in his speech at page 2531, he went on to say:

I do not deny that a 15 per cent export tax on Canadian softwood will hurt softwood lumber producers in northern Ontario.

Further on he said:

—I do not deny a tax increase is not altogether healthy for the softwood industry—

But quite curiously, at the end of his speech he said:

I support the Bill of the Hon. Minister for International Trade (Miss Carney).

As an even more curious afterthought, he said:

I will not relinquish my efforts to fight for the lumber industry in northern Ontario—

Will the Member for Timmins-Chapleau not begin his fight now and oppose and vote against Bill C-37? I believe it is more important to support our region of northern Ontario than it is to support the Minister for International Trade, so I say to the Hon. Member that the reasons given in his speech yesterday for supporting this Bill are weak and rather unconvincing.

Let me review those reasons quickly. He said that if we had not struck a deal with the Americans we may have faced a countervail tariff higher than 15 per cent. The evidence is all to the contrary. There is no evidence that it would have been higher, but there is good evidence that we would have won our case in Washington.

Second, he says that the money will stay in Canada where it can be used. For what? He calls upon the Premier of Ontario for support, saying that we can use this money to retrain forestry workers who will lose their jobs. The Hon. Member has much more faith in these retraining programs than I do.

He also talks about the establishment of a heritage fund for northern Ontario and doing more research on the spruce budworm problem.

I invite the Hon. Member for Timmins—Chapleau to come with me at the end of the month to meet a large number of bush workers from Hearst, Mattice, Opasatika, and Chapleau to make these arguments in their presence and see how convincing they are.

The Member for Timmins—Chapleau also says that the money could be used to help find new markets in Europe and the Pacific Rim. The Hon. Member knows as well as I do that what prevents us from gaining access to those new markets are the prohibitively high freight rates that we must endure in our region.

Therefore, I conclude by saying that from a northern Ontario perspective Bill C-37 is just unsupportable. It simply has to be opposed by all Members from the region, including Liberal, New Democrat and Progressive Conservative Members alike. This is a clear-cut and unequivocal regional issue and I call upon the Member for Timmins—Chapleau and the Member for Timiskaming (Mr. MacDougall) to stand with all Members and let us have one strong voice in the House for northern Ontario against a tax which will inevitably result in a large number of lost jobs. It will be a set-back for the industry and our economy is much too fragile to be hit with yet another blow of this kind.

Mr. Bob Corbett (Fundy—Royal): Mr. Speaker, I am pleased to have the opportunity to speak to Bill C-37 which has been introduced as a result of an unfortunate situation that has developed between the American lumber interests and lumber interests here at home.

It is my opinion and that of many others, including many in the industry, that the Memorandum of Understanding that was signed between the Governments of Canada and the United States was concluded under conditions of some duress. The Government of Canada found itself between a rock and a hard place, and I believe without any doubt that the Minister for International Trade (Miss Carney) and the Minister of State for Forestry and Mines (Mr. Merrithew) reached an agreement that they believe is in the best interests of Canadians now and in the future.

While I, as well as industry, recognize that there are certain deficiencies as a result of the agreement by which we cannot come out a winner, I believe my hon. friends in the Opposition would have to agree that it is much more beneficial to have the money generated from this export tax remain in Canada for the benefit of Canadians than being collected by the Americans.

Of course, we will never know whether this dispute would have been resolved in favour of the American or Canadian interests if it had gone to the international courts. The unfortunate part of that situation is that such a procedure could take years and a decision in favour of the American interests could involve the collection of such a substantial amount of money that it could jeopardize an industry today as well as in the future. Industries would not be able to determine the price of their lumber exports to the United States because of those future uncertainties.

I want to deal specifically with the Maritime region. I am most familiar with the difficulties being experienced in the Maritimes, particularly the Provinces of New Brunswick and Nova Scotia which depend heavily on the forest industry as a basis of their economy. The Government's decision as reflected in the Memorandum of Understanding could have very serious impacts on that industry.

Let me state two positions with which I sympathize and agree, which have been taken by a group known as the Coalition Against Unfair Lumber Taxes, formed by the Maritime lumber interests. The first position is that at no time were the Maritime provinces identified by the American lumber interests as being the problem. They maintain that, as they are not part of the problem they should not become part of the solution.

It is with this in mind that I implore the Government to look at the situation in the days and weeks to come, because there are opportunities within the Memorandum of Understanding to do so. For instance, the Memorandum of Understanding states that:

The Government of Canada and the Government of the United States of America agree that the fiscal year 1985-86 for each province will be the reference year for establishing the baselines from which increased provincial charges will be calculated.

• (1220)

Clause 5a states:

The Government of Canada may reduce or eliminate the export charge on the basis of increased stumpage or other charges by provinces on softwood lumber production.

Clause 8a states:

The Government of Canada and the Government of the United States of America will consult semiannually and otherwise at the request of either Government regarding any matter concerning this Understanding.

I submit to you, Madam Speaker, that this is extremely important for the following reasons. First, it is the position of the Maritime lumber industry that because it was not identified as being part of the problem, that is, it was not specifically named as was British Columbia, Alberta, Ontario and Quebec, it believes the American lumber interests would be prepared to grant a blanket exemption to the Maritime Provinces. Five firms in New Brunswick, for instance, were granted an exemption under the countervailing duty action which was the initiation of this entire procedure.

It is important to understand that the Maritime Provinces export only 1.5 per cent of the total amount of lumber which goes into the United States. Over 95 per cent of Canada's timber harvest which goes into the United States comes from other regions of the country. The Maritime Provinces account for substantially little of what is shipped into the United States, yet we pay the largest stumpage fees.

It is important to recognize that the stumpage fees in New Brunswick were increased in excess of 25 per cent and the stumpage fees in Nova Scotia were increased in excess of 10 per cent since the timeframe was identified by American lumber interests and the Memorandum of Understanding was signed with reference to the particular time-frame.

It is also important that we recognize that we in the Maritimes are paying stumpage rates now of between $46 and $57 per 1,000 compared to $1 to $10 paid by the four provinces which were named. We, therefore, submit that we are not part of the problem and we should be excluded . In fact, there is basis under the Memorandum of Understanding for the Government to take action now, to go to the American authorities and gain that exemption for us. We feel we are entitled in law and in compliance under the agreement.

I think it is also important to understand that 57 per cent of the lands in New Brunswick are freehold lands. In Nova Scotia I believe close to 67 per cent are freehold lands, whereas in the balance of the country the freehold lands only account for 8 per cent of the production of lumber goods. By definition, then, it becomes obvious that we cannot expect that lands which are not subjected to stumpage can be part of the problem or would have been part of the countervail action. There is no subsidy on freehold lands, so obviously that point becomes very important in determining the future.

There is in jeopardy thousands of jobs in the Maritime Provinces. The Government has the opportunity to address this problem under the Memorandum of Understanding which is in place. We implore the Government to utilize that power and the jurisdiction which now falls within its purview to have, if necessary, stumpage rates increased in the four provinces which have been named. I urge the Government to move in this direction immediately.

There are thousands of jobs in the Maritimes which are dependent on a healthy and competitive lumber industry. We must ensure that the Government puts in place policies which do not result in job loss or the loss of our competitive situation, which could be one of the difficulties.

Mr. Dan Heap (Spadina): This year's New Year's present from the Government to Canadian industry is Bill C-37 which imposes a 15 per cent charge on the export of certain softwood lumber products to the United States. For Canada, this Bill is a great disaster, not eclipsed even by those disasters who have been appointed to the present Cabinet and who have had to resign.

There are several serious problems created by Bill C-37. They are certainly worse than the problems we had before, or the problems we could have had if the Government had been willing to take our case to GATT, the General Agreement on Tariffs and Trade.

The Government has set a precedent for the American lumber industry to control vital parts of the Canadian industry to a greater extent than it now does. It already owns far too much of Canadian industry, but this gives it the right to look into the books of our largest exporting industry, our lumber industry. It also gives the Americans the right to argue about federal-provincial relationships, to get into the argument of stumpage fees, to interfere between negotiations within Canada which are often difficult enough in their own right. It is also illegal. It will bring down on us the wrath of countries like Sweden, normally a good friend and ally. We will be accused of discriminating by placing a tax on exports to only one country, the United States. We will perhaps be forced to put that tax on all our exports. That will cut us out of still more of the foreign markets we have enjoyed and which we need.

There are many other disadvantages to the Bill which some of my colleagues have outlined in great detail. However, I want particularly to take up an objection made on Tuesday by the Hon. Minister of Public Works (Mr. McInnes), the Hon. Member for Halifax. He did not disprove any of our arguments so much as simply complain that the New Democratic Party is always against and never for anything. What he said was said in a very cheerful way, but it was nonsense. It was a good thing he smiled when he said it. I quote from page 2500 of *Hansard* on January 20:

My friends in the New Democratic Party must come out of their igloos.

I am here from my igloo in Spadina.

We are now in the 20th century. We must turn on the light bulb and become aware of the realities.

Members in that particular Party are against everything. It is about time they took a position with regard to what they are in favour of.

In the time I have at my disposal I would like to give the Minister a list of a few of the things of which this Party stands in favour. We have spoken strongly, in and out of this House, in favour of a very large Government effort to provide the sort of child care which is needed by parents, especially by working

mothers. That is something we are in favour of. It might even come under the jurisdiction of the Hon. Minister if his colleague, the Minister of National Health and Welfare (Mr. Epp) does not want to handle it. We are talking about capital and operating subsidies to non-profit daycare centres, which are the most efficient.

We have also spoken out in support of the garment and footwear industries of Canada. There are certain actions this and the previous Government should have taken which would have greatly strengthened those industries without cost to the taxpayers. However, this Government, like its predecessor, is wishy-washy on that issue whereas we have taken a firm stand.

We have also pointed out that many prairie farmers are facing bankruptcy, those who have not already gone through bankruptcy need much more serious financial aid than they have received in the past, particularly because of the unfair competition from the United States which subsidizes its grain exports to about twice the dollar rate per bushel as Canada.

We have also spoken out strongly against the increase in the tolls on the Seaway by the Government. In other words, we spoke out in favour of lower tolls on the Canadian Seaway for the export of our grain, something which not only the farmers but the country badly needs. The Government is trying to squeeze revenue out of our export trade at a point at which it can no longer be squeezed. All it can do is put more farmers out of business with these high tolls.

• (1230)

We have also spoken many times in favour of Canada's railways, which the Government seems willing to dismantle. When I was first elected to the House a little over five years ago the then Official Opposition was against the dismantling of the railway system. Now that that Party has crossed the floor it is carrying on what its Liberal predecessors were doing. It is dismantling the system by mishandling the work of VIA Rail. We have been told that there will be legislation, but it is on the slow back burner. We are not being given any serious opportunities to discuss the railways in Parliament.

CN is planning to lay off 14,000 employees over the next 10 years. The Government says it can do nothing about that. Yet it can give $1 billion to a bank which went broke because it attracted investors with high rates of interest based on faulty loans which turned bad. In other words, we rewarded greed which was not producing anything. However, to reward railway workers for producing transportation is as unpopular with the Government as rewarding farmers for producing wheat.

We are asking for a rebuilding of the tracks. We are asking for the production of new rolling stock. We are asking for the renovation of Canada's railway system. That is something positive. I have not heard the Minister of Public Works or any of his colleagues give any support to such ideas.

We are asking for 50,000 units per year of social housing. Even at that rate it would take us 10 years to catch up on the backlog of 500,000 under-housed people, a figure supported by the former Minister responsible for housing. It is a modest figure but it would take us 10 years at 50,000 units per year to accomplish that end. Instead, the Government has cut back on social housing. We have demanded consistently that the Government intervene in favour of housing that ordinary Canadians, including the poor, can afford.

[*Translation*]

Mr. Blais: On a point of order, Madam Speaker.

The Acting Speaker (Mrs. Champagne): The Hon. Member for Bellechasse (Mr. Blais) on a point of order.

Mr. Blais: Madam Speaker, I am not too sure whether we are still debating the same Bill, but I think the Hon. Member is talking about housing. I did not say anything for a while although I believe that Members have been debating half a dozen issues which have absolutely nothing to do with the matter now under consideration.

For weeks on end the New Democratic Party had been virulently clamoring that the Government ought to deal with the softwood lumber issue, yet this morning we have heard speeches on housing, Quebec day care centres and what else except the matter under study. In my opinion, Madam Speaker, the Hon. Member should get back to the subject on which they were so insistent for a number of weeks.

[*English*]

The Acting Speaker (Mrs. Champagne): I am sure the Hon. Member for Spadina (Mr. Heap) in the closing minutes of his remarks will find a link between those subjects and the Bill which is now before us. Perhaps he will focus on the Bill in the few minutes which he has left.

Mr. Heap: Madam Speaker, I was attempting to clear up the misunderstanding created by the Hon. Member's colleague, the Minister of Public Works. Apparently, the Hon. Member and perhaps the Minister do not want to hear the answer to the question the Minister posed two days ago. I wish to make the link more clearly since they cannot figure it out for themselves.

The Bill before us will damage our chief export industry. It will damage it by cutting back on markets. Whether or not it will produce net revenue to the Government, and what the Government in its wisdom will do with that revenue has not been outlined. So far it has demonstrated its wisdom in cabinet scandals. Perhaps it will buy more armaments or become involved in more land scandals, we do not know.

There has been no indication that the supposed benefits of the Bill, the revenues which will accrue to the Government, will be used in any positive way. The Government has been asked by the cities of Canada, and by all the provinces, to take a one-third share of the cost of rebuilding roads and sewers which are essential infrastructures. The NDP supports that proposition.

Will the Government undertake to use this revenue for purposes such as the ones I have outlined? Or does it have a better purpose which it wishes to announce and commit itself to carrying out? The Government does not do anything of the sort. It simply grabs the revenue, something which will have a destructive effect on the economy of the country and which in turn will lower the Government's revenues. The Government is so short-sighted that it simply grabs the revenue without telling us what it plans to do with it. There have been some vague words about perhaps helping the lumber industry. There have been no specific undertakings, however, neither outlined in the Bill nor in the announcements of the Government. There have been no specific undertakings as to how it will help the lumber industry, the farmers, the transportation industry, the housing industry, the child care industry or any of the industries of the country which are suffering badly from government neglect.

Hon. Chas. L. Caccia (Davenport): Madam Speaker, it is highly regrettable that the Canadian public is rapidly coming to the conclusion that the Government has been intimidated, bullied and boxed into a corner by the U.S. administration with respect to the matter of softwood lumber. I do not know whether or not it is entirely fair to go after the Minister for International Trade (Miss Carney) alone. There is a pattern of which the Government has failed to get hold and which it has not pursued with its contacts in Washington and in other places where we meet with members of the U.S. administration, the strains of which we can find going back to a few years ago.

I urge Hon. Members to cast their minds back to 1981 when the Reagan administration came into power. If Hon. Members do what I ask they will begin to see the roots of the problem that we are seeing here today. At that time the Reagan administration, because of inflation, introduced a severe and tight monetary policy. In other words, it attempted to re-evaluate the U.S. dollar. Thus it exported inflation where it could. In the process the U.S. dollar climbed and climbed almost out of sight in relation to other currencies.

Having achieved that by 1982-83, what began to happen gradually was that the healthy U.S. trade surplus turned into a serious trade deficit. As the deficit developed in late 1984, and then substantially in 1985 and again in 1986, the Americans began to push, press and bully other nations with which it trades to establish certain barriers and certain rules which were not in existence until then. It is Canada which has come under the gun. Japan is coming under the gun now and the European Common Market will come under the gun next.

What we in the Opposition fail to understand is why we have a Government which fails to take this debate to Washington and point the fingers at the U.S. administration, that the body which has been trying to force the solution of the problems it caused itself on other nations. I submit that this trade imbalance would not have taken place, this turn-around from a surplus to a deficit in the U.S. trade picture, if it had not pursued this ruthless monetary policy which resulted in an increase in the value of the U.S. dollar, which then resulted in the American economy pricing itself out of international markets. It did this because its products were just far too expensive and much less competitive. That is the root of the problem and one that we should advance and remind the Americans of, rather than allowing ourselves to be intimidated, bullied, and finally boxed into a corner, as was the case in the lumber situation.

• (1240)

There were policy options that you are probably aware of, Madam Speaker, because they have been raised in the House. Instead of arriving at a bilateral agreement, the matter could have been pursued through the American tribunal system. That option was not pursued.

As another possibility, we could have initiated action under GATT to indicate that something was going badly wrong. Why did we not explore this possibility? Because the Conservative Government unfortunately forgot that under the Tokyo Round of Tariffs we negotiated free access to the U.S. market for our lumber in exchange for giving them free access to business equipment and computers. Therefore, we have paid the price of opening our frontiers to business equipment and computers. We feel that there has been a departure from that agreement. Therefore, we would have been fully entitled to repudiate that agreement. That is something that the Government failed to understand as a legitimate Canadian complaint and pursue through GATT, that international forum created to receive and review this type of dispute.

The fact that we have been bullied by the United States administration is increasingly troubling Canadians. It also leads to the unfortunate conclusion that by the wording of some parts of this agreement there has been a serious infringement on the intangible and important sense of being Canadian, and to the sense of our sovereignty. To my astonishment, under "Exchange of Information and Monitoring" in Clause 7a, it states:

> The Government of Canada will provide the Government of the United States of America with data concerning the level of Provincial and Federal softwood and total stumpage harvest—

It states also that it will provide the Government of the United States of America with:

> —the total revenue collected from the sale of Provincial and Federal softwood and total timber, total export charge collected, total shipments of certain softwood lumber products to the United States—

And, that it will provide to the Government of the United States of America:

> —total lumber production by province and total softwood lumber production by province, for each fiscal year within three months of the close of the fiscal year or as soon thereafter as is practicable—

We see what types of concessions are made in terms of accountability on the Canadian side to another jurisdiction for its own actions.

I wish to quote Clause 7c.

Not later than sixty (60) days after the end of each quarter, the Government of Canada will provide the Government of the United States of America with a report on a province-by-province basis containing, at a minimum, the following: the quantity of softwood lumber products exported, the value on which the tax was paid, and the total tax collected for the quarter. If a monthly statement is requested, it will be provided not later than sixty (60) days after the end of that month.

In light of the content of that agreement, I do not know how in early January the Minister for International Trade could have proclaimed victory. This baffled me. I am sure that it is a source of continuing and increasing concern, as has been expressed by a number of editorials that have appeared in the national press.

When we had a similar incident in 1983, we supported the industry in the resolution of this dispute. We made sure that the industry would be given the necessary instruments to battle its case in the United States. At that time the lumber industry had the support of the Canadian Government, and it did well.

In 1986 the Government came to power with the aura and commitment to consensus building with all sectors of society. In this particular battle it decided to replace industry, go it alone, thus creating this enormous tension that we have heard about between the industry, that is making justifiable and understandable claims, and the Government itself, which took a different course of action and forgot about its own commitment to consensus building with the sectors in society.

The Acting Speaker (Mrs. Champagne): With regret, I must advise the Member that his time has expired.

Mr. William G. Lesick (Edmonton East): Madam Speaker, it is a pleasure and honour for me to rise and speak on Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products.

What we are experiencing is a result of neglect of previous Governments in not looking after our foreign trade, especially with the United States. In 1984 our Party had the foresight to make this issue one of our planks, so that we would have security of trade with the Americans, our largest trading partner. This has been pursued with great diligence for the last two years and five months of our mandate. We have initiated, and some people say we have even bullied the United States, into freer trade talks. We felt it was extremely important that we have assured trade with the Americans, and that we would not have to pass a Bill such as we have before us today imposing a charge on the export of certain softwood lumber products.

The Americans have a problem. In the past, we did not realize that the Americans may flex their muscle, that they would find that their debt load was increasing, and that their trade imbalance was causing them severe problems. A year and a half ago, this Government took the initiative to say that we want freer and assured trade with the Americans. This was on the fast track.

This is the positive step that we have taken. We knew that this was going to happen. In 1983 we knew that the Americans were having problems, and this time the best advice that we received was that we might not be as successful as we were then. Certain things had changed, and we took the best possible advice. We had to face up to what would happen and decide what to do. If we had accepted the countervail duty, it would not have been in the interest of Canadians. We knew that the lumber industry was the largest industry in Canada and that it accounted for more exports than any other product. We had to do something, and we did.

• (1250)

Since assuming office our Government has participated in consultation. We consulted with the provinces in 1984, 1985, and 1986, and we are continuing to consult with them. We have also consulted with labour, business, and interest groups for the benefit of all Canadians. We consulted so that we would be able to represent Canada in the best possible way.

When the softwood lumber dispute with the Americans arose, the Prime Minister (Mr. Mulroney) met with nine Premiers in November 1986 at the First Ministers Conference in Vancouver. We faced the problem. We decided that in the interests of all concerned we would negotiate with the Americans. We did not want to let them take money through the imposition of a duty on our lumber, so we decided to do it ourselves and keep the money in Canada. It was a very sensible thing to do. Surely we had a responsibility. There would have been countervailing charges against Canadian lumber. With that in mind we had to negotiate with the Americans and rightly so; the reverse would have been true. We have done it in good faith and properly. We will be providing them with information and they will be providing us with information covered in the agreement.

What was the alternative to a countervailing duty? It was exactly what we did, and that is why it is good for all concerned. The provinces and the unions have agreed that it was the best possible course of action. However, if we had set up our freer trade agreement with the Americans sooner, if the previous Government had initiated it, this would never have arisen.

It is the best deal for us. The provinces will be retaining their flexibility in determining stumpage prices. In the months to come these will have to be negotiated among the provinces and the federal Government. The increased revenues will remain in Canada and will be distributed to the provinces accordingly. Of course the dangerous development of an American countervail policy has been avoided by the withdrawal of the petition.

The Alberta Government has stated that it feels this is the best possible solution under difficult circumstances. We must remember that 70 per cent of Alberta softwood lumber products are exported to the United States. Although we do not produce as much as British Columbia, Ontario, or even Quebec, it is a significant industry for us. The economy in Alberta is very fragile. The prices of oil have dropped drastically. Agriculture is in great difficulty. Tourism is attempting

to grow, but it is not as big as it should be. Lumber is increasingly important, and the fact that 70 per cent of our lumber products are exported to the Americans is very significant. If the Alberta Government feels that it is the best possible solution under the circumstances, then it is. I have to stand up for what our provincial Government is stating in this case.

The Alberta Government has also stated that the Alberta forestry industry will be closely consulted about any changes which might be made to the current stumpage system. I should like to return to consultation. It is very important for our province and for our country. I am glad to see that our province will be consulting with industry and that the federal Government will continue to consult with our province and with other provinces as well. These are very important factors.

To set the record straight, the United States issued a statement on January 2, 1987 in which it made clear that Canada's sovereignty had not been compromised. This point is a very important one because time and time again the Opposition has indicated that somehow our sovereignty has been compromised. It has not. I should like to quote the statement. It reads:

> The United States will not be concerned with how Canadian authorities make changes in their forest management practices, when they do so or what form these changes take. Those are matters for Canadians to decide. The United States is concerned with the valuation measures and their impact on the export charge.

That is fair. We are maintaining the sovereignty issue. Mr. Speaker, I get the point and I see your finger; I thank you very much for this opportunity.

Mr. Ray Skelly (Comox—Powell River): Mr. Speaker, it is a pleasure to participate in this debate. I hesitate to ask the Hon. Member for Edmonton East (Mr. Lesick) to withdraw his last comment because I know you, Mr. Speaker, and would never consider the things of which he has accused you.

At any rate, the problem before us today is extremely serious. I think it has been a litany of errors down the road that has brought us to the situation with which we are dealing in the House today.

We must return to the period of 1983 when we won a case before the international trade agencies of the United States, which said that our stumpage was not a mechanism of subsidy—the finding was *de minimis*—and that basically we were not impairing the U.S. market with our timber exports. It was further stated by many people knowledgeable in the industry that Canada had made a great investment in additional productivity. We had made it ahead of the Americans. We had some of the most productive mills anywhere in the world.

The administration of U.S. forest lands was so poor that they hobbled themselves and created a situation where they could not access timber at a reasonable price. We wound up paying the price for incompetent administration in the United States and incompetent investment in its forest industry. If it had wanted to survive and prosper, plans should have been developed and the errors should have been rectified. Instead, we have multinational companies, which operate in both Canada and the United States, going to the U.S. Government and saying "handicap Canada in terms of international trade so that we can get our game together". These are unacceptable procedures in international trade.

The essence of the problem is that when they failed the first time, they came back a second time with enormous political pressure on their own Government. This placed pressure on our Government, which yielded to them.

How did that yielding come about? I have a growing sympathy for my colleagues on the other side of the House. In the face of enormous adversity they are trying. They were placed in an interesting position. An election was in progress in the Province of British Columbia. A man, after some successes with solving one strike and hoping to make other conquests, thought that he would solve international trade problems single-handedly. The individual, Mr. Vander Zalm, the Premier of the province broke ranks with industry, labour, other Governments and the national Government in Canada and shot off his mouth in an absolutely inappropriate way. There is a problem with our stumpage rates, we will do a review on them and try to accede to American demands, he said, when it had been agreed across the country that we would maintain our efforts, present our case again where we would likely win it again. But Mr. Vander Zalm broke ranks with Canadians and, in an obviously thoughtless and ill-considered way, destroyed the Canadian case. He went even further, saying that if the rest of Canada did not see it his way he would go it alone and make a private deal with the U.S. It is a complete betrayal of international activity for the Premier of British Columbia to do that.

• (1300)

When a delegation leaves this House and meets other countries we generally put partisan activities aside and deal with an issue as Canadians, not as New Democrats, Conservatives or Liberals, but as Canadians looking for the best deal. We do not break ranks. We do not shoot from the mouth. We try to put Canada in the best possible light. Mr. Vander Zalm in a thoughtless and irresponsible way destroyed the unity of Canadian resolve and destroyed the case.

That is when the Government fell into a dreadful situation. The Government was then not capable of arguing any further after the Premier of British Columbia had admitted Canadian guilt. There was no way back. We had to go to the Americans to propose an alternative and I think we made a terrible mistake. We compromised our sovereignty and moved too quickly. The old saying that you should never light a fire to a bridge that you may have to crawl back over on your hands and knees was not recognized.

We should have offered to sell raw logs to the Americans on a contract basis. They should have been allowed to bid along with Canadians for raw logs for a maximum period of three years. The contract could have been renewed every six months

so that we could carefully monitor the effect on Canadian industry and our participation in the American industry.

Let us look at what that would have done. The Americans' argument that we were subsidizing our industry through stumpage would have disappeared, because they would have had access to the same wood. With sixth month renewals of a three-year contract we could have stopped the deal immediately should there have been harm, and we could have looked for another alternative. We would have been able to buy time for an adjustment to allow our industry and our Government to work out another position with the U.S.

The logging industry has been devastated on the coast of British Columbia. Most logging communities have seen more than half their employment destroyed. Alberni, one of the highest per capita income areas in Canada for a long period of time, lost 6,000 jobs in the forest industry. Had we opened that area for a short period with renewable six-month agreements with the Americans, log sales would have escalated and employment would have been developed where it has been receding. We would not have compromised our sovereignty and we would have given ourselves time to seek a negotiated solution, up to three years. Political realities would have changed in the United States, and I suspect that we would have been in a far better situation to solve this than the way we have dealt with it, without anywhere near the job loss. In fact, there would have been a substantial increase in employment. Canadian communities would have benefited. Canadian sovereignty would not have been impinged. Our trade relationship with the United States would not have been harmed and we would have built in a safety valve to protect ourselves with that short-term agreement.

There would have been some benefit to American mills. The Americans had proposed this in a roundabout way. They wanted to bid on Canadian timber and log it, but that was unacceptable. Had we allowed the Americans the right to bid on it in a purchase arrangement, Americans would have had logs at the same price that Canadian enterprises were buying logs, and that would have been the end of the discussion. It would have caused nowhere near the harm that has been caused. It would have enhanced employment in many areas of the country that have serious problems.

To recap, how did we get into this problem, Mr. Speaker? We got into it because the Premier of British Columbia put the Canadian Government, the Canadian producers of softwood lumber, and the Canadian workers in that industry in an absolutely untenable position. He broke ranks with the rest of Canadians and said: "I know better. I can solve this myself. We are guilty of exactly what the Americans have falsely accused us of and I will make a separate deal with them if the Canadian Government does not see it my way". If we had one more premier like that in Canada, Canada would be in a terrible position. If we had two or three people that irresponsible we would not be able to deal in an international forum.

We should recognize that we chose probably the least productive way of doing this. I do not think anyone in this House, either in the New Democratic Party, the Liberal Party or the Conservative Party, is satisfied with what has happened. People are not satisfied with the agreement concluded by the Government. Unfortunately, when you work with a gun to your head you work under great pressure. There are those who define it as, "We got the best deal we could". Unfortunately, I do not think we did. I think we had a solution at hand that the Americans would have accepted, and that we could have accepted over a short period of time. We would have resolved not only the problem of curtailing softwood lumber exports in the United States market but created enormous employment.

The success of the Americans in doing this with softwood lumber is quite an incentive for them to try the same tactic against any range of Canadian products. They know if they go to the Province of Saskatchewan and choose a product sensitive to the economy of Saskatchewan, force the Canadian Government and the Saskatchewan Government up against the wall hoping that the Premier of Saskatchewan will cave in the same way as Bill Vander Zalm caved in, by cutting ranks with Canadians, trying to make a separate deal with the Americans—a deal that would not have been any good for British Columbians—they would see that product subjected to the same kind of extra territorial control that softwood lumber was exposed to. This could apply to every product about which the Americans are concerned.

As a recap, the Canadian Government did respond to this dilemma with a gun to its head. Unfortunately, I am convinced that the Government is not satisfied, that organized labour is not satisfied, that the producers are not satisfied and that the other provinces are not satisfied. We got into this situation because of the Premier of British Columbia's ill-conceived remarks, and we chose the wrong solution.

The Acting Speaker (Mr. Paproski): The Hon. Member for Carleton—Charlotte (Mr. McCain), and then I will recognize the Hon. Member for St. Henri—Westmount (Mr. Johnston).

Mr. Fred McCain (Carleton—Charlotte): Mr. Speaker, there is an element of what is morally proper for political Parties to do in pursuit of public support. I think the Opposition Parties in this particular instance have gone far beyond the proper moral bounds of advising the public of Canada about a particular situation. I think this is a precedent which has retained our opportunity to negotiate and to avoid what might very well have been a catastrophic imposition of surtax or duty on our exports of lumber to the United States.

There seems to be no recognition of the nature of the Congress of the United States, or that a group of people interested in improving the status of the economy of their own community will join with other groups. You have the lumber group, the steel group and the agricultural group. There was no doubt, with the mood of the United States Congress, that if this matter was not decreed by industry, trade and commerce of the U.S., that it would have been decreed by legislation. I think this is a precedent of negotiation of which all Canadians

should be proud, and for which the Government should be congratulated.

• (1310)

Yes, there have been difficulties but these difficulties have not emanated from the negotiations. Perhaps the major precedent set by this situation is that there will still be an opportunity to negotiate. If adjustments are made in Canada, there will be adjustments made to the tax imposed. What more could a country ask of another country?

Hon. Members have spoken of sovereignty. Every time a country signs a trade deal it loses an element of its sovereignty. It must indeed meet certain standards and specifications for the product in the market in which the negotiation has been conducted. In the case of fruit and vegetable exports, sanitary conditions must be met. In the case of meat and food exports, health conditions must be met. The list is endless. Whatever trade deal we undertake, we commit ourselves to the standards of another country because that is what the other country wants. The customer is always right in the private sector.

The customer, the United States, has expressed itself and has compromised with Canada. It has kept this matter on the negotiating table where it belongs and where it would not be had legislation been passed, as it unequivocally would have been passed without this type of negotiation. It is immoral not to give the Government and the industry the credit it deserves for the plans they have made and the negotiations which have been successfully concluded.

When the Conservative Party came into power in 1984, we took the place of a former Government whose Prime Minister had been treated with contempt and described with profanities or obscenities. That is the kind of relationship we had in the United States. When we came into power we were asked to remember that the former Prime Minister of Canada had said to the Queen of this Commonwealth about the Constitution: "Well, if you don't like it, just hold your nose and sign it anyway". That is a hard position for any Government that wishes to establish good relations to find itself in.

When the Law of the Sea Conference and the 200-mile limit and its restrictions were negotiated, we could not get votes from our Commonwealth partners in the United Nations. They were not available to us. Neither the Prime Minister nor the Foregin Minister of that day asked our foreign legations for their support. Do not criticize this Government for the errors of the past.

Every trade negotiation the United States has undertaken since the 1930s has been subject to legislation then in place which offered the United States Trade Department the opportunity to impose duties or penalties at its borders if a particular industry in a particular community within the United States were to be hurt. That provision has existed for some time and we have never, in any negotiation with the United States, been able to override it. Why then is criticism being pointed at this Government which is bound by historic treaty and agreement? The weakness is not in what has been done recently, but in the historic negligence of trade negotiators since about 1935. Do not forget that the Liberal Party has been in power for some 39 of the last 49 years. It conducted these negotiations and it is now throwing poisoned arrows at itself.

No country should be asked by its Opposition or by its people to put every single, solitary item of discussion on the public table. That is not good business practice. As an example, I cite the negotiations in the fisheries trade. At that time there was no way a member of the Opposition could preview what the Liberal Government was offering in its negotiations. When Liberal Members were questioned carefully, no answers were available. Except for the ill-advised approach taken, particularly in the Law of the Sea Conference and the settlement of the 200-mile limit, I was quite prepared to support the secrecy which the Prime Minister and Ministers of the time requested. A poker player does not turn his cards face up on the table until the deal is completed. There is not one private industry, businessman or conscientious director of a board who would reveal to stockholders the total plan the company has for expansion and development. Businessmen seek the greatest amount of good will with customers possible. It is very difficult for a Government of this land to establish good will with the United Kingdom, the European Economic Community or Japan if it is to be chastised, criticized and condemned by opposition Parties.

This is a Parliament of three Parties and there must be support for trading efforts made by the Government of the day regardless of what Government is in power. If there is a weakening factor in any trade negotiation in which Canada has entered in a search for freer trade, it is in the condemnatory, critical, idiotic internal criticism arising jointly from opposition Parties.

Mr. Langdon: Your own lumber bureau.

Mr. McCain: Our own lumber bureau met with our caucus and I was present during that meeting. Our own lumber bureau congratulated the Government on the deal.

Mr. Langdon: Oh, come on.

Mr. McCain: Oh, yes, it did. I was there. I do not know what any individual of that bureau may have said, but I know what the official message was. It did ask—

Mr. Parry: What else could it be, Fred?

Mr. McCain: Just a minute. The bureau did ask that there be continued negotiations on the basis of the information given by the Hon. Member for Fundy—Royal (Mr. Corbett) that the tax was not justified in Atlantic Canada. However, the bureau felt that it was the best deal that could possibly have been made under the circumstances. It asked for further negotiations to try to get a better deal for Atlantic Canada which has costs in line with the standards which had been set. Those negotiations will certainly be undertaken.

I must say that the suggestion that we export raw and unprocessed logs runs contrary to NDP policy, to Liberal policy and to Conservative policy. It runs contrary to the policy of every provincial Government regardless of its political stripe. The worst thing this country could possibly do would be to open the door for the export of raw logs, as suggested by the Hon. Member for Comox—Powell River (Mr. Skelly). That would be in contradiction to British Columbia NDP policy, government history, Conservative policy and Liberal policy across Canada. That is not a viable solution. The export of raw logs would do very little to reduce the unemployment which may result in Atlantic Canada, because a great deal of the work is done at the mill as well as in the woods. That would be a half a loaf at the very best and would not solve the problem.

In the main, the small, private millers in Atlantic Canada own their own land at a major cost and do not have cheap stumpage under those circumstances. It is on that basis, among others, that the lumber bureau did ask us to continue to negotiate. Thank God we saved a major portion of the industry.

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, since I have been a Member of this House—not that many years—I have had great respect and continue to have great respect for the Hon. Member for Carleton—Charlotte (Mr. McCain). However, I have seldom heard him utter such drivel on a subject with which he is familiar, or make statements which so obviously follow the Party line in an attempt to put the best face on a difficult, if not impossible, situation into which Canada has been seduced, as I have today.

• (1320)

He refers to our previous Governments and the relationship we had with the U.S. I can say that perhaps the U.S. did not love the Liberal Government. Perhaps President Reagan did not love Prime Minister Trudeau. True, I do not ever recall seeing Mr. Trudeau and Mr. Reagan singing together as the current Prime Minister (Mr. Mulroney) did with President Reagan at the Quebec City Summit. However, I can tell you one thing, our Government was respected in Washington.

Some Hon. Members: Oh, oh!

Mr. Johnston: It was not loved, perhaps, but it was respected. There is no respect for that Government in Washington. In fact, Washington is almost contemptuous of the Government. We witnessed that yesterday. How many times did Prime Minister Trudeau feel obliged to summon the Vice-President of the U.S. to Ottawa to give him a so-called tongue-lashing because the Prime Minister was dissatisfied with actions taken by the American Government? The Prime Minister obviously feels deeply offended that he has given away all the chips, he terminated FIRA, savaged the NEP, genuflected at every conceivable opportunity and even looked for opportunities to genuflect before Washington, and despite all that he is unable to strike any kind of trade deal except a disastrous trade deal on softwood lumber.

The Hon. Member for Carleton—Charlotte referred to precedents and I will do so in a moment. However, trade, as we know, is Canada's life-blood. Some 30 per cent of our GNP is dependent upon trade. The forestry sector has historically been the backbone or mainstay of Canadian exports. So it remains and so hopefully it will continue to be unless it is completely crippled by the ineptitude and blundering of the Government. The U.S. takes almost 80 per cent of our exports and is critical to the survival of the forestry industry. Intelligent management, and I underline those words, of that trading relationship is absolutely necessary. In fact, it is probably the single most important challenge for this country in its external commercial relations.

The softwood deal we are looking at now is probably the historic low point of any trading relationship Canada has had. We were not looking for miraculous solutions from the Minister for International Trade (Miss Carney). She had to travel a road, it is true, but it was a road already well travelled by previous Liberal Governments. I want to expand on that point in a moment. We watched the Minister in her previous role and so we did not have unrealistic expectations of her; we didn't expect much. However, we did expect a minimum of competence and that is all, frankly, that was required. The reason for that is, as I said, because the precedents were there.

Mr. McDermid: Where were you when the NEP was announced?

Mr. Johnston: I was here in 1983.

Mr. McDermid: You did not even know it was coming.

Mr. Johnston: That Hon. Member was here as well.

Mr. McDermid: You admitted it in your book!

Some Hon. Members: Oh, oh!

Mr. Blackburn (Brant): John, did you read his book?

Mr. McDermid: I did.

Mr. Waddell: That will teach you.

Mr. Johnston: Mr. Speaker, if I had known I was going to be subject to that kind of silly abuse I would not have autographed the Hon. Member's book.

The Prime Minister said that the Minister has the ball, watch her. We watched her. We watched her fumble. We watched her trip. We watched her slide. We watched her fall. On this issue all she had to do was carry the ball down a wide open field, no opposition, and yet she ended up in the bleachers. What does this portend for other complex and complicated trade negotiations which she is involved in?

Lest you think I am exaggerating let me take you back to the Government's statement with respect to its strong position and the cards it held on the softwood lumber deal. If you will allow me to do so, and not subtract from my time the unruly

intervention of the Hon. Member, following a long and exhaustive examination of similar charges in 1982, Congress determined that provincial stumpage did not confer a subsidy on Canadian lumber producers. There were three principal reasons given and documented. They were legal and ironclad, and the situation has not changed. The Government has acknowledged time and time again that the situation has not changed. Having enumerated all those reasons they said that under any test there is no government assumption of costs. The situation remains the same. There was no subsidy, the case was won, and indeed the Americans capitulated. Nothing has changed. The precedents were there. The field was wide open.

The Minister had the ball and what did she do? On September 30, 1986, she offers to settle the issue. She says we are not guilty, there is no subsidy, but we will settle. Press reports of the day indicate that settlement was in the order of 10 per cent. Why did she do it? Why would anyone do it? Why would anyone ignore the precedent of 1983 and the strong arguments which are confirmed in the document to which I have just referred? What happened, of course, when she made that offer, is that the U.S. industry quite understandably tasted blood. She, with this generous gesture, said to the U.S. competition and the world that indeed Canada was subsidizing its lumber industry. That was not the case but she said it. I ask you, faced with a 10 per cent offer, how else could that be interpreted by the U.S. industry or any objective observer looking at the relationship between our industry and that of the U.S? So she fumbled the ball right into the hands of the U.S. competition.

I think you, Mr. Speaker, were in that famous Grey Cup game in 1954 when Chuck Hunsinger was running around the left end. He had a pitch-out from Sam Etcheverry and he dropped the ball for no apparent reason. It is a mystery to this day. Jackie Parker picked it up and ran for a touchdown. That is exactly what the American competition did. Our Minister is the contemporary version of Chuck Hunsinger, but the consequences are a lot more serious than a Grey Cup, even though I know how much you cherished that victory.

If anyone in the U.S. blinked, as the Minister alleged they blinked, it was out of disbelief. They blinked the way you blink when you are playing a slot machine and hit the jackpot. Sure, you blink. When you win a lottery, you blink. If anyone blinked, that is why they blinked.

What happened subsequently—damage control? Will it end? Yesterday's exercise of inviting the Vice-President to Ottawa is clearly an exercise in some kind of damage control. It was terribly unsuccessful. Thinking of my own Leader's speech when he drew an analogy to Waterloo, it seemed to me that Vice-President Bush, in coming to Ottawa yesterday, was very much like Wellington paying a courtesy call on Napoleon after Waterloo. Of course, Napoleon would probably have given him a tongue-lashing as well.

• (1330)

Are you indicating that my time is up, Mr. Speaker? I have not yet come to the substance of my remarks.

The Acting Speaker (Mr. Paproski): Yes. In fact, I enjoyed the Hon. Member's speech so well that I gave him an extra 30 seconds.

[*Translation*]

Mr. Michel Champagne (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I thank you for the opportunity you are giving me to express my views on this Bill concerning softwood lumber products.

To begin with, Mr. Speaker, I had not expected to take the floor because I was quite convinced that, given the support of the largest Canadian labour union and of all provincial Governments in Canada, except Ontario, as well as the excellent explanations provided by our Minister for International Trade (Miss Carney), it was more than enough to make Canadians appreciate what the softwood lumber agreement entails.

However, Mr. Speaker, after listening to the debate, especially the comments of Members of the Opposition, I can see that a group of people still do not understand and would much rather deal in petty politics. These people would much rather discredit the federal Government, the Progressive Conservative Government, as well as nine provincial administrations. This is what they are trying to do, Mr. Speaker, and when we listen to someone like the Hon. Member for Saint-Henri—Westmount (Mr. Johnston) we realize just how arrogant the Liberals were during their last mandate and over the past twenty years. They simply did not listen and consult, they never came to the defence of the provinces because their own interests had priority.

Yesterday, Mr. Speaker, I was in the House working quietly on some of my files when I noticed that the Hon. Member for Richmond—Wolfe (Mr. Tardif) was seeking the floor. I thought he would be making interesting remarks but, as he was speaking, I realized he had made a few mistaken statements.

His worst mistake was when he said that the whole forestry question was strictly a provincial matter.

Mr. Speaker, I said to myself, either the Hon. Member intended to mislead the House, which I doubt, since he always said he was sincere, or he did not know the facts. I made enquiries and realized that he did not know the facts and that he had an extremely short memory, because in 1980, at the beginning of the election campaign, the Liberals, and I am not naming any names, promised they would spend $130 million annually on reforestation research, to stimulate further development of Canada's forestry industry. Mr. Speaker, there are 300,000 workers involved, according to their figures, and that is what they promised at election time.

Mr. Speaker, did you know that in 1982 and 1984, they set aside a mere $50 million in their Budget for the industry? That is far less than they promised. Are we going to believe these people? We must let Canadians be the judge of whether these people are telling us the truth, whether the federal Liberals, and I am not naming any names, are sincere when they say they are defending the interests of the Canadian people and of our lumber producers. Mr. Speaker, they were the first ones to put Canadian forestry operations in jeopardy.

Mr. Gauthier: You don't know what you're talking about!

Mr. Champagne (Champlain): Mr. Speaker, yesterday afternoon, I was listening to the Hon. Member for Richmond—Wolfe, who said: We have a serious reforestation problem. Yes, Mr. Speaker, we do have a serious reforestation problem because when the Liberals were in power, they did nothing for the forestry sector. For twenty years they paraded their arrogance and walked all over the provinces. In Quebec we remember what it was like. In Quebec, Mr. Speaker, people remember when the former Prime Minister of Canada, Pierre Elliot Trudeau, referred to Mr. Bourassa, the present Premier, as "*Un mangeux de hot-dogs*". That was a sample of Liberal arrogance, Mr. Speaker.

Mr. Speaker, we must be watchful. Canadians must be told. We must tell them to be perfectly honest, that with these people opposite, their personal interests always come first.

Mr. Speaker, if they had only considered sitting down and consulting, a word that unfortunately is not in their dictionary, our country's forestry industry might have been in much better shape.

Mr. Speaker, when we were elected in 1984, our Government recognized its responsibilities. We were faced with a serious deficit. We had a problem. The provinces would not talk to the federal Government because of their experience with the incompetence of the previous Liberal Government.

Mr. Speaker, we have signed agreements in the forestry sector. The Progressive Conservative Government has increased by about 400 per cent the federal contribution towards reforestation through subsidiary agreements with British Columbia, Quebec, New Brunswick, Nova Scotia, Newfoundland, Saskatchewan, Prince Edward Island and Alberta. Mr. Speaker, these are much more than election promises, these are achievements.

We spent $300 million to repair the damage done in Quebec by the previous Government, Mr. Speaker, $300 million to maintain 300,000 jobs throughout Canada, including Quebec. We are not talking about petty politics, Mr. Speaker, these are concrete measures taken to honour our election commitments.

Mr. Speaker, I can only laugh when I hear the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) say that the Progressive Conservative Party has failed to live up to its election promises. He should be more concerned about his own unkept promises, more concerned about the fact that he and his Party have misled Canadians.

Mr. Speaker, I should like to quote a statement which again proves clearly and in no uncertain terms just how arrogant the former Liberal Government could be with respect to Quebec. Mr. Speaker, here are some of the remarks made by Quebec's External Trade Minister Pierre MacDonald during a press conference:

> Had there been no negotiations with the United States we certainly would have been unable to launch our reforestation and forest management program. There is no way we could have asked the industry to pay a tax of much more than 15 per cent which would have been collected by the United States and which would have added 7, 8 or 9 per cent to this levy. Thanks to the agreement signed with the United States we can now implement Bill 150 and revamp our forest management policy. We could not have done this if we had opted for a different solution.

Mr. Speaker, I suggest the message is quite clear.

An Hon. Member: He is not one of your Ministers!

Mr. Champagne (Champlain): And he is not one of the Conservative Ministers. If he were a Conservative Minister I might say I am being partisan to a certain extent. But no, Mr. Speaker, this is a provincial Minister who did support the understanding and who now abides by the agreement he signed with the Government of Canada and the Government of the United States. Mr. Speaker, his is a responsible Government and he is a responsible Minister. What I still fail to understand, Mr. Speaker—and the Opposition will have to prove—is why the Liberals and New Democrats insist on saying it is a bad agreement, whereas 90 per cent of all Canadians endorse our action. Indeed, if nine provinces out of ten, plus the federal Government are for it, it does add up to 90 per cent, not to mention the support of the labour movement, Mr. Speaker.

Mr. Speaker, the only advice I can offer the Liberals and New Democrats if they are sincere when they say they are aware of the Canadian people and are prepared to listen to them and to cooperate with the provincial Governments is this: Stop being arrogant, get to work, sit down at the table with us, forget about scoring political points and together we will build a strong and prosperous Canada, not as you seem intent on doing a rudderless country such as the Liberals left us with on September 4, 1884.

• (1340)

[*English*]

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, in rising to speak to this Bill, I want to tell my hon. friend who just spoke that there is an important national interest that must be addressed. He should consider that there are some very efficient mills in interior British Columbia that will begin selling to Ontario and Quebec if they cannot sell their lumber in the United States. That will push out some of the more marginal producers in those provinces. Therefore, there are ramifications all across the country.

I am sorry that the Hon. Member for St. Henri—Westmount (Mr. Johnston) is not in the House.

The Acting Speaker (Mr. Paproski): I am sure the Hon. Member for St. Henri—Westmount (Mr. Johnston) is watching on television. He may be outside in the lobby. The Hon. Member knows very well that he should not reflect on the attendance of Members in the House.

Mr. Waddell: I am sorry, Mr. Speaker. I had talked to the Hon. Member. He told me that he would follow my speech and I was addressing my remarks to him. I wanted to respond to him to his face.

We know that it is worth listening to all piano players, especially the Hon. Member for St. Henri—Westmount. I wish we had a question period after his speech because the Liberal Party is split on this free trade matter. The Hon. Member for St. Henri—Westmount is on one side of the issue and the Member for Winnipeg—Fort Garry (Mr. Axworthy) is on the other. Their Party is also split on the Constitution, with the Hon. Member for St. Henri—Westmount on one side and the Leader of the Opposition (Mr. Turner) on the other. It is hardly a Party that is ready to govern Canada, and I hope for their sake, perhaps not ours, that they resolve their differences.

I want to address a number of matters that have been raised in the debate. First, it was stated that there is a difference of opinion about this deal between British Columbia and Ottawa. Let me point out what I believe to be a British Columbia position held by the IWA, Government and Opposition Members and some journalists, including a leading journalist from British Columbia, Marjorie Nichols, who will soon grace us with her presence here in Ottawa. I believe these people are putting forward a British Columbia provincial point of view which is distinct but not necessarily in conflict with another point of view that can be put forward in the federal realm.

The provincial point of view in British Columbia is simply that British Columbia has been losing $200 million a year in forestry, which is rather difficult when one considers that British Columbia probably has the best forest resource in the world. Therefore, the implication is that British Columbia Governments have been undercharging the companies for the use of that forestry resource. This has been stated recently by Premier Vander Zalm and other academics from British Columbia, and it perhaps has given the Americans ammunition to support a countervail duty.

I believe Premier Vander Zalm should have initiated an increase in stumpage fees and proceeded to fight the countervail through the usual procedures such as GATT, rather than supporting the Minister for International Trade (Miss Carney) in making what she has called an out of court settlement. The fact that the resources have been priced so low in British Columbia has meant that some inefficient corporations have survived, unions have had higher wages and the industry has had higher profits. It was a comfortable situation and I believe the mistake made by British Columbia was not changing it soon enough.

The International Woodworkers of America, which is said to support this deal, has its own issues with which to deal. We must remember that the IWA has just finished a long strike and is looking for some stability in the industry. They want to resolve this problem and get on with working, which is understandable, but does not necessarily mean that I, as a federal Member of Parliament, must support their position.

I believe there is a bigger issue which does not conflict with the British Columbia position. It is that of nationl sovereignty. The Americans now have the ability to intervene in the setting of our resource policy in Canada, which is a bad precedent. That is an issue that is different from the issue in British Columbia facing the unions there.

The politicians in British Columbia should consider how they will use the money they will receive from this agreement.

I want to give a warning to my colleagues and friends in British Columbia. I acknowledge that keeping the money in Canada is better than giving it to the Americans. It is fine to absorb a large portion of that $600 million charge on the forest industry, as is happening now. Government Members are correct that the forest industry can make a lot of money by passing the cost on to American consumers through higher lumber prices in the United States because they still want good British Columbia lumber. However, what will happen when there is a downturn in the American economy? The situation will suddenly become difficult, with the result of lay-offs at home and problems for British Columbia producers. Taking $600 million from the forest industry will result in almost no profits this year, which is not healthy.

Let me explain why this is an issue of national sovereignty and a reason for my opposition to the deal. I believe the Minister dropped the ball on this issue because the Americans now have a precedent to intervene and are already exercising that power. Approximately a week ago a body from the United States, the Federal Energy Regulatory Commission, decided to intervene in the way Canadian companies and Governments calculated their prices for natural gas. Within a number of weeks after this deal, the Americans were telling Canadians how to price their gas resources. I am sure this question was raised with Vice-President Bush yesterday, because it is an intrusion on Canadian sovereignty. We will probably see the same intervention with steel and other products, because when dealing with the United States it is not wise to make such deals. It is like an elephant rolling over a mouse.

The New Democratic Party treats this issue very seriously because it is a matter of national sovereignty. If the Government does not go down to defeat as a result of scandal and sleaze, which could happen very shortly, it will go down to defeat over the issue of keeping our economic sovereignty.

We could have pursued other alternatives. Our trade critic, the Member for Essex—Windsor (Mr. Langdon), has suggested the multinational route of negotiations which has served us well in the past. He also suggested that we consider making deals such as the Auto Pact, in relation to bilateral

trade issues and other irritants. These would provide proper safeguards for Canada.

There are only a few key issues which face Canada. One is Canada-U.S. relations and another is government intrusion into the private and public economies. The third would be the nationalism issue between Quebec and Canada. There are other issues, but those are the basic issues with which we will always deal in Canada. The Government has fumbled the ball on this particular issue.

• (1350)

Before I conclude, Mr. Speaker, I want to make one reference. I wish the Government would read the brief by Charles Widman on behalf of the softwood lumber manufacturers. I think they got a raw deal in the agreement the Government made with the United States. They have now been lumped in. They do not just export, they do some manufacturing. They were not properly consulted. That oversight is going to cost a number of jobs in British Columbia. I say to the Government and to the Minister, for heaven's sakes, look at the deal again in terms of making some adjustments for this group because I think they have a particularly good case. They say the duty was designed primarily to impose a tariff on the primary producers of lumber and that in fact the secondary remanufacturers are being adversely affected. I think that is an unjust part of the deal.

[*Translation*]

Mr. Gilles Grondin (Saint-Maurice): Mr. Speaker, whatever the Hon. Member for Champlain (Mr. Champagne) may have said to the contrary, we certainly have no intention of playing petty politics with this Bill. We are not that conservative! In any case, I tend to take all political rhetoric with a grain of salt, and as for the applause my hon. friend garnered during his speech, it came from the only people who think they have anything to applaud about in the House today.

We look beyond what this Bill provides for here and now, in an attempt to foresee the short-, medium- and long-term consequences, something this Government is not doing at all. If the Government would try to look at the short-, medium- and long-term instead of producing Bills to cover immediate needs only, the polls would start looking up and it would still have some credibility left with the Canadian people.

Mr. Speaker, I think it is very important to speak to this matter today, considering the impact of the Softwood Lumber Products Export Charge Act on the Province of Quebec and across Canada.

Actually, nothing would surprise me from a Government that is bending over backwards to let our American neighbours decide what is good for Canada. What does surprise me is that hardly any Conservative Members from Quebec, aside from a few who rose in the House, including my hon. friend from Champlain a few minutes ago, have been in the House to speak to this Bill. The point was brought up by several Members during the previous debate, and I noticed it myself in the course of the proceedings on this Bill.

Of course I realize Conservative Members from Quebec would be somewhat reluctant to speak to this question since the Bill has the unfortunate effect of taxing Quebec producers more than producers in some other provinces.

A Conservative Member from Quebec would have a hard time convincing his constituents that he was right to approve a Bill that applied a double standard to Canadian industries, depending on the province, since the F.O.B. value of the product varies from region to region and from province to province.

On the other hand, Mr. Speaker, I am convinced that a number of Canadian industries, including some in Quebec and particularly those which get their lumber supply from the United States, will be very hard hit by this tax ordered by the Americans.

I simply cannot understand why the Government will not listen to the representations and recommendations of lumber producers' associations which point out to the Government that this tax will eventually lead to a 10 to 20 per cent decline in the current Canadian production, worth roughly $600 million in 1987, and 15,000 to 17,000 fewer jobs. These cutbacks include about 6,000 jobs in cutting operations and 11,000 jobs in related and support industries.

A member of the Canadian Lumbermen's Association goes even further by stating that Canadian softwood lumber production might decrease by as much as 25 per cent in 1987. Mr. Speaker, how can anyone talk about stability in this industry when provisions of this Bill on the export charge, Clauses 9 and 26(3), indicate that the agreement may be cancelled within 30 days? How can an agreement which is subject to cancellation within 30 days contribute to create or maintain a climate of stability in this industry?

Mr. Speaker, this agreement may very well lead to similar demands from some of our trade partners who would want Canada to meet their conditions and would take advantage of the weakness of our representatives and of our Government to say that, since they are proud to be major economic and trade powers, we should get down on our knees before them and implement countervailing measures applicable to various other products which we export on a daily basis.

Mr. Speaker, signing an agreement with one of our trade partners can only be an incentive for other countries with which we maintain trade relations. Mr. Speaker, it is beyond me how our Prime Minister (Mr. Mulroney) and our Minister for International Trade (Miss Carney) can walk out of the House after Oral Question Period or on any other occasion with their heads held high, and as soon as they are outside the House and meet their American friends, they crawl and start bartering away our country and our sovereignty while penalizing Canadian industry.

Mr. Speaker, I think this Bill contains clear evidence that the Minister for International Trade and this Government are not competent to manage the affairs of this country. Mr. Speaker, in the past three months we have seen the Minister for International Trade, in an attempt to end the trade dispute, offer to increase commercial stumpage fees by 10 per cent, which she did on September 30, 1986. On November 26, the Minister made a second final offer in which she agreed to impose a 15 per cent export tax on softwood lumber, an offer that was rejected by the U.S. commission. On December 12, 1986, she turned down a U.S. counter proposal to accept the 15 per cent export tax, explaining at the time that she could not accept this attempt by the United States to control management of provincial resources. Finally, on December 30, 1986, Canada signed an agreement with the United States which imposed a 15 per cent tax on softwood lumber exports, and which, as interpreted by the Americans, will severely restrict the provinces' control over their resources.

Mr. Speaker, I could go on and quote the names of groups or persons who submitted their views and find this decision unacceptable. I am thinking of an economics professor at Carleton University in Ottawa, who believes it would be foolhardy to allow Washington to have direct control over how the $600 million raised by the export tax will be spent. He also said that the Americans were clearly showing they did not trust Canada by availing themselves of the right to monitor the application of this tax. This is the same attitude they take towards the Soviets, according to our economist, which proves that distrust is not a monopoly of East-West relations.

Mr. Speaker, I think this Government—and I want to make it clear this is not an attempt to play petty politics—I think we should ask this Government to reflect and consider the consequences before signing any agreements with our trading partners.

[*English*]

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

Mr. McDermid: Question.

Mr. Benjamin: No.

Mr. Gauthier: No, no, debate.

Mr. McDermid: Mr. Speaker, I rise on a point of order. It is one minute to two o'clock. You called the question and there were no speakers rising.

Mr. Benjamin: There were so.

Mr. McDermid: There were no speakers rising for debate.

Mr. Gauthier: Mr. Speaker, I am willing to speak and I am standing in my place and I intend to speak today.

Mr. Benjamin: So am I.

Mr. Gauthier: There are very many other Hon. Members of the House who are interested in speaking—

[*Translation*]

—although the Parliamentary Secretary might prefer—

[*English*]

The Acting Speaker (Mr. Paproski): Order, please. It being two o'clock, Statements by Members.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

UNEMPLOYMENT INSURANCE

EARLY RETIREES' ELIGIBILITY FOR BENEFITS

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, on December 3, 1986, the Forget Commission tabled its report and said that the unfair cuts in unemployment insurance for pre-retirement pensioners should be cancelled. On December 5 the Minister rejected that recommendation but said that pre-retirement pensioners who were receiving unemployment insurance before January 5, 1986, would have a chance to requalify if they could prove that they made their pre-retirement decisions on the basis of inaccurate information. Most pre-retirement pensioners were not satisfied with that announcement.

• (1400)

This week the Minister issued detailed instructions respecting that proposal. Our worst fears have been confirmed. The Minister has placed an almost impossible burden of proof on these complainants.

If the Minister will not rescind these cuts altogether, then he should at least make it easier for more pensioners to qualify. All those qualified prior to January 5, 1986, should be reimbursed their full unemployment insurance benefits.

* * *

TRADE

SOFTWOOD LUMBER EXPORTS—CONDEMNATION OF GOVERNMENT'S NEGOTIATIONS

Mr. Roland de Corneille (Eglinton—Lawrence): Mr. Speaker, many people in my constituency of Eglinton—Lawrence are upset with the Government. Part of their anger stems from the Government's handling of the free trade talks but, more particularly, from the so-called deal on softwood lumber which the Minister for International Trade (Miss Carney) made with the United States.

The Government has caved in to the President of the United States by imposing a 15 per cent tax on Canadian softwood lumber. First, the Minister for International Trade proclaimed

that she would not bend to American pronouncements and that our lumber industry is not subsidized. However, when the President of the United States raises his voice to say: "Yes, it is subsidized and this is not fair to Americans", the Government bows in agreement. The result is increased taxes on softwood lumber and the loss of thousands of Canadian jobs.

The Government has hit an all-time low in terms of the respect in which it is held by the Canadian people. Canada's sovereignty is not for sale. We will fight this sell-out of our sovereignty because we care about the right of Canada to make its own export policies without taking orders from Washington.

* * *

HOUSING

NEED FOR AFFORDABLE HOUSING UNITS

Mr. Alan Redway (York East): Mr. Speaker, two years ago the Government decided that all public housing funds would be directed to those most in need. Under the previous Liberal Government only one-third of the total annual housing units provided went to households in need. This year the federal Government and the provinces will fund the construction and rehabilitation of 45,000 additional housing units for needy Canadians, bringing the total number of social housing units in Canada to 450,000. That is an impressive number until one realizes it is less than one-half the number of units really needed.

According to CMHC there are more than one million households in Canada, including elderly, low income, single parent, working poor, and disabled, which are unable to obtain affordable housing. At this rate it will take at least 12 more years before all Canadians have affordable housing. Is that good enough in the International Year of Shelter for the Homeless?

* * *

TRADE

EFFECT OF CANADA-UNITED STATES SOFTWOOD LUMBER AGREEMENT

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, the federal Government has put itself, the Canadian lumber industry and Canada in a very difficult position as a result of the lumber agreement it signed with the United States.

With the Government capitulating to certain American interests we can expect other U.S. interest groups to use similar tactics and go after other Canadian industries which are competitive in U.S. markets. We are not yet aware of how badly this agreement will affect us, for the federal and provincial Governments have not yet decided if they will continue with the export tax, raise stumpage fees, or take some other action to satisfy the demands of our neighbours.

The Minister must examine carefully what further action should be taken. An increase in stumpage fees, particularly in a province such as Ontario where stumpage fees are the same for softwood and pulpwood, will have a devastating effect on the pulp and paper industry, as well as the softwood industry. An increase in stumpage fees will inevitably raise the input costs and hurt the competitiveness of the pulp and paper producers who are the mainstay of communities such as Dryden, Fort Frances, Kenora, Terrace Bay, and Marathon.

* * *

HEALTH

DEPARTMENT'S DISCONTINUATION OF POISON CONTROL SECTION'S SERVICE TO HOSPITALS

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, when someone turns up at a hospital emergency entrance suffering from acute poisoning the medical staff ought to have immediate access to information about the particular poison contained in the product consumed, the antidotes, and recommended treatment. The discontinuation by the Poison Control Section of the Department of National Health and Welfare of poison control information to hospitals therefore comes as something of a shock.

• (1405)

Surely such information ought to be readily available by phone on a 24-hour basis to any hospital or medical practitioner across Canada. In view of the minimal cost of this essential service, the Department of National Health and Welfare should reconsider its decision.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

REQUEST FOR JUSTICE FOR EARLY RETIREES

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): This morning, Mr. Speaker, spokesmen for the association of retirees without unemployment insurance who represent the 35,000 early retirees in Canada stated they were utterly disappointed by the guidelines issued by the Minister of Employment and Immigration (Mr. Bouchard) and added that the guidelines have nothing in common with the information the Minister himself gave them here last December.

Mr. Speaker, unlike in the case of repayments to the bank depositors who had $60,000 or more in their accounts, the Government's intention to repay the 35,000 early retirees whose unemployment benefits were cut off is nothing but a

joke because, if we look at the guidelines, they are just another way of denying benefits to as many people as possible.

Mr. Speaker, I dare hope that all Conservative Members will make strong representations to both the Minister of Employment and Immigration and the Prime Minister (Mr. Mulroney) so that these people be treated with justice.

* * *

THE ECONOMY

GOVERNMENT'S PERFORMANCE

Mr. Jean-Guy Guilbault (Drummond): Mr. Speaker, I would like to draw the attention of the House to the positive impact of the decisions made by the Conservative Government.

Recent economic indicators continue to reflect the sound basis of the economic and fiscal measures introduced by the Minister of Finance (Mr. Wilson), as the value of our dollar rises and interest rates continue to drop.

Since September 1984, the prime rate of the chartered banks has dropped from 13 per cent to 9.75 per cent. One-year mortages are now available at 9.5 per cent.

More than 666,000 new jobs have been created in the past two years, and the unemployment rate has dropped from 11.7 per cent to its present rate of 9.4 per cent. In addition, last year's drop in the federal deficit was the first such drop in six years. With a forecast deficit of $32 billion in 1986-87, this Government will have achieved two successive reductions in the deficit for the first time in the past sixteen years.

Mr. Speaker, this Government will continue to apply its agenda for economic renewal toward improving the standard of living of all Canadians.

* * *

[*English*]

REFUGEES

CENTRAL AMERICAN REFUGEES' ATTEMPTS TO ENTER CANADA

Mr. Dan Heap (Spadina): Mr. Speaker, is Canada abandoning its commitment to refugees who are fleeing from Reagan's wars against the peoples of Central America? For years, death squads and armies, paid and armed by the United States, have killed and terrorized the peoples of El Salvador and Guatemala. Many of these people have fled to hide in the United States. The U.S. has now proclaimed a tough new immigration Act which will deport them back to the countries from which they fled. As they now try to enter Canada in growing numbers to claim refugee status, our Immigration Commission seeks to hinder them. The Minister of Employment and Immigration (Mr. Bouchard) has announced that he may force them to wait in the United States while their claims are examined. This would expose them to further danger of deportation to El Salvador and Guatemala.

On behalf of the New Democratic Party, and according to a resolution unanimously adopted in federal council on January 18, I call upon the Government to promise not to block the entry to Canada of the Salvadorans and Guatemalans who are fleeing the United States and coming here to be examined for their refugee claims. Instead, let the Minister bring in the long promised refugee legislation, as recommended 14 months ago by the Standing Committee on Labour, Employment and Immigration in its report tabled in Parliament. This would be a speedy and humane procedure, not a panicky slamming of Canada's doors against people in need.

* * *

HISTORIC EVENTS

ANNIVERSARY OF UKRAINE'S DECLARATION OF INDEPENDENCE

Mr. William G. Lesick (Edmonton East): Mr. Speaker, I rise today to bring to the attention of the House that this is the sixty-ninth anniversary of the Declaration of Independence of Ukraine. With the fall of tsarist Russia on January 22, 1918, the Ukranian Parliament issued a proclamation establishing an Independent National Democratic Republic of Ukraine. This new state recognized the rights and freedoms of its people: freedom of speech, religion, press, and the recognition of basic human rights. It is a state that is proud of its culture and heritage.

However, the imperialistic forces of the Soviet communist regime suppressed and overthrew the Ukrainian state in 1922. A reign of terror ensued.

• (1410)

The Ukrainian people fought bravely for their freedom but were subjected to unspeakable horrors. During the black famine of 1933, more than six million innocent Ukrainians were forcibly starved to death.

As a Canadian of Ukrainian descent I call upon all Canadians to join in the remembrance of this historic day and to pray for the freedom from oppression of all peoples.

* * *

[*Translation*]

LABOUR RELATIONS

REQUEST THAT PORT OF QUEBEC BE REOPENED

Mr. Marcel R. Tremblay (Québec East): Mr. Speaker, I would like to draw the attention of the House to the latest developments in the labour dispute that has been going on for more than four months at the Port of Quebec City.

At the request of our Government, this week there were two days of negotiations, ending today, between the Maritime Employers Association and the International Longshoremen's Association.

The federal Minister of Labour, the Hon. Pierre H. Cadieux—

Mr. Speaker, I cannot go on because there is too much noise. With respect, I would ask that order be restored.

[*English*]

Mr. Speaker: I would ask all Hon. Members to respect other Members when they are making their statements, and I call for order.

[*Translation*]

Mr. Tremblay (Québec East): The Canadian Minister of Labour, the Hon. Pierre H. Cadieux, invited the Quebec Harbour Corporation to delegate its chief executive officer to act as an observer during the mediation meetings intended to break the deadlock.

The expectations and hopes raised by those meetings are high. Proposals are on the table. Consultation is required and decisions are needed.

The Harbour of Quebec is a major economic force with an overall annual economic impact of close to $700 million and accounts for more than 7,000 jobs. The impact of that conflict on the economy of the region is now reaching alarming proportions.

I strongly urge employers and longshoremen to go on with their negotiations and to do all they can to reopen the Harbour of Quebec as soon as possible.

* * *

[*English*]

TRADE

TAX ON SOFTWOOD MANUFACTURED PRODUCTS

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, one of the many deficiencies in the softwood lumber deal is that Canadian remanufacturers of a number of wood products—pallets, bed frames, furring strips, boxing, and roof decking—now face a 15 per cent tax not only on their raw material but on the value of the finished products.

As a result, hundreds of workers in my constituency face lay-offs. Hundreds more face the same threat in other parts of British Columbia, and several softwood lumber remanufacturers face closure.

I strongly endorse the call of the Coalition of B.C. Secondary Softwood Lumber Manufacturers to the federal Government that it take immediate steps to add a number of softwood manufactured products to the short list of products already exempt from the 15 per cent tax.

I wrote to the Minister for International Trade (Miss Carney) over a week ago urging immediate correction of these damaging oversights. I am still awaiting her reply.

* * *

ENGINEERING CENTENNIAL YEAR

OUTSTANDING CANADIAN ACHIEVEMENTS

Mr. Bill Tupper (Nepean—Carleton): Mr. Speaker, this morning the Prime Minister (Mr. Mulroney) met with senior members of the engineering profession to mark the inauguration of the Engineering Centennial year in Canada. At that event awards were presented for 10 of Canada's outstanding engineering achievements—items such as the development of our railway network, the construction of the St. Lawrence Seaway, the design and construction of our Beaver aircraft, our Alouette satellite, our Bombardier snowmobile, the construction of the James Bay project, and so on.

The men and women of this profession have been builders, innovators, and creators. They have been great citizens. Over the years the House has been privileged to have among its membership great men and women from that profession. I am happy to rise in the House this afternoon to note the great contributions of those persons to Canada.

* * *

[*Translation*]

TRANSPORT

RAIL SAFETY—REQUEST THAT GOVERNMENT PROVIDE ADDITIONAL FUNDS TO CN AND VIA RAIL

Hon. André Ouellet (Papineau): Mr. Speaker, the Minister of Transport (Mr. Crosbie) today tabled in this House the report of the Commission of Inquiry into the Hinton Train Collision. I would like first to commend the Hon. Mr. Justice René Foisy and all the members of the Commission of Inquiry for their work and their excellent recommendations.

Unfortunately, the Minister of Transport deserves no such commendation. The Minister unfortunately failed to take the opportunity offered by our Standing Orders to issue a ministerial statement upon tabling the report.

[*English*]

We want to know if the Government will put its money where its mouth is.

[*Translation*]

Actually, we want to know whether the Minister will allow extra funding to CN Rail and VIA Rail, two Crown corporations, and also, whether he will provide the departmental inspection services with additional man-years to ensure that

rail transportation safety is something more than pious hopes on the Minister's part.

With their present budgets, neither those Crown corporations nor the Department can do the work expected by the Minister. They will require the resources needed to do so.

Mr. Speaker: I am sorry, but the Hon. Member's time has expired.

* * *

• (1415)

[*English*]

CANADA SHIPPING ACT

AMENDING LEGISLATION—CALL FOR WITHDRAWAL OF COST RECOVERY CLAUSE

Mr. Darryl L. Gray (Bonaventure—Îles-de-la-Madeleine): Mr. Speaker, as a member of the Transport Committee which received representations on Bill C-75, an Act to amend the Canada Shipping Act, I have met along with others my hon. colleague for Quebec-East (Mr. Tremblay) and heard the anxieties concerning the cost recovery involved in Clause 4 of the said Bill.

In the spirit of this Progressive Conservative Government to consult Canadians before making major changes in federal legislation, I would ask the Hon. Minister of Transport (Mr. Crosbie) that he, and the Government, forgo Clause 4 in Bill C-75 and that this user fee, Clause 4, be the subject of further discussion with the players involved.

As Vice-Chairman of the Standing Committee on Transport, as Member of Parliament for Bonaventure—Îles-de-la-Madeleine, I firmly believe that Bill C-75 is important and indeed essential, but Clause 4 requires more consultation.

I would trust that the Minister of Transport would take my recommendation not as being negative to Bill C-75, but rather that Clause 4 be deleted from Bill C-75 until such consultation has been carried out.

Some Hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*Translation*]

THE ADMINISTRATION

DISMISSAL OF FORMER MINISTER OF STATE (TRANSPORT)—PRIME MINISTER'S ATTITUDE

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, why would the Prime Minister for three days conceal the fact that it was a conflict of interest which had been the determining factor in the dismissal of the Minister of State for Transport? Why?

Right Hon. Brian Mulroney (Prime Minister): The Leader of the Opposition is mistaken when he makes such a statement.

[*English*]

CONTENT OF PRIME MINISTER'S LETTER ON CODE OF CONDUCT

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the Prime Minister gave us no facts as to why the Minister resigned and implied that everything was solved by putting it into the hands of the RCMP. Yesterday the Deputy Prime Minister admitted in reply to our colleague from Oshawa that conflict of interest was a factor.

I want to quote from the Prime Minister's own open letter to Members of Parliament on September 9, 1985, about his own code on conflict of interest. These are the Prime Minister's words, Mr. Speaker:

> The Government is directly accountable to Parliament and through Parliament to the people of Canada. You will find no quasi-independent agencies in this code that will allow the Government to shirk its responsibility by saying that the problem belongs to someone else.

The problem does not belong to the Royal Canadian Mounted Police when it deals with conflict of interest. The problem belongs to the Prime Minister. Why will he not make a statement in this House and give us and the people of Canada a public inquiry into this whole affair?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, all of the facts of any kind made available to me were immediately brought to the attention of the police and an inquiry requested.

If my right hon. friend is referring to a statement yesterday by the Deputy Prime Minister with regard to any alleged violations of conflicts of interest that might have existed, pending the resolution of the matter ultimately, I thought I resolved that definitively by requesting and obtaining the resignation of the Minister.

With regard to the third point that was made by my right hon. friend, I thought I had responded to that, but I would be happy to answer further if he has any questions.

REQUEST FOR PUBLIC INQUIRY

Right Hon. John N. Turner (Leader of the Opposition): What have we got here, Mr. Speaker? We have a Cabinet Minister, now a Cabinet Minister's wife, a chief organizer of the Tory Party, a president of a Tory riding association, a newly minted Senator, some missing money, Cabinet leaks, and a phony blind trust. When will we have enough allegations before this House that ought to be looked at by a public inquiry, and when will the Prime Minister of this country give us a public inquiry?

• (1420)

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, in response to the question put by the Right Hon. Leader of the Opposition, I answered immediately that the decision I took was, I thought, the appropriate one. I did not close any doors for the future in regard to what might take place pursuant to events that might transpire. Obviously, this is a matter that I view with great seriousness. Otherwise I would not have acted as I did.

In regard to the specific question raised by my right hon. friend, a question which has been raised by others, a request for a commission of public inquiry, I have been advised by the law officers of the Crown that in the present circumstances it is not appropriate for the Government to establish a public commission of inquiry. The advice received by me from the senior law officers of the Crown is that, given the seriousness of the information provided to the RCMP, a commission of inquiry would prejudice the investigation of the RCMP, could lead to the abandonment of the investigation, and it could ultimately prejudice prosecution of any individuals guilty of criminal acts. That is the opinion given to me by the chief law officers of the Crown and that is consistent with their views.

Mr. Turner (Vancouver Quadra): Are you going to table that opinion?

Mr. Mulroney: I think that is very much in the interests of the Canadian people.

REASON FOR RCMP INQUIRY

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, our opinion is that the judicial inquiry should precede the criminal investigation.

Some Hon. Members: Oh, oh!

Mr. Frith: I would refer again to the letter of September 9, 1985, in which the Prime Minister said:

> The effect, all too frequently, has been simply to substitute an appointed decision-maker for an elected one, and to leave Parliament in the invidious and frustrating position of not being able to—exact accountability.

Wasn't the real reason the Prime Minister appointed the RCMP was to avoid the larger issue of political corruption in the highest circles of government?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, what a preposterous suggestion! We are now hearing from the Liberal Opposition that a public inquiry should precede a criminal inquiry in prosecution. The object of the exercise of handing it over to the Royal Canadian Mounted Police for a full and complete investigation and prosecution is to make sure that no one escapes the full effect of the law. That is why it was done.

Mr. Frith: I need not remind the Prime Minister of the Stevens inquiry.

INSTRUCTIONS GIVEN TO RCMP

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, when the Prime Minister directed the RCMP to undertake the investigation of all the parameters of the Oerlikon affair, did he direct the RCMP to go beyond the duties outlined under Section 18 of the RCMP Act, or was a verbal order given? Was a letter sent to the Commissioner of the RCMP outlining the parameters of the investigation or was an Order in Council made? I would like the Prime Minister to table the relevant documents that led to the directions given to the RCMP in this investigation.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I hope that my hon. friend is not inadvertently trying in any way to frustrate the RCMP in the conduct of its inquiry. The instructions are very clear and were contained in the statement I issued. The Government has requested the RCMP to conduct a complete—underline complete—investigation into that matter, and that means exactly what it says.

PRIME MINISTER'S POSITION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, the Prime Minister knows very well that the mandate of the RCMP is not at all to deal with conflict of interest guidelines. Those guidelines are the responsibility of the Prime Minister and the Cabinet of Canada.

I would like to direct a question to the Prime Minister, or to the Deputy Prime Minister who has responsibility for the administration of conflict of interest guidelines. The Deputy Prime Minister said yesterday that one of the reasons for requesting the resignation of the former junior Transport Minister was the possible violation of conflict of interest guidelines. Given that it is his responsibility for the administration of these guidelines, could he tell us why he has not looked into the guidelines in this context, assessed the behaviour of the former Minister, and reported clearly to the House whether or not in his opinion there has been a violation of the conflict of interest guidelines?

• (1425)

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the facts emerged, the Minister was removed from office, and all the information was immediately turned over to the Royal Canadian Mounted Police for full investigation. We are now advised by the law officers of the Crown that any action by a commission of inquiry or so on at this time might inhibit and impede the effective and proper prosecution of these matters. I would think that my hon. friend would agree with that procedure as being quite in line with the objectives we are all seeking, the prosecution of any wrongdoing and the upholding of the highest standards of public morality.

I indicated previously, and I assure my hon. friend again, that nothing I have said will in any way prevent us, at an

appropriate time, from initiating whatever action is needed to meet the requirements of a new situation.

CONFLICT OF INTEREST GUIDELINES—POSSIBLE VIOLATION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, in the previous unfortunate circumstances where we were dealing with Mr. Stevens, the then Deputy Prime Minister came to the House with an assessment, given his responsibility for the administration of the conflict of interest guidelines, and reported to the House that in his judgment there had been no violation of those guidelines. The Deputy Prime Minister has that responsibility now. Given the serious allegations, has he looked at those guidelines as they pertain to the Minister who has resigned and is he prepared to say whether, in his view, there has or has not been a violation of those conflict of interest guidelines?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, not only have we looked at that, we have looked at any bit of information that was available. We did not try to segregate one piece from another. The test was relevancy to the issue. That information, all of it, was immediately turned over to the Royal Canadian Mounted Police for their assessment and action. That is exactly what has taken place. The Minister is gone. He was removed from Cabinet at my request. Nothing in what we have done, as the law officers of the Crown advise, in any way prevents further analysis of this in the future by some other mechanism. I am just telling my friend that what we have done is consistent with what I think his desire is, that is, to see justice is done.

REQUEST FOR ESTABLISHMENT OF INQUIRY

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I will put this as reasonably as I can. The Prime Minister is about to embark on a trip abroad which is very important to Canada. I say that most sincerely. However, we now have allegations which even include the former Minister's wife as well as a whole range of other people connected with his Party. Given that, will the Prime Minister not agree that it would be much better in the interests of Canada and his work abroad to have the assurance that, while he is away, this matter is being looked at in the most responsible way, that is to say, by way of an inquiry which is not simply dealing with legal matters but dealing with the important conflict of interest requirements?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, as I say, we are advised by law officers of the Crown, the Deputy Attorney General of Canada, the Deputy Minister of Justice, and the RCMP Commissioner, that what is recommended by my hon. friend would be entirely inappropriate and could prejudice the successful prosecution of the case. Moreover, I point out to my hon. friend that it was brought to my attention that when a request for a public inquiry was brought forward on August 15, 1986, in Manitoba, when the RCMP was conducting an inquiry into alleged criminal wrongdoing, Premier Pawley said: "Personally, I oppose witnesses being called under oath when there is a parallel RCMP investigation under way." I think he is right. The first thing that must be done is to allow the RCMP to do their jobs unimpeded. Let the chips fall where they may. Then, if need be, with my hon. friend's concurrence and help, we can take whatever action is required to make sure all matters are respected.

* * *

• (1430)

THE ADMINISTRATION

MINISTER'S ASSISTANCE IN OBTAINING EMPLOYMENT

Mr. John Nunziata (York South—Weston): Mr. Speaker, my question is directed to the Prime Minister and is with regard to the negligent conduct of yet another of his Ministers, the Minister without Portfolio, the Member for Joliette. We learned today that the Minister directly interfered to secure a federal government job for a friend with a major criminal record. Does the Prime Minister consider the Minister's conduct in this case to be appropriate? Does he consider it appropriate for the Minister to use the Government as a half-way house for his buddies?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, not to put too fine a point on it, my hon. friend's observation with regard to the whole notion of progressive rehabilitation has dealt a pretty serious death blow to the notion that fairness should apply to everyone in Canada.

Some Hon. Members: Hear, hear!

Mr. Mulroney: I am very concerned about the matter of someone becoming a member of a Minister's staff without receiving prior security clearance and approval. I am troubled by the fact that it could have taken place in the past. It is obvious to me that serious deficiencies exist in a system which would allow anyone to become a member of anyone's staff without written clearance from the RCMP or the Chief of Security of the Privy Council Office. I have instructed Mr. Tellier to review what is obviously a serious deficiency which has existed in the system for some years, and to recommend immediately changes in procedures to ensure that this never happens again.

HIRING OF MINISTERIAL AIDES WITHOUT SECURITY CLEARANCES

Mr. John Nunziata (York South—Weston): Mr. Speaker, there is no problem with procedures. It is a problem with the administration of those procedures by Ministers. Yesterday the Deputy Prime Minister admitted that there was a breakdown in security in the Minister's office. Will the Prime Minister admit today that at least 15 or 20 ministerial aides were hired and had access to secret and top secret information without receiving prior security clearances? Will he not admit that, as a result, national security was threatened?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I am not aware of the specific allegation which my hon. friend makes. I am aware of the existence of the problem which I consider to be serious. It is obviously a deficiency which I am informed has, regrettably, existed for some years in terms of the procedure which must be corrected. Mr. Tellier and his colleagues are acting in that regard now. I will be happy to report to my hon. friend and to the House and to give them the assurance that that procedure has been tightened up to ensure that this kind of situation cannot recur.

* * *

THE ADMINISTRATION

OERLIKON LAND TRANSACTION AT SAINT-JEAN—REQUEST FOR PUBLICATION OF SECURITY INJURY ASSESSMENT

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, my question is directed to the Prime Minister and is with regard to the Government's compliance with its own security policy. The former Minister's wife and his friend and campaign manager are both alleged to have personally profited from this rather sordid land transaction. The Minister apparently personally intervened in the land rezoning and the setting of the price of the land in this transaction.

Therefore, does the Prime Minister recognize that there has been a probable breach of security according to the Ministry's own security guidelines? Will the Prime Minister confirm that a written injury assessment will be or has been ordered pursuant to the provisions of this security policy? Most important, will the Prime Minister undertake to make that written injury assessment public rather than continuing to stonewall and cover up on this very serious matter?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my friend is asking about a written injury assessment. We are not asking for written injury assessments. We are telling the police to go ahead and investigate and, if required, prosecute fully. If anyone has violated anything, they are to put them in jail.

REQUEST FOR PUBLIC INQUIRY

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, the Prime Minister is hiding behind the skirts of the RCMP and refusing—

Some Hon. Members: Oh, oh!

Mr. Robinson: —to obey his own Government's security policy.

[*Translation*]

Mr. Speaker, Canadians are really disgusted with the facts surrounding this matter, the fact that the Minister's wife would have personally benefited—the fact that the Minister himself had made representations to City Hall—

Mr. Speaker: Order! The Hon. Member must ask his question.

Mr. Robinson: Mr. Speaker, considering the gift made to the former minister's friend, when will the Government stop covering up and order a public inquiry? When will we get a public inquiry?

[*English*]

Right Hon. Brian Mulroney (Prime Minister): From my skirt to yours.

[*Translation*]

On the contrary, Mr. Speaker, when certain facts were brought to our attention, we immediately ordered a complete and full police investigation. The chief law officers of the Crown have formally advised us that a new inquiry at this time could prejudice the police investigation. Clearly, public interest is served by a full RCMP investigation in order not only to inform the Canadian public but possibly to start prosecution if necessary.

I think the Government has acted not only firmly and quickly, but in the public interest and, according to the law officers of the Crown a commission of inquiry appointed at this time, as indicated in similar circumstances by Premier Pawley in Manitoba, could prejudice a full and complete investigation.

I hope, therefore, that my hon. friend will agree with me that the police investigation which has been ordered is the right way to proceed in the public interest.

[*English*]

CONFLICT OF INTEREST GUIDELINES—ROLE OF RCMP

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, in a previous answer today the Prime Minister said that all the information regarding the Oerlikon affair was referred to the RCMP. Presumably this includes potential breaches of the conflict of interest guidelines. Since the Prime Minister said that that was the route which was to be used, can he tell us how and where the RCMP gets its authority to investigate breaches of the conflict of interest guidelines? If the RCMP does not have that authority, is it not obvious that without a public inquiry we will never learn the truth?

Right Hon. Brian Mulroney (Prime Minister): No, Mr. Speaker, because that is quite wrong. In fact, if the Royal Canadian Mounted Police, in the course of criminal inquiries—as the former Solicitor General knows full well, having been advised by the Commissioner himself—come across any matters of direct or indirect interest to the Government, they have a responsibility to report it, as they have and they shall. This is totally consistent with the broad mandate given to the Royal Canadian Mounted Police.

[*Translation*]

REQUEST THAT RESULTS OF INQUIRY BE MADE PUBLIC AND TABLED IN CHAMBER

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, it is a bit difficult to believe everything that we hear after such an answer. First, can the Minister tell us today that, in the case of such a result, the report of the inquiry will be tabled in this House so that Members may know the truth about the allegations regarding the Minister, his wife and other people and the possible violations of the conflict of interests guidelines? Will this information be made public and tabled in this House?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the RCMP Commissionner does not report to me. Once his investigation has been completed, he uses his own judgment and certain basic criteria to determine independently whether charges will be laid. This is how it must work. If we have other information which might have a relevance on this case, we shall immediately refer them to the RCMP and the RCMP can tell you about it if it so desires.

Mr. Boudria: You have just said the opposite!

• (1440)

[*English*]

REQUEST FOR INVESTIGATION OF POSSIBLE CONFLICT OF INTEREST

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is directed to the Deputy Prime Minister who is responsible for ensuring adherence to the conflict of interest guidelines. The Prime Minister referred to the Manitoba situation. He will also be aware that while the investigation into the legal aspect of the case was being conducted by the RCMP, the Legislature in Manitoba arranged for a parallel investigation to take place at the same time, which reported to the Legislature. That is exactly what we are asking the Minister responsible in this case—to carry out a parallel investigation while the RCMP is looking into the legal aspects of the case. Why will he not live up to his obligations and do just that?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my hon. friend asks a question that has been referred to earlier. I indicated a few days ago that notwithstanding the action taken by the Government, this action of itself does not preclude further action at an appropriate time. The law officers of the Crown have advised the Government that such a commission of inquiry at this time would be quite inappropriate, most unhelpful to them in the prosecution of their responsibilities under the Criminal Code and other statutes that exist. The RCMP has been asked to collect information in the public interest, to make determinations, and to report to the courts and otherwise. I think my hon. friend would agree that giving the RCMP a complete mandate and full authority is very much in the national interest and he would want to wait until such time as the RCMP has taken this action so that we can consider what further steps might be appropriate.

Mr. Riis: The Prime Minister cannot have it both ways. He cannot refer to the Manitoba case on one hand and change his mind and say he cannot follow the exact same procedure to have an external evaluation as well as a legislative examination.

REQUEST FOR COMMITTEE INVESTIGATION

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, the people of Canada unquestionably believe that the time for an investigation is now and for an announcement to take place before the Prime Minister leaves on his trip to Africa.

Mr. Clark (Yellowhead): What arrogance!

Mr. Riis: I call upon the Prime Minister to remove the whole shroud of a cover-up on this whole affair—

Mr. Mazankowski: You are covering up. You are trying to stop the RCMP.

Mr. Riis: Will he announce today that the Government of Canada is prepared to conduct a parallel investigation in a committee of the House or to have an external group do the investigation? That is what was done in Manitoba and that is what he referred to earlier. Why not do it now?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my hon. friend refers to the Manitoba case. On August 15 Premier Pawley said: "Madam Speaker, all the necessary answers will be obtained without jeopardizing the work of the Royal Canadian Mounted Police. The co-operation of all Members is required and all members of the public in order to ensure that the RCMP is able to fulfil their obligations to investigate the allegations that are raised". He said: "Madam Speaker, I, for one, will not be a party to jeopardizing the work of the RCMP".

Mr. Broadbent: But they had their own inquiry.

Mr. Mazankowski: You are getting phonier by the minute.

* * *

[*Translation*]

THE ECONOMY

IMPACT OF BANK RATE REDUCTION

Mr. Jean-Guy Guilbault (Drummond): Mr. Speaker, my question is directed to the Minister of Finance. Considering the Bank of Canada's decision to lower the bank rate to 8.2 per cent last week, could the Minister inform the House what impact this may have on other financial institutions and on the Canadian economy in general?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I welcome this opportunity to announce to the House a drop in the bank rate to 7.74 per cent, the best and lowest rate since 1977!

[*English*]

This record low since 1977 will help us create more jobs in this country and have more housing starts right across the country.

Mr. Speaker: Order, please.

* * *

[*Translation*]

THE ADMINISTRATION

OBTAINING OF INFORMATION RELATING TO AWARDING OF LOW LEVEL AIR DEFENCE CONTRACT

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, my question is directed to the Prime Minister. Today, the Canadian Broadcasting Corporation was denied access by the Department of Supply and Services to all information on the Low Level Air Defence contract. The Corporation's correspondent was told that employees had instructions from the Minister's office not to release any information whatsoever on this matter. I would like to ask the Prime Minister why his Government is denying the media, and thus the public, access to information about a contract that is in the public domain. What is his Government trying to hide?

[*English*]

In other words, why the cover-up?

[*Translation*]

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the Government's position is crystal clear. The facts that were brought to our attention were immediately transmitted to the RCMP, which is conducting a general and important inquiry on this matter. All information available to the Government has been transmitted to the RCMP, and more will follow if necessary and as more facts become available. I think that is quite normal. Our legal advisers have told us this is the way to proceed. It is legitimate and will help the cause and exercise of justice in this country.

REQUEST THAT LEGAL OPINIONS BE TABLED

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, the Prime Minister claimed that his Government is crystal clear. Let him prove it! Let him table in the House the legal advice on the basis of which he claims that a judicial inquiry would prejudice the inquiry being conducted by the RCMP on the Saint-Jean "land flip". Let him table those documents and the legal advice of the law officers of the Crown! Is he prepared to do so?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I was advised by Mr. Paul Tellier, Clerk of the Privy Council, and by his senior legal adviser, that according to the highest legal counsel for the Government and the Public Service—and as I mentioned this morning—setting up such a commission here and now might seriously jeopardize the conducting of a comprehensive inquiry and could even have the effect of inhibiting and impeding the prosecution of individuals. That is the information I received and the information I gave the House.

* * *

[*English*]

ENVIRONMENTAL AFFAIRS

ACID RAIN—PRIME MINISTER'S DISCUSSIONS WITH UNITED STATES VICE-PRESIDENT

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, the fact remains that in the Manitoba case referred to by the Prime Minister there had been no resignation of a Minister and there were no allegations of a conflict of interest.

My question for the Prime Minister concerns an entirely different subject, yesterday's visit to Canada by Vice-President Bush. As a result of his conversation with Vice-President Bush, does he now have any reasonable expectation that President Reagan will seek to amend his budget to bring it into compliance with the recommendations of the Davis-Lewis accord?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, we fully expect that the recommendations in the report of the envoys on acid rain will be fully respected and honoured. We received a commitment from the administration to that effect, and we reminded them of it. The Minister of the Environment and the Secretary of State for External Affairs spelled out in direct terms the manner in which these obligations had to be met. We fully expect that they shall.

Mr. Speaker: The Hon. Member for Winnipeg—Birds Hill commenced his preamble to his question with an observation which the Chair, being generous, would let go in some circumstances. However, I think the Chair must comment on the fact that the observation was utterly unrelated to the question being asked. I know the Hon. Member would not want to bootleg in comments not dealing with this specific matter.

Mr. Blaikie: Never, Mr. Speaker.

Mr. Speaker: I ask the Hon. Member to pose his supplementary question succinctly.

COMMITMENT BY UNITED STATES

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, did the Prime Minister get a commitment yesterday, not one going back to the Summit, that President Reagan's budget would be

amended to bring it into compliance with the recommendations of the Davis-Lewis accord? Did he get a commitment yesterday that they would do something concrete about living up to their commitment?

• (1450)

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, we have a commitment written down very clearly in the report of the acid rain envoys.

An Hon. Member: Are they living up to it?

Mr. Blaikie: Let him talk.

Mr. Mulroney: My hon. friend from the New Democratic Party asks the right question. Are they living up to it? The answer is, no, and we very much want to make sure they do.

* * *

THE ADMINISTRATION

OERLIKON LAND TRANSACTION AT SAINT-JEAN—RCMP REPORT

Hon. Bob Kaplan (York Centre): Mr. Speaker, returning to the investigation, the Prime Minister tells the House that there will be an investigation conducted only by the RCMP.

An Hon. Member: He didn't say that.

Mr. Kaplan: The Prime Minister knows that an investigation by the RCMP terminates in the laying of charges or in the closing of a file. In this case, if no charges are laid or if matters arise in the course of the investigation which constitute wrongdoing but not crimes, will there be a report by the RCMP to the Government? And will the Prime Minister undertake now that that report will be made public?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my hon. friend asks in that event will there be a report by the RCMP to the Government. The Hon. Member received, as I understand it, a letter from the Commissioner of the RCMP on January 21 wherein the Commissioner—

Ms. Copps: You are reading his mail now?

Mr. Mulroney: A copy was sent to the Government and I take the liberty of reading it. It says that "should we come across activity that might be considered unpropitious to good government, even though short of provable criminal conduct on the part of senior officials, elected or otherwise, it is our responsibility to make our concerns known to either the Prime Minister or the Solicitor General in accordance with established reporting procedures." Of course we will act upon any information which is brought to our attention.

An Hon. Member: You make it public.

Mr. Kaplan: I would be glad to have a copy of that letter to me because I haven't received it yet.

Some Hon. Members: Oh, oh!

REQUEST THAT REPORT BE MADE PUBLIC

Hon. Bob Kaplan (York Centre): Taking what the Prime Minister has read to me, that there may well be a report made to the Prime Minister or the Solicitor General, will the Prime Minister undertake now on behalf of himself and his colleague that any such report will be made public?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, while my hon. friend may not have a copy of this letter, he knows full well there is nothing very revolutionary in it. This is the way the RCMP has acted for decades.

Some Hon. Members: Oh, no.

Mr. Ouellet: Answer the question.

Mr. Mulroney: This is the manner in which it has set out its policy.

Mr. Gauthier: You make it public.

Mr. Mulroney: Surely there can be no doubt about that. The Commissioner of the RCMP says very clearly that in the event they are investigating any alleged criminal wrongdoing and they come across any information of any kind which would be of interest to the Government with regard to alleged violations in other fields, they will of course bring it to the attention of the Government, the Solicitor General, immediately, and the Government will of course act upon it.

I tell my hon. friend that if the requirement is in any way to make it public, of course we will make it public. That is exactly the object of the exercise.

* * *

[*Translation*]

CANADA MORTGAGE AND HOUSING CORPORATION

REQUEST THAT INQUIRY BE HELD INTO CLOVERDALE AFFAIR

Mr. Robert Toupin (Terrebonne): Mr. Speaker, my question is for the Minister responsible for the Canada Mortgage and Housing Corporation. He was here earlier, but since he has left, I shall ask it to the Prime Minister. This question concerns the Cloverdale affair.

On September 23, 1986, the Minister received a communication from the Hon. Member for Spadina asking, first, for a public or judicial inquiry to be held on a suspicious transaction made in 1980 by the Canada Mortgage and Housing Corporation and the non-profit corporation Logisque, and second, for the 736 low rental units to be transferred to the Cloverdale Park Tenants Co-operative.

As of last Monday, we had not yet received any reply. Can the Prime Minister or the Minister responsible tell the House whether he intends to request a public or judicial inquiry on this 1980 transaction?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I understand the Minister had to catch a plane and he has left the House. I will certainly take the question as notice and ensure the Minister gets back to the Hon. Member at the earliest possible occasion.

[*Translation*]

REQUEST THAT GOVERNMENT FREEZE TRANSACTION

Mr. Robert Toupin (Terrebonne): Mr. Speaker, I would also like to tell the House that, last December, the non-profit corporation—

Mr. Speaker: Order, please. Would you please ask your question without an overly long preamble.

Mr. Toupin: Mr. Speaker, can the Government also intervene to freeze a transaction made last December in relation to the transfer of the 736 units to a private company and allow these units to be transferred to the tenants co-operative?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Again, Mr. Speaker, I will take that question as notice and have the Minister get back to the Hon. Member.

* * *

THE ADMINISTRATION

OERLIKON LAND TRANSACTION—ADVICE GIVEN BY LAW OFFICERS OF THE CROWN

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, my question is directed to the Prime Minister. I cannot recall a Government using the powers of a police inquiry relating to criminal or alleged criminal matters to choke off a general public review or public inquiry of matters affecting a Minister's public responsibilities in the administration of the business of the country.

This is a narrow use of the police power in this country. I want to ask the Prime Minister who sought the legal opinion, if there is one in writing, from the law offices of the Crown? And if he has one, will he table it?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, this is contrary to the contention that this is a narrow interpretation. The fullest, most complete measures which are available to a Government when there is an allegation of this nature are to turn it over to the police and ask them to investigate fully, having told the House and my right hon. friend; first, having removed the Minister from office, having turned it over, and having told my right hon. friend a few days ago that nothing in that inquiry would preclude further acts as events unfold that might require another instrument to provide the kind of information coming public.

Mr. Guilbault (Saint-Jacques): That is sweeping it under the carpet.

Mr. Mulroney: There is no intention to do other than to ensure the fullest use of the prosecution requirements under the law in the event that that is what the RCMP decide.

Mr. Turner (Vancouver Quadra): The Prime Minister may think that by firing his Minister he has closed the matter, but he has not. We have other matters and we will eventually find out when the Prime Minister first knew about this.

Some Hon. Members: Oh, oh!

PROVISIONS OF RCMP ACT

Right Hon. John N. Turner (Leader of the Opposition): I refer to the RCMP Act—

Mr. Clark (Yellowhead): How about the War Measures Act, John, and the peace power?

Mr. Turner (Vancouver Quadra): —and the only authority the Government would have to widen a police investigation would be under Section 18(d) of the Act by Order in Council. Is there an Order in Council? And would the Prime Minister table that Order in Council, otherwise there is no authority for any investigation at all?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I was informed, as I have indicated, of these facts on January 14, 1987, for the first time. That is exactly when I was advised of the information.

In regard to the police inquiry, it was initiated pursuant to the facts being brought to my attention. I was advised by the Clerk of the Privy Council this morning, and his chief legal adviser, that they had been advised by the Deputy Attorney General and Deputy Minister of Justice for Canada, as well as the Commissioner of the RCMP, of the information I have given, and the advice I have given to the Right Hon. Leader of the Opposition.

Mr. Turner (Vancouver Quadra): You have no written opinion.

Mr. Mulroney: I have conveyed to my right hon. friend the information received from the Clerk of the Privy Council who consulted with the Deputy Minister of Justice and Deputy Attorney General.

Mr. Turner (Vancouver Quadra): Big deal.

Mr. Mulroney: He says "big deal". Maybe he could stop carrying partisanship—

Mr. Turner (Vancouver Quadra): Show us the opinion.

Mr. Axworthy: Show us the opinion.

Mr. Mulroney: —if you were more concerned about the application of the administration of justice, rather—

Some Hon. Members: Oh, oh!

Mr. Rossi: You're a joke.

An Hon. Member: Cover up.

Mr. Speaker: Order. Order. The Hon. Member for Vancouver-Kingsway.

* * *

ENERGY

SYNCRUDE PROJECT—FEDERAL FUNDING INQUIRY

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, my question is directed to the Prime Minister. On January 7 the Premier of Alberta, Mr. Getty, told an Alberta Legislative news conference concerning the proposed federal loan to Syncrude, the oil sands project: "I know I had the support of the Prime Minister and the Deputy Prime Minister". I repeat what he said: "I know I had the support of the Prime Minister and the Deputy Prime Minister for the federal loan". Did the Prime Minister promise Mr. Getty aid for the Syncrude project or not?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, we discussed, among many other things, problems in the energy industry, and that was one of them. Premier Getty put out his view that this, among other ways, would be a very good way for the federal Government to co-operate—recognizing the limited existence of resources federally—that this would be a good way to co-operate with the Government of Alberta.

• (1500)

I think it would be a legitimate way—

Ms. Copps: Bye-bye, Alberta.

Mr. Mulroney: —and there are others.

I tell my hon. friend from the NDP that I know Alberta is of no interest to the Liberals. They heckle and they laugh when we talk about the problems of Alberta.

I agree with my hon. friend. This is a serious matter, and I am responding in a serious way to his concerns.

STATEMENT ATTRIBUTED TO ALBERTA PREMIER

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, I thank the Prime Minister. I agree with him. Is he aware that the Premier of Alberta said further that he "wants to find out the reason for the lack of support, after being told it was there"? Am I to understand, then, from the Prime Minister's answer that he acknowledges it was there? Is he now telling the House and, most important, the people of Alberta that he is prepared to reconsider this support?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, we are considering, will consider and, hopefully, act again to be of assistance to the troubled and crippled energy industry in Alberta. This is vital to the national interest, within the scope of the fiscal situation that we have.

In that context the Premier and I discussed a number of things, quite obviously Syncrude, and his version of the best way the feds could help Alberta in this project. It is an entirely legitimate point of view. There are others, all of which are designed to help Alberta and Albertans through a very difficult period. Indeed, energy is not only Alberta's problem. It is a national problem. We all have to work together with Alberta to try to bring about a resolution to a difficult problem.

Mr. Speaker: I advise Hon. Members that Question Period is nearly over. I will take one more question from the Hon. Member for Nanaimo—Alberni (Mr. Schellenberg).

* * *

TRADE

SOFTWOOD LUMBER EXPORT TAX—APPLICATION TO REMANUFACTURERS

Mr. Ted Schellenberg (Nanaimo—Alberni): Mr. Speaker, my question is addressed to the Minister for International Trade. The Minister would be well aware that the Canadian people in general, and British Columbians in particular, are very happy to be receiving $600 million in reforestation funds each year. But there are some remanufacturing companies which are having difficulty as a result of the export tax. I wonder if the Minister can tell the House what the plans are of our Government—

Ms. Copps: Sit down!

Some Hon. Members: Shush!

Mr. Schellenberg: I am sorry, was I talking while you were interrupting?

Mr. Speaker: Order, please. The Hon. Member will put his question. I have advised Hon. Members that we are already over time. I am trying to accommodate Hon. Members. Will the Hon. Member please put his question?

Mr. Schellenberg: Mr. Speaker, what plans does our Government have to assist remanufacturers?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I thank the Hon. Member for his question. My officials are meeting with some of the remanufacturers to deal with this issue. As I have informed the House, in general principle the softwood agreement states that the export tax applies only to the input and not to the added value. In identifying what are remanufactured items, the negotiators worked from lists supplied by the industry. Some of those industry lists did not include all the products. My officials are meeting with the industry to resolve this problem.

* * *

MOTION TO ADJOURN UNDER S.O. 29

CONFLICT OF INTEREST GUIDELINES—GOVERNMENT ADHERENCE

Mr. Speaker: I should bring to the attention of Hon. Members that an application was made this morning by the Hon. Member for Sudbury (Mr. Frith) for an emergency debate. The Chair indicated this morning that this is indeed an important matter and has been the subject of much comment, both publicly and in this Chamber. I am now ready to rule on the application of the Hon. Member who applied under Standing Order 29(1) for an emergency debate.

Before I go any further I wish to say that the Chair looks upon this as an important matter. This is not a frivolous application.

In making his application, the Hon. Member referred, and I quote from his notice, to "the unparalleled circumstances surrounding the departure from the Cabinet of the Hon. Member for Saint-Jean". He went on to refer to "the probity of the Government's dealing with contractors and its adherence to conflict of interest guidelines".

The Standing Order requires that the matter proposed to be discussed must be "specific and important". The Hon. Member's application appears to raise the following as specific issues: first, the circumstances surrounding the departure from the Cabinet of the Hon. Member for Saint-Jean (Mr. Bissonnette); second, the probity, or in other words the integrity, of the Government's dealings with contractors, although that might be assumed, whether the Government was negligent or otherwise in that dealing, and it is broad enough to do so; third, the question of whether the Government adheres to its own conflict of interest guidelines.

In relation to the last issue I think, by clear implication, the application raises the question of whether the Government has adhered to its own conflict of interest guidelines in this particular case, not whether the Hon. Member for Saint-Jean himself adhered to them.

The following is important. In the context of this issue the Chair has serious difficulty with a problem that is more than likely to arise in the course of debate. There is an inevitable risk that the debate could focus upon the conduct of the former Minister. All Members will have noticed during the vigorous questioning which has taken place in Question Period that the Chair has indicated concern owing to the fact that the matter has been forwarded to the Royal Canadian Mounted Police for investigation but that as yet no charges of any kind have been made.

Hon. Members will know that there is a long-standing practice in this House to refrain from reflecting on the conduct of a Member, except by way of substantive motion, of which notice is required, drawn in terms which clearly state a charge of wrongdoing. I think it is appropriate for the Chair to say that since Monday, since the comments from the Chair, Hon. Members have taken great pains in framing their questions to avoid impinging on this fundamental precept of justice. I want them to know that this is much appreciated by the Chair.

In determining whether the situation as it exists amounts to a genuine emergency as envisaged by the Standing Order, I must take into account the fact that the following steps have already been taken by the Government. First, the Minister has been removed from office. Second, a police investigation of the matter has been ordered. Third, depending on the outcome of the investigation, the possibility of criminal prosecution has not been ruled out. In fact it has been clearly stated that it is very much something which, depending on the return from the RCMP and its recommendations, will take place. Fourth, and most important, an undertaking has been given that, should the facts contained in the RCMP report warrant further action, then further action will be taken.

In the circumstances the Chair cannot find, despite the importance of this matter, that a genuine emergency exists or that the criterion of "urgency of debate" is met by this application.

I would further point out, as Hon. Members and the public know, that the matter has formed the subject of questions during successive Question Periods this week, and will no doubt continue to do so. No Opposition Days have yet been designated in the current supply period, so that a further opportunity for debating the matter in the near future may well be available.

Therefore I must rule that the Hon. Member's application does not meet the requirements of the Standing Orders. However, I hasten to say, as I said at the outset, the Chair sometimes receives motions pursuant to Standing Order 29 which the Chair, always courteous, hears out. However, occasionally I think it is important for the Chair to state that some of these applications may be more important than others. The Hon. Member for Sudbury has brought a very important matter indeed to this House. However, under the circumstances I think it falls just short of what is required, at least today, in this matter.

Point of Order—Mr. H. Gray

• (1510)

POINT OF ORDER

REQUEST FOR TABLING OF DOCUMENT REFERRED TO BY PRIME MINISTER

Hon. Herb Gray (Windsor West): I rise on a point of order. During today's Question Period the Prime Minister (Mr. Mulroney) read verbatim from a document which he identified as coming from the Clerk of the Privy Council. Unless I am mistaken, he did not simply mention the existence of such a document, he quoted from it verbatim. Therefore, pursuant to the well established precedents in this regard, for example, Citation 327(6) on page 116 of *Beauchesne*, I ask, Mr. Speaker, that you direct the document in question be tabled. The citation in part states:

> If a Minister cites or quotes an official document in debate, he should be prepared to table it.

If I am not mistaken, this precedent, and others in that regard, have been deemed to apply to documents quoted from during Question Period by Ministers, as well as those quoted from during debate.

My point of order is that because the Prime Minister appeared to quote verbatim from an official document, I call upon the Prime Minister to follow the precedents and table that document forthwith.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): I was going to say that, on the point of order of the House Leader of the Liberal Party, he was being carried away with his imagination. Then in his final sentence he qualified it. He said the Prime Minister (Mr. Mulroney) "appeared" to quote. That is precisely the point. The Prime Minister does have notes, and he makes notes as the questions are presented. I am not sure whether the Hon. Member is asking the Prime Minister to table his notes.

Mr. Speaker: Order, please. The Chair has listened very carefully to the comments of the Deputy Prime Minister (Mr. Mazankowski). I might indicate to the Hon. Member for Windsor West (Mr. Gray) that he has put the procedural law accurately. There seems to be some dispute. Ordinarily, I would not call for Members to rise over and over again on this matter, but I think it is appropriate to hear from the Hon. Member for Windsor West.

Mr. Gray (Windsor West): In view of what the Government House Leader (Mr. Mazankowski) has just said, I would ask, Mr. Speaker, before making your ruling in any final form that you consult the "blues" in their unrevised form, as well as consulting the official electronic record of this House both in its televised and radio form. We cannot let this matter go in the way that the Government House Leader has suggested. The record is an important basis for the decision that I respectfully ask you to make on this important matter.

Mr. Mazankowski: The Hon. House Leader for the Liberal Party by his statement is implying that there is meddling going on in the transcript of *Hansard*. I think that he may wish to reconsider making that point. The Hon. Member has been around here for a long time. To imply that is certainly most unbecoming, and I am surprised at him.

Mr. Jean-Robert Gauthier (Ottawa—Vanier): I wish to rise because I think this is a very important point. From what I understood the Deputy Prime Minister (Mr. Mazankowski) to say to the House, he is denying that the document exists from which the Prime Minister (Mr. Mulroney) quoted. Is he denying that, yes or no? If he is denying it, then he has to make his case. I am saying that if there is a document, then he has to table it. That is the custom of the House.

Mr. Mazankowski: I thought I made it very clear that the Prime Minister uses notes, some of which he prepares here, and some of which he prepares in his office. That is what I suggested that he was quoting from if he was quoting.

The Hon. Member from time to time when he puts his questions quotes from a document. I suspect that if we establish that practice, we will be asking each and every Member to table the questions that they read into the record.

Mr. Russell MacLellan (Cape Breton—The Sydneys): I rise on the same point of order. The Prime Minister (Mr. Mulroney) in reading from the document, it appeared to me that the words did not come from notes but came from a document. I would ask that the Speaker satisfy himself that it was notes, or it was a document, and personally to review the documents to assure himself before he makes a decision on this matter.

Hon. Bob Kaplan (York Centre): I would like to add a word. At one point I clearly saw the Prime Minister (Mr. Mulroney) reading from a document that he said was a letter to me. I confirmed with my office that we have not received such a letter. If it was a letter sent by the Commissioner to me that is passing through the hands of the Prime Minister, I would like to ask that the letter be tabled.

Mr. Speaker: Order, please. The Hon. Deputy Prime Minister (Mr. Mazankowski) probably does not realize it, but because I was talking to another Member, I was unable to recognize him and his words of wisdom will be lost. We would not want that to happen.

Mr. Mazankowski: The Hon. Member who just rose on on a point of order clearly has a valid point of order. The Prime Minister (Mr. Mulroney) on that occasion was quoting from a letter.

Mr. Tobin: How could he get a letter hand delivered?

Mr. Mazankowski: I can't answer that.

Mr. Clark (Yellowhead): Nunziata stole it and delivered it.

Some Hon. Members: Withdraw!

Mr. Speaker: Order, please. Everybody in the Chamber knows that the Hon. Member for York South—Weston (Mr. Nunziata) would never do such a dastardly thing. I notice that the Right Hon. Member has immediately stood up and said that he withdrew any such imputation. I think perhaps the Chair has intervened just in the nick of time to save the honour of all Hon. Members.

Ms. Copps: I didn't hear it.

Mr. Tobin: Let's hear him, Mr. Speaker, on the record.

Mr. Speaker: The Right Hon. Secretary of State for External Affairs (Mr. Clark) will put his withdrawal on the record.

Mr. Shields: Let the rat pack hear it on the record, Joe.

Mr. Clark (Yellowhead): Mr. Speaker, I want to put my withdrawal on the record.

Mr. Speaker: Perhaps we could come back to the application. The Chair has heard the interventions of Hon. Members. As the Chair has said, the Hon. Member for Windsor West (Mr. Gray) has succinctly put forward the procedural law. There seems to be some difference of opinion in the Chamber as to what was said, or what was quoted from. The Chair will examine the transcript and will do the best it can to be sure that the rules of this House are followed. I will report back to the Chamber.

Mr. Gauthier: I rise on a point of order on a very important interpretation of that custom. When Ministers of the Crown quote from a document, they are traditionally expected to table that document, but not back-benchers. I think that the Deputy Prime Minister (Mr. Mazankowski) was extending his thoughts a little too far in pretending that back-benchers and ordinary MPs would have to table their questions. It would accelerate the procedures of the House, but I am sure it is not in the rules right now.

Mr. Mazankowski: I know of no standing order or rule of procedure that suggests that a Minister when making notes, or having notes in front of him for the purpose of answering a question, has to table them. Official documents, yes; non-official documents, no. That should be clarified.

Ms. Copps: When quoting from a document, any document.

Mr. Speaker: The Hon. Member for Windsor West (Mr. Gray). I am sure that he is advising me wisely on a different point of order.

Business of the House

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Hon. Herb Gray (Windsor West): Not only am I rising on a totally different point of order, but I suspect it will be one that will even meet the support and consent of the Government House Leader (Mr. Mazankowski). I am simply asking him to give the normal weekly statement of government business.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): The Hon. Member in his preamble implies that in future before he raises a point of order he will get my concurrence. I would not expect that, but it is a rather nice precedent for the day anyway.

• (1520)

Ms. Copps: Wait until next week.

Mr. Mazankowski: Perhaps the Hon. Member behind you, who seems to be more vocal from her seat than when she stands, might want to answer that question.

Some Hon. Members: Oh, oh!

Mr. Speaker: The Hon. Deputy Prime Minister will conclude his remarks.

Mr. Mazankowski: Mr. Speaker, with regard to House business, today we will continue with Bill C-37, followed by Bill C-18 and Bill C-19.

Mr. Shields: Can you imagine being married to that?

Ms. Copps: Mr. Speaker, I rise on a point of order. One of the faceless Alberta Members from whom we hear very little on a general basis says: "Can you imagine being married to that?" That particular statement, while not quoted as unparliamentary in the nineteenth century parliamentary procedures book which we have at the moment, should certainly be withdrawn in the same manner as the Right Hon. Member for Yellowhead (Mr. Clark) withdrew his remark.

An Hon. Member: Right on.

Mr. Speaker: Just a moment.

Ms. Copps: Mr. Shields, Mr. Shields.

Mr. Speaker: Hon. Members will please accept the Chair's invitation to order.

The Chair did not hear the words complained of. They are properly complained of. I would expect the Hon. Member who said those words, or something close to them, to withdraw them.

Mr. Shields: I would like to withdraw that.

Softwood Lumber Products Export Charge Act

PRIVILEGE

PRIME MINISTER'S STATEMENT DURING QUESTION PERIOD

Mr. Speaker: I have a response to a question of privilege to deliver to the House.

[*Translation*]

On January 20 the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) complained about some of the terms used by the Prime Minister (Mr. Mulroney) in answer to one of his questions.

[*English*]

I think it is important to look at part of what the Hon. Member for Glengarry—Prescott—Russell said in putting the question to the Right Hon. Prime Minister. He said:

> Given the fact that the media as well as certain Members—

And *Hansard* has treated that as meaning Members of Parliament, and the Chair accepts that.

> —and many Canadians have been at least partly aware of these transactions for two months already—

Then the Hon. Member went on to ask questions.

In the exchange which ensued, the Prime Minister in referring to the Hon. Member for Glengarry—Prescott—Russell said:

> If he has had that information for some months why did he not bring it to the attention of the RCMP since his failure to do so could result in the obstruction of justice?

There are no hard and fast rules regarding parliamentary language, and it is usually a matter of judgment to determine whether or not language is unparliamentary. One of the important principles enshrined in our practice is that no charge may be levelled at an Hon. Member except by way of a substantive motion making a specific accusation. The Chair had reason to refer to that in the judgment which I just gave on the application pursuant to Standing Order 29. Such a motion requires notice, and is debatable and votable. The reason for that, of course, is to protect Hon. Members from attacks on their integrity and their conduct during the course of debate in Question Period, or in any other proceeding, without defining and putting a charge.

In considering the complaint of the Hon. Member for Glengarry—Prescott—Russell, the Chair must determine whether the words complained of constitute a charge against the Hon. Member. He asserts that the Prime Minister in using the words which I quoted in effect used threatening language and by inference accused him of committing a criminal act. The Chair might also read into that: accused him perhaps of not doing something that he ought to have done.

Certainly that is the way the Hon. Member received the language. As I said the other day, the Hon. Member immediately brought his complaint to the Chair and then argued the matter a day or so ago.

At that time I complimented the Hon. Member and other Members for the exact and succinct and careful arguments that Hon. Members presented to the Chair.

[*Translation*]

These remarks ask a question and conditionally infer that a possible omission might result in obstruction of justice. The words of the Prime Minister clearly imply criticism, but the Chair cannot interpret that as an indication of threat or accusation.

[*English*]

However, it is clear that the words offended, and sometimes in this Chamber they do, but it is the view of the Chair that they fall short of the kind of threat of which the Hon. Member was complaining.

I would like to take this opportunity to appeal to Hon. Members to avoid the use of provocative language. Many things are said in this House which, while not necessarily unparliamentary, are nevertheless felt to be objectionable. A great deal of time is consumed in the raising of complaints about the use of language which gives offence. Moderate language is not inconsistent with strong criticism, and if there were fewer complaints there would be more time for debate. I believe the interest of the House is best served when Hon. Members observe moderation in their choice of words and expressions.

I thank Hon. Members who rose on this matter, and I hope the Hon. Member will feel that his complaint has received serious consideration by the Chair.

GOVERNMENT ORDERS

[*Translation*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee, and the amendment of Mr. Turner (Vancouver Quadra), (p. 2382).

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, since the amendment has not been read by the Clerk, I will do so for the record:

> That Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be not now read a second time but that it be read a second time this day six months hence.

Mr. Speaker, I should like to explain that the Official Opposition recommends that the adoption of this Bill be deferred for six months so that all Canadians can properly understand what this Government has signed, what kind of

agreement has been made with the Americans with respect to the export of softwood lumber.

Mr. Speaker, somebody might raise the question: Why should a Member who represents an urban riding be concerned about such a major issue as the export of softwood lumber? I don't have very many—in fact, I have no farmers and no forestry operations in my riding, but I know the subject because I have had a general interest in the matter for the past thirty-five of forty years, and as the Hon. Member opposite said earlier, Members should be able to speak to subjects of interest to them, and we may, on occasion, even astonish people with what we do know.

Mr. Speaker, the Minister for incompetence and International Trade has shown how not to negotiate an agreement with the Americans. I also recall, and perhaps I may put this incompetence in chronological order, that on September 30, 1986, the Minister made her first "final" offer to the United States to end the trade dispute by increasing stumpage fees by 10 per cent. On November 26, 1986, the Minister made her second "final" offer, agreeing to impose a 15 per cent export tax on Canadian softwood lumber. However, the offer was turned down by the U.S. Coalition for Fair Lumber Imports. On September 12, 1986, the Minister turned down a U.S. counter-proposal to accept the 15 per cent export tax, her excuse being that it was unacceptable that the United States should insist on controlling management of provincial resources.

On December 30, 1986, Canada signed an agreement with the United States imposing a 15 per cent tax on lumber exports, an agreement that, as interpreted by the Americans, will severely restrict the provinces control over their own resources.

Madam Speaker, in the ten minutes I have I cannot—it is impossible—explain to the House the nature of the problem we are facing with the provinces as to how this whole question will turn out. The Conservative Members are enjoying themselves on the other side, they appear to understand the issue. I invite them to stand up and explain to us how the provinces will ever be able to reach agreement with respect to stumpage fees, how they will do it.

Mr. Blais: They are in agreement.

Mr. Gauthier: They are not in agreement. It is not true. It is not true, you know they are not in agreement, you know that.

Mr. Gérin: On a point of order, Madam Speaker.

Mr. Gauthier: Madam Speaker, we know that the Standing Orders—

The Acting Speaker (Mrs. Champagne): The Hon. Member for Ottawa—Vanier (Mr. Gauthier) has the floor.

Mr. Gauthier: Thank you, Madam Speaker. I will resume my remarks, and once again let us hope that we will be able to get some kind of reaction from the Quebec Members. So far very few of them have taken part in this debate, and indeed they should rise and give us the views of Quebec on this question. If, as the Hon. Member claims, Quebec and the other provinces agree with the Minister with respect to this negotiation and this agreement, they should explain it to us because Canadians do not understand, and I doubt that the Hon. Member himself can say now that he understands this. It is confusion, a question of outright incompetence to try to make believe that one can understand such a . . . as far as I am concerned it is the worst kind of shilly-shallying.

I would like to give a few examples, and there are many I could quote.

There is Adam Zimmerman, president of MacMillan-Bloedel, Maxwell Cohen, a well-known economist and a judge of the International Court, Ontario Premier David Peterson, who was quoted in *The Globe & Mail* of January 6 as saying: "They—speaking about the American Government—will leave us with our hands tied, and if we do not behave, they will intervene. I do not like such an agreement." Also, Madam Speaker, as quoted in *The Ottawa Citizen* of January 6, 1987, the Premier of our province of Ontario, Mr. David Peterson, had this to say: "We have put not only our resource and taxation policies, but also in a sense our regional development and employment policies in the hands of another sovereign country. That is a dangerous precedent."

I could quote Stan Shewaga, president of the Pulp and Paper Workers of Canada. I could quote Ian Drummond, an economist at the University of Toronto, who is quoted as saying in *The Ottawa Citizen* of January 3, 1987: "The American claims are nonsense since the Canadian industry does not receive any money from the provinces who own the resources."

In addition, Madam Speaker, Edward English, economics professor at Carleton University, was quoted as saying in *The Ottawa Citizen* of January 3, 1987: "Natural resources are an absolute right which should not be handed over to any foreign government." "They take the same position as for the Soviets. This proves that the suspicious atmosphere in Washington is not restricted to East-West relations."

If the Hon. Members want quotes, I can give them. Robin Neill, an economic historian, had this to say in *The Ottawa Citizen* of January 3, 1987: "Even if Canada were to lose its case, it would be better for this country to assert itself immediately rather than jeopardize its sovereignty for the future." Madam Speaker, we are all concerned by the issue of sovereignty. The Conservative Government is well aware that this has been the key issue of this whole debate. The fact is that the Conservative Government, by fielding to the pressures of the Americans, has literally sold out the provincial resources without consulting the provinces—

Mr. Blais: The provinces are in agreement.

Mr. Gauthier: —without the agreement of the provinces and without thinking how such a consensus can be developed.

Mr. Champagne (Champlain): On a point of order, Madam Speaker.

The Acting Speaker (Mrs. Champagne): The Hon. Member for Champlain (Mr. Champagne) on a point of order.

Mr. Champagne (Champlain): Madam Speaker, I very rarely rise on a point of order. However, the Hon. Member for Ottawa—Vanier (Mr. Gauthier) has said that Quebec has not given its agreement. I believe that he is misleading the House because I have here a press release from Minister Pierre MacDonald, who says, and I quote: "Without the negotiations with the United States, we would certainly not have been able to launch our reforestation and forest management program . . . We would not have been able to do so if we had opted for another solution."

The Acting Speaker (Mrs. Champagne): Order! The Hon. Member for Champlain (Mr. Champagne) may have the opportunity to rise again. In my opinion, this was not a point of order but a point for debate, and I think that he himself was entering into a debate in an attempt to explain the point of order. The Hon. Member for Ottawa—Vanier (Mr. Gauthier) has the floor.

Mr. Gauthier: Thank you, Madam Speaker. Beside, the Hon. Member has already spoken to this amendment. Like all his colleagues from Quebec—and there are not many of them to have addressed this issue—he did what he could to show it from a biased point of view.

Madam Speaker, I know that my time is running out, but I wish to conclude by saying that the provinces, whether they like it or not, have been had by the Federal Government. They have been taken for a ride simply because some of their rights have been sold out without previous consultation and without a proper mechanism. It's a shame, Madam Speaker, and I blame this Government for acting in such a despicable and stupid manner.

Mr. Blais: This is not true!

An Hon. Member: This is Liberal arrogance at its best!

The Acting Speaker (Mrs. Champagne): The Hon. Member for Scarborough West (Mr. Stackhouse) has the floor.

• (1530)

[*English*]

Mr. Reginald Stackhouse (Scarborough West): Madam Speaker, like my hon. friend, the Hon. Member for Ottawa-Vanier (Mr. Gauthier) for whom I have great regard, the export of softwood lumber is not a major economic item in our area. Nonetheless, I enter this debate through concern over one of the ramifications of the discussion thus far in the House and in the media, namely the extent to which Bill C-37 threatens Canadian sovereignty. I would like to share with you, Madam Speaker, and with Members of the House some thoughts about the way in which this Bill and this debate relate to Canadian sovereignty in so far as the intent of this Bill is designed to strengthen confederation and be understood in the most enhanced way.

To support that, I go back to an article I read many years ago as a university student by the great Canadian historian, Frank Underhill. He is often quoted on the opposite side of the House with respect, but Members on the opposite side have been so busy quoting Sir John A. Macdonald and Sir Robert Borden that they must have forgotten their old guru. Frank Underhill argued that the character of confederation was such that most of its benefits had accrued to the capitalist class of both Toronto and Montreal and that confederation had been designed to satisfy not so much political aspirations but economic ambitions.

One of the things that we are attempting to do in this Parliament through the policies of our Government is to define confederation in a way that gives an equal sense of justice, participation and caring to all regions of Canada. I would hope that many of us living in central Canada are sensitive historically as well as contemporaneously to the priority of Canadian sovereignty and that the need to stress our identity would take into account the need to recognize the economic hopes and priorities of all the regions, many of which have not enjoyed the prosperity that would be their wish and ours, one of these regions being British Columbia and other lumber producing provinces.

As I see it, Bill C-37 attempts to do that because it is designed to maintain the health and integrity of the lumber industry in that area and across the country. One illustration is the way in which the revenues to be derived from the new tax will be distributed to the provinces. The provincial Governments can gain. This is a recognition both of our commitment to maintain the health and strength of the lumber industry in other parts of the country and to recognize the legitimate aspirations of the provincial Governments throughout this land.

I would argue, Madam Speaker, that rather than being a threat to sovereignty, this Bill actually contributes positively to it because it is contributing to the ongoing strength of this confederation. We have to recognize that confederation has a future only if there is an accompanying economic strength. I have a second point to emphasize in this debate. I would like to emphasize the way in which Bill C-37 will add to the economic prosperity this country has been enjoying in the last two years. It will increase the economic strength of a province that has been hit hard.

• (1540)

First, the Bill will allow the lumber export industry in British Columbia and elsewhere to continue to be viable. For that reason, what is contained in a letter from an official of the International Woodworkers of America is not surprising. This is the kind of official that is not always quoted on this side of the House, but I am very happy to do so today. The letter reads:

The International Woodworkers of America wishes to extend its general support for the recent negotiated settlement of the softwood lumber dispute with the United States.

Under ideal conditions, many of us would have preferred to have our "day in court" in order to try to reduce the 15 per cent preliminary duty imposed by the U.S. Commerce Department last October. However, given the realities of the strong protectionist mood in the United States, it is extremely unlikely that the 15 per cent could have been reduced substantially in the final Commerce Department decision.

And even if the correct duty were eventually determined to be lower than 15 per cent, that decision could only be arrived at through three or four years of protracted court proceedings.

In the meantime, all of the revenues from the countervailing duty would continue to flow into U.S. government coffers at the rate of 12 per cent to 15 per cent on the selling price of lumber.

This representative of a trade union is understandably concerned about the future of his industry and the employment prospects of his members. He is endorsing what Bill C-37 represents because Bill C-37 will allow trade and employment to continue. It will allow the economic growth of the province to continue, particularly when taking into consideration the way in which the revenue from the tax will stay in Canada.

We must recognize that if Bill C-37 had not been drafted, there would be a tax imposed upon the export of Canadian lumber to the United States by the United States. There is no way Parliament could have held that back. We could have protested it and taken procedural action, but as the letter to which I have just referred indicates, such a procedure would be long and protracted and would have no guarantee of a positive result for Canada. Consequently, it was incumbent upon the Canadian Government, representing the Canadian people and their interests, to come to the kind of decision very often reached by individuals.

I can recall a lawyer telling me, when discussing a matter with him, that it depends upon how much money I would be willing to spend and the costs I would be willing to bear to make the point I had in mind. As a country, we have had to decide whether or not the price to be paid in undertaking a countervailing procedure would be worth the effort while this kind of negotiated effort could bring about a settlement which, in percentage terms, would have no more serious implications than those which were indicated by the United States Government. Even more, such a settlement would keep the revenues in Canada. To add to that, it would make it possible for those revenues to be distributed to the regions most concerned.

The provincial Governments will be receiving payments in accordance with the volume of trade and taxation paid from within each province. We should look at this agreement not only in the light of the short-term considerations such as full employment in the lumber industry but also in the light of the long-term considerations of all Canadians who are concerned that the lumber resources of Canada will continue and indeed be strengthened.

Last March I had the privilege of visiting Ethiopia to inspect the relief work taking place there. I was impressed by a stark fact. The one reason Ethiopia was suffering famine was that at the beginning of this century, over half of the country was covered by trees while now, only 2 per cent of the country is covered by trees.

We must be concerned about the future of Canada's forests. I would hope that we would seize this new opportunity for revenue represented by Bill C-37 and urge the provincial Governments to use that revenue to bring about enhanced ecology programs which would do much to guarantee the future of Canada's forests. I suggest that for these reasons, we should look upon Bill C-37 as one that adds to the strength of confederation, Canada's economic viability and thus our sovereignty.

Mr. Les Benjamin (Regina West): Madam Speaker, I appreciated the remarks made by my good friend, the Hon. Member for Scarborough West (Mr. Stackhouse), who quoted a very famous Canadian and an architect of the Regina Manifesto. I hope he has read the rest of that gentleman's writings.

Any nation, including ours, that wishes to maintain and exercise its independence and sovereignty must pay a price. Sometimes the price is monetary, sometimes it is great public debate, dissent and argument. However, independence and sovereignty must be maintained even when it costs.

This issue was not begun by us. Canada was found not guilty some four years ago. The problems certain circles in the United States claim exist were not of our doing but of their own making, the making of the United States Government and Congress. They are the ones who set policies to provide for a U.S. dollar of high value. That was none of our doing and that is why the problem is mostly of their own making. Canada, as a self-respecting, independent and sovereign nation, should not allow itself to be victimized by such problems.

The Americans used the excuse that stumpage fees were to blame. Stumpage fees charged in New Brunswick are about eight times as high as those in British Columbia and stumpage fees charged in Ontario are about three times as high as those in British Columbia. In the 10 provinces and the two territories, stumpage fees and other forestry fees are all over the lot and there is nothing new about that.

The Government could have exempted New Brunswick, for example, or Ontario or Nova Scotia from the export tax. However, the agreement would allow the U.S. to do something it would do in any event, with or without our agreement, and that is to impose a duty in any case. That is the reality of the situation.

Under the constitutional set-up in the United States, there are many roadblocks including the U.S. administration, the President and his Cabinet, the International Trade Agency, the courts, the House of Representatives and the Senators. Under the American Constitution, every international agreement or treaty is subject to ratification by Congress.

In Canada, an international agreement or treaty is not subject to parliamentary debate or amendment. In effect, we are now debating an international agreement under the guise

of debating an export tax Bill. It is the only chance we get to do so. I hope the day comes—and I believe it will come when the New Democratic Party is in power—when every international agreement or treaty entered into by Canada will be eligible or subject to debate, amendment and ratification by the Parliament of Canada. That is long overdue because I can recall the Conservatives during the years of Liberal Government from 1968 to 1984, except for one 10-month period, complaining of treaties and international agreements entered into which we could not debate in Parliament except for the odd occasion when we used an Opposition Day and it was not subject to a vote or an instrument subject to amendment.

• (1550)

A country has to earn the respect of other countries in the exercise of its independence and sovereignty. Why should the U.S. respect our independence and sovereignty? They have been very free in ignoring our sovereignty. They have been very free in failing to respect our independence in our Arctic waters, on cruise missile testing, SDI, and now softwood lumber. This is not the first time and it will not be the last. We keep failing to exercise and stand up for our independence. What is next? Natural gas? Steel? Potash?

The other problem is that when other nations see what the U.S. is able to foist on Canada, why should they not decide that Canada is an easy mar?. What the U.S. can make us do, they can make us do as well.

Natural resources are administered by the provinces and harvested according to each province's own likes. It is their resource to manage as they see fit. That is the constitutional fact in Canada. That means that no national Government can allow the Government of another country to interfere with not only the powers of our national Government but with the powers and rights of the provinces and territories which make up our country. No national Government worthy of the name would sign an agreement which would allow a foreign power to interfere.

I suggest to my hon. friends in the Government that they must proceed back to the table with the U.S. and obtain an amendment, Memorandum of Understanding, addendum, or whatever they want to call it, to the present agreement. It will say that the U.S. will respect our sovereignty and independence and accept in good faith our word to behave properly in accordance with the agreement and we will not be party to an agreement which allows the U.S. to examine our books. We are not a satrap of the U.S. We are not a Poland or East Germany, Honduras or Guatemala or the Philippines. We are sovereign and independent. We are different. We must do our own thing and the U.S.A. and every other country must respect that. They will not, however, until we stand up for that independence and sovereignty, even when there is an economic price to pay. Canada is more important than that. We do not need to add new words to our national anthem which say: "Oh, U.S.A., spangled banner awave, Canada stands on guard for you." We do not need that. I want to remind the Government that Sir John A. Macdonald and John George Diefenbaker defended our independence and sovereignty. They stood up for this nation.

Mr. McDermid: So have we.

Mr. Benjamin: They stood up for its independence and sovereignty.

Mr. McDermid: So have we.

Mr. Benjamin: We do not need agreements which allow this kind of supine sell-out of what Canada is about. I hope the Government will take this Bill off the Order Paper, go back to the U.S. and say this is what we must have, otherwise the agreement is abrogated and we will fight in the courts and under GATT and take the other measures open to us if they want to play that kind of game.

Mr. Sergio Marchi (York West): Madam Speaker, it is a pleasure to participate in the second reading debate of Bill C-37, the Softwood Lumber Products Export Charge Act. The previous speaker finished on the question of fighting the battle in the courts. There was a very interesting article by Robin Neill, an economic historian, in *The Ottawa Citizen* on January 3. With respect to fighting it in the courts he said: "Even if Canada lost the case it would be better to take it now rather than gamble with the country's sovereignty for years to come." While we may look at having to pay the 15 per cent export tax on every bit of softwood lumber which goes to the U.S., and while it will cost in the neighbourhood of some $600 million and jeopardize hundreds upon hundreds of direct and indirect jobs, we have to realize that in addition to the technical factors underlining such an agreement, there is also the other side, the substantive part, namely the process. For me the real downside of this legislation, the real sin, if you will, of the Government, lies on the process side of this equation. It succumbed to the dictation of the U.S. It did not stand up for the rights and independence of this nation.

That the U.S. has the right to set the price of this important natural resource, to regulate it and review it, is simply shocking. Members of the Government say this deal strengthens confederation. It does the exact opposite. The Government has succumbed to the wishes and demands of the Americans as opposed to voicing the aspirations, not only of the industry concerned but the will and determination of our country as a whole.

This is not a single, isolated act by the Government. It reflects a mind-set which is willing to genuflect to the U.S. We have seen in the life of this Parliament so far the Conservative Government's willingness to dismantle FIRA. Some critics would have it that FIRA was anti-foreign investment. It was not. It was pro-foreign investment, but according to Canadian needs, interests and sovereignty. Ninety per cent of all applications were accepted, but only after it was very clear

that they would result in benefits for Canada. The Conservatives dismantled FIRA and put in its place Investment Canada, bowing to the wishes of the Americans.

• (1600)

Next it was the National Energy Program. The Conservatives were very quick to please the multinational U.S. corporations rather than furthering our own exploration efforts. The multinational corporations with head offices south of the border were the winners in the pharmaceutical legislation as well.

Under the administration of Mr. Trudeau, the Conservative Party was opposed to the patriation of our Constitution. They voiced their disapproval of going to another country to patriate the Constitution which would allow the Canadian Parliament to change a facet of our way of life without going, cap-in-hand, to another country for approval. Where was the vision of the Conservative Opposition then?

Under the administration of Mr. Pearson we saw the same mind-set in the Tory Opposition. They were against creating our own recognizable flag. They were also opposed to having our own anthem, a symbol of our maturity and independence.

Mr. McDermid: Madam Speaker, I rise on a point of order. The Hon. Member was not in the House when Canada's national anthem was approved. I was. It was approved with the unanimous support of the House. It is not true to say that the Conservatives were against the anthem. I ask that the Member withdraw those remarks.

Mr. Blais: Withdraw those remarks.

The Acting Speaker (Mrs. Champagne): That is not a point of order, as I think the Hon. Member for Brampton-Georgetown (Mr. McDermid) knows. We are on debate. I suggest that the Hon. Member for York West (Mr. Marchi) limit his comments, as much as possible, to the Bill before the House.

Mr. Marchi: Thank you, Madam Speaker. While I respect the request of the Chair, I am trying to elaborate upon the sovereignty aspect, which is probably the most crucial aspect of this legislation. I would like to use my time to speak about what my constituents believe to be the most harmful aspect of this legislation, namely, the loss of sovereignty, the trading away, if you will, of our right to guide the destiny of our country without bowing to the United States. I am trying to illustrate that this is not an isolated case. In years gone by, whether in Opposition or in Government as they now are, there was a tendency and a willingness to please our friends south of the border rather than standing up for our independence.

I realize, as do all Members in my Party, that the Americans are our neighbours, allies, and friends. Although we recognize that they have a larger population, are more powerful economically, and are a greater force in international politics, that does not give them the right to dictate what our preferences and legislation should be. That does not give Canadian Governments the right to succumb to please them.

Past Liberal Governments went to Washington when necessary and, with every respect for our American friends, stood up to them for what we perceived to be the sovereignty of our country. That is a tradition of which we in this Party are proud. That is a tradition of which Canadians are proud. Although Canada is younger, smaller, and not as powerful as the United States, we were able to garner respect for our independence. We were able to stand up for our aspirations and earn the respect of the United States. I look forward to speaking on this Bill again when the main motion is before the House.

The Acting Speaker (Mrs. Champagne): Is the House ready for the question?

Some Hon. Members: Question.

Hon. Herb Gray (Windsor West): Madam Speaker, the Bill before us has been described by the Government as an indication of a great victory for Canada and Canadian sovereignty. Let us study what has actually happened to see what is meant by this Bill and what it says about the Conservative Government's view of Canada and the Conservative Government's relations with the United States.

For a number of years the softwood lumber industry in the United States has argued that it faced unfair competition from softwood lumber produced in Canada. It argued that the method by which the provinces imposed stumpage fees amounted to an improper and unfair subsidy, enabling Canadian softwood lumber to take too large a share of the market in the United States to the disadvantage of softwood lumber produced in that country.

Some years ago they brought a complaint to the American Trade Commission about this state of affairs and asked that a countervailing duty be placed on softwood lumber originating in Canada. The Canadian industry, with the support of the federal Government, fought that complaint and, in spite of the determined efforts of the American softwood industry, the Canadians won a victory.

Some years later the Americans brought a new complaint on exactly the same facts. However, this time there was an important difference. Instead of backing the Canadian industry completely and fighting against this unjust claim that Canadian softwood lumber was being subsidized and therefore competing unfairly in the American market, the Canadian Government failed to back up the Canadian industry.

• (1610)

It is true that the Government talked tough at the beginning and said the American claim was wrong. The Government said it would fight that claim of subsidy to the end but that is not what happened. While the Minister talked tough, we now know that negotiations were taking place behind the scenes which frankly, no matter what they were called, were aimed at

selling out Canadian interests. When the Minister's activities were brought to light, she said that the Government had made a final offer. However, it turned into still another final offer and, just before the new year, an agreement was announced which indicated that the Canadian Government instead of the American Government would impose a tax on exports of softwood lumber to the United States, and the American authorities would have the right to say whether that tax was being properly applied and whether any measures imposed by the provinces to take the place of that export tax amounted to the same value. In other words, the Americans had a veto over what the Canadian Government and the provinces did when it came to raising the price of Canadian lumber in the American market.

If this was such a great deal, one would have thought the Minister for International Trade (Miss Carney) would have been there to take credit for the deal when it was completed and announced. One would have thought the Prime Minister (Mr. Mulroney) would have been there to take credit for the deal when it was announced. However, it is significant that they were both very far away. The fact that the Minister was sunning herself in Hawaii and the Prime Minister was elsewhere indicates to us that deep in their hearts the Prime Minister and the Minister for International Trade knew they had entered into a bad deal for Canada, had sold out Canadian interests and weakened Canadian sovereignty.

What were the objectives of the Americans in this whole process. First, it was to raise the price of Canadian softwood lumber in the United States and make it less competitive so that less would be sold and more room would be made for American lumber there. Whether the tax is imposed by the Americans or the Canadians, the result is exactly the same. The price of softwood lumber has been increased and it has been made less competitive in the United States, to the detriment of the Canadian industry, its workers, and the entire Canadian economy. No matter what the Government says, this could not possibly serve Canadian interests.

A second American objective was that once the agreement was made the Americans would have a final say about the application of this export tax or of any replacement measure. The Minister and her colleagues are trying to say that they protected Canadian sovereignty and that the United States does not have that authority. However, they are not supported by the letter sent on behalf of Secretary of Commerce Baldrige and special trade representative Yeutter in which they told the American industry what the agreement meant to them. It is clear they thought it meant they would have the final say on how Canada priced its softwood lumber. That is an intrusion into Canadian sovereignty, no matter how one describes it.

The Government says that this is simply a letter written by some Americans, as if the Secretary of Commerce and the special trade representative were just one of several hundred million people in that country. However, when one reads the agreement which has been attached specifically into Canadian legislation by the Bill before us, it clearly supports the interpretation by the American authorities. The agreement says that the Americans have the final say as to whether the value of any replacement measures for the export tax and the tax itself create the additional cost for Canadian softwood lumber that the Americans are seeking.

In short, the Canadian Government and provinces cannot change anything if it affects the final value that the Americans want to get out of the deal. The Minister of State for Forestry and Mines (Mr. Merrithew), in the absence of the Minister for International Trade, at the time the agreement was announced very honestly said of the final agreement that the Americans have their pound of flesh. I commend the Minister for his honesty in that regard, but what an admission. What better proof that this is not a good agreement for Canada?

I repeat, the Minister said at a press conference announcing this bad deal for Canada that the Americans have their pound of flesh. After the subsequent press conference by the Official Opposition in which we pointed out very clearly, and obviously correctly, that this was a bad deal for Canada and an intrusion into Canadian sovereignty, the Minister and the President of the Treasury Board (Mr. de Cotret) rushed to have another press conference that same afternoon. When pressed by journalists, he admitted that this deal would have an adverse effect on the Canadian industry and Canadian workers. Yet the Government has the nerve to present this Bill to the House to implement what the Government itself sincerely believes privately, and publicly, through the words of Ministers like the Minister of State for Forestry and Mines, what is a bad deal for this country.

The deal itself is frightening, but it is more frightening because it gives a signal about what may be the real intentions of the Government for the Auto Pact and the hundreds of thousands of jobs connected with it. If the Government can say in the House that it did not intend to give in on softwood lumber but behind the scenes was busy doing just that, then there is a risk that this same Government could do this with the Auto Pact and its safeguards in the free trade negotiations. It could say in the House that the pact is working well and it does not intend to change it, but behind the scenes destroy the pact and sell out the interests of hundreds of thousands of Canadian workers in communities like my own City of Windsor.

Therefore we must oppose this Bill and defeat it in order to send a message to the Government that neither on softwood lumber, the auto industry or any other key sector of the Canadian economy will we let the Government sell out this country and destroy it. If the Government does not want to do it, at least the Official Opposition and Canadians generally will stand up for Canada. We must send a message to that effect to this unworthy Government.

Mr. Rod Murphy (Churchill): Madam Speaker, I believe that the Bill we are dealing with today is yet another example of the frustration Canadians feel with the Government. I am not talking about the polls or any of the scandals that are

taking place, but how the Government deals with legitimate issues that arise.

While the polls and the various scandals deal with the Government's integrity or lack thereof, I believe the issue before us now is, in some respects, much more important. I believe that Canadians no longer have any faith that the Government can represent them. I believe there is a lack of trust that the Conservative Government can continue to negotiate contracts on their behalf. This may be unfortunate because when the Government negotiates a beneficial agreement we may be in a situation in which no Canadian will believe it is possible. Unfortunately, the Government has not negotiated a good deal in this case. I think it is because they do not have faith in themselves in representing Canada. They do not believe they can sit down as equals with the Americans and say: "Look, we have interests. You want our lumber. We have a legitimate legal case and are willing to fight for our legitimate legal case". That is not what happened.

• (1620)

Mr. Rodriguez: The Minister fought.

Mr. Murphy: Yes, as my colleague said, the Minister fought. She rose in this House and gave a very forceful speech in which she said: "We will not accept this. We will take our case to GATT. We will fight this unfair imposition by the Americans". But could we believe it? Of course, we could not.

As a teacher, I used to negotiate for the teachers in northern Manitoba. I cannot imagine how the teachers would feel if they were assembled in this hall and I rose one day and said: "We are going to go to the school-board and fight this case", and then later I said I agreed with the school-board and we should give in. That is what has happened here. I have a few quotes here from people in Saskatchewan and Manitoba which show how these people and the people throughout the country have reacted. They basically feel they were sold out by the Government.

The feeling is that this Government went to the Americans and told them it was not even going to try to take our case forward. It was not even going to try to win our case. What it would do instead was to make one final offer and if the Americans did not like that, we would come back later and give them another final offer and if they did not like that, we would get down on our knees and offer them something else: "Take Quebec, take Ontario—even Windsor". That is the attitude of the Government, and it really is a problem.

Let us deal with the substance of the legislation. What we are being asked to do with this legislation is to impose an export tax of 15 per cent on all the lumber which may go to the United States. In addition to that we are creating problems for all sorts of other industries which use Canadian lumber to make the final products which go to the United States. We have made it that much more complicated because sometimes lumber comes in from the United States, is processed here and then returns. We will charge those people a 15 per cent export tax.

Yesterday in the House the Minister for International Trade (Miss Carney) called those problems anomalies. She thinks they are just little problems with which we have not dealt. Unfortunately, those little problems are part of this agreement which was signed and sealed by this Government. That does not speak well for the Government's ability to negotiate because it is now discovering—thanks to the efforts of the Opposition and people in the industry—that there are things in this agreement about which it is unaware.

I remember the brave words of the Minister during the holidays. She said: "It is a good agreement". We then pointed out some problems and she said: "That is not true". She kind of denied everything that was brought to her attention, but little by little she discovered those problems were real. Now she calls them "anomalies". I am afraid that once we pass this legislation, we are going to find more and more problems, loopholes and anomalies of which the Minister and her negotiators are unaware. I think that is a very serious problem.

This legislation imposes a 15 per cent tax and we are not even sure on what it imposes a 15 per cent tax, although we know it certainly is on our lumber products. We are told that once we pass this legislation somehow the Government is going to sit down with the provinces and do away with the legislation and have the provinces impose some new kind of tax on stumpage or something of that nature which will have the same value as the 15 per cent export tax. Then, of course, we read that whatever the provinces do it must equal 15 per cent, and it must be seen by the Americans to equal 15 per cent. They must approve of some of the projects and will, obviously, disapprove of some of the other projects the provinces may wish to undertake. That creates a problem. In passing this legislation we will not know what will happen down the road.

I listened to our Minister of Industry in Manitoba express his concern that among the proposals put forward by the federal Government is a stumpage fee on all lumber produced within the various provinces.

The problem is that we really do not know how the Government intends to take this export tax and impose it in some form or manner with the provinces. We do not know what we are going to end up with down the road. I think that is completely silly. We are being asked to pass this legislation fairly quickly. It was brought into the House as soon as the House convened. We do not have any concept of what the Government wants to do down the road and no idea how it is going to affect our export markets, not only with the Americans but with other countries, and how it could possibly affect our Canadian consumers. That is ridiculous.

Here we are dealing with a very significant piece of legislation and, unfortunately, we are only allowed 10 minutes to speak at this stage. A number of industries across the country said we should not have negotiated in this manner. The manager of the forest operation in my riding says he

agrees with the industry, that we should have taken our legal position and fought for our legal rights. We could have won it.

Mr. McDermid: That is not what he told me. I spoke to Spencer on the phone.

Mr. Murphy: The name of the man I refer to is Bill Jonas. I don't know who your man is. Maybe he is another anomaly. I will conclude by saying that we do not know why the Government refused to take our position forward and fight for us. Why did the Government not do that? If we had lost we could have still had the 15 per cent export tax. However, in the meantime we would have fought for Canadian interests and stood up for the Canadian industry.

Mr. John Nunziata (York South—Weston): Mr. Speaker, I appreciate the opportunity to make some very brief comments today with regard to Bill C-37 and, in particular, to the motion moved by my Leader requesting that Bill C-37 not be read a second time but that it be read a second time this day six months hence.

It is quite obvious what the Government is trying to do with regard to Bill C-37. It has been referred to as a sell-out of Canadian sovereignty and, indeed, it is. The Government, through the Prime Minister (Mr. Mulroney), has found occasion over the past two and a half years to speak of the very close relationship with President Ronald Reagan and the United States administration. We have often heard in the House and, indeed, throughout the country, about how, as a result of the election of the Progressive Conservative Government, a new relationship has developed. Well, what has come of this so-called new and close relationship with the Government of the United States?

Over the course of the last two years we have found time and time again that the Conservative Government, through the Prime Minister, has been prepared by its actions to diminish Canadian sovereignty, in effect to sell out our sovereignty. Commentators, columnists and Canadians generally question the credibility of the Government when they hear it say that it is fighting for the interests of Canadians. As Hon. Members know, this Government is suffering from a credibility crisis. We have a Government that is desperate. As of late, as Canadians are aware, the Government has lost the trust of the people of Canada.

• (1630)

As Liberals we do not like to comment generally on public opinion polls—

Some Hon. Members: Oh, oh!

Mr. Nunziata: —but I must take this opportunity to comment briefly on the results of public opinion polls recently publicized over the course of the last number of weeks.

What do these results show? They show that there has been a trend over the last two-and-a-half years. I am not referring to just one particular Gallup poll or one particular Angus Reid poll. On September 4, 1984, the Government was elected with a massive majority. Following the election it went through a honeymoon period of popular support. During that time its popularity continued to rise. Then, at a particular point in time when the people of Canada realized that they had been hoodwinked in that particular election campaign in the long hot summer of 1984, when they realized they had been misled in terms of the promises made by the Prime Minister and the Conservative Party, popular support started to plunge. The popular support of the Government started to free fall. Where is it today? It is the third Party. The Prime Minister is the Leader of the third Party in Canada. For the first time in some 20-odd years a Government is less popular in terms of support than our socialist friends to the left, the New Democratic Party.

At some point in time the Prime Minister and his Party will have to look in the mirror and ask themselves: "Why? Why is it that the people of Canada no longer trust us? Why is it that we only have the support of 28 per cent or 29 per cent of the Canadian electorate?" The answer is obvious. It is because the people of Canada do not like what they see. They do not agree with what the Government has been doing. They do not agree with patronage. They do not agree with all the scandals that have plagued this mortally-wounded Government. They do not agree with the actions the Government has taken. They do not agree with what the Prime Minister is doing in terms of our sovereignty and our relationship with the United States.

Canadians, regardless of where they live in this great country, are proud to be Canadians. The Conservative Government does not realize that. The Conservative Government and the Prime Minister do not realize that Canadians are prepared to pay the price to be Canadian, to retain our sovereignty, our independence. We want to be different. We do not want to be the fifty-first state of the United States of America. Yet notwithstanding the wishes of the people of Canada the Prime Minister is prepared to sell out the country.

Madam Speaker, you will recall the former Minister of Regional Industrial Expansion and what happened to him. We all know what happened to him. At one point in time he stood up in the House, and I recall this specifically, and announced that the Foreign Investment Review Agency would be axed. He said: "Canada is now open for business". Headlines right across the country shouted: "Industry Minister Says Canada Open for Business". The Prime Minister said to the people of the world: "We are open for business. Come on in, foreigners".

Canadians responded to that. They said that Canada has always been open for business. They said that they did not want to sell out the country. They asked what the Prime Minister was doing with regard to Investment Canada and we now have Bill C-37 before us, which is a Bill entitled "an Act respecting the imposition of a charge on the export of certain softwood lumber products".

I cannot conclude my remarks here this afternoon without making some brief and passing reference to the Minister for International Trade (Miss Carney). If you recall, Madam

Speaker, when she was given her portfolio the quarterback, the Prime Minister, said: "I have given her the ball. Watch her run." Well, the Government of Canada was on the goal line. All it had to do was go over the goal line to score the touchdown. Yet what did the Minister for International Trade do? She fumbled on the goal line. She could not even hang on to the ball. She stood up in the House and said to the people of Canada: "I will fight tooth and nail for Canadian interests. We have made an offer and it is our final offer". Just a day or two later she said: "Well, we made another offer and it is our final offer". Like the Government and like the Prime Minister the Minister for International Trade suffers from a credibility problem. Perhaps it was as a result of being in the sun in Hawaii while she was basking on the beach, eating pineapple and sipping margaritas and pina coladas. Perhaps the sun penetrated the Minister and did some damage in terms of her credibility.

The so-called deal was announced on December 30. It was the Minister's new year's resolution—I note that you are indicating to me, Madam Speaker, that my time has expired. However unfortunate that may be, given the fact that I do have other comments to make, I say in conclusion to my colleagues who are hanging their heads in shame during these most difficult times the following. I can understand why they are shell-shocked and worried about their political futures. I say to them that if they want to regain some support and respect from Canadians then they must do the honourable thing and vote against Bill C-37.

Mr. Boudria: May I ask a question of the Hon. Member with the unanimous consent of the House, Madam Speaker?

The Acting Speaker (Mrs. Champagne): Is there unanimous consent?

Some Hon. Members: No.

Mr. Howard McCurdy (Windsor—Walkerville): Madam Speaker, I have listened with great interest to the debate thus far. I suppose one can get the impression from what has been said that the Government avoids as much as possible causing difficulties for our neighbours to the south. I wish to take note of a fact that has been revealed to us, that is, the Americans are having considerable difficulty as a result of the Conservative Government with respect to determining where the additional star in the Stars and Stripes will be placed.

• (1640)

I rather like and enjoy many members of this Government. There is a certain naivety that characterizes the government side. I could say that this Government is divided into two classes: the naive and the knaves. When all the court cases and investigations are over, all of the knaves will be eliminated and only the naive will be left.

The Prime Minister (Mr. Mulroney) was heard to say yesterday that he is from Missouri. I do not know what part of Missouri he is from. I understand that if someone says they are from Missouri, they are likely to be pretty tough to deal with; they are not likely to be fooled by Yankee traders. This Government has been consistently fooled by Yankee traders. In Bill C-37 and the softwood issue, we are only dealing with part of the fabric of interactions between this Government and the Americans, and this has caused a great deal of concern among the Canadian people.

My colleague, the Hon. Member for Windsor West (Mr. Gray) indicated that when we see the great ineptitude of this Government in dealing with the United States on trade issues, we are filled with the fear of God about what may happen if, indeed, the Auto Pact was denied to be on the table what would they place upon the table. In looking at the particular instance of the softwood lumber issue, we must be deeply concerned. The issue of countervail against Canadian softwood lumber came up previously, as did other matters to do with lumber. There was the problem over shakes and shingles against which a countervail was imposed. I observed at that time that the words "shake" and "shingle" were the vernacular for a neurological disease and the symptoms thereof, and reflected on the rather nervous way in which the Government has approached issues involving negotiations with the United States.

Referring back to the 1983 decision, Canada won because it had a good case. If the Government had the courage of its earlier words, we would have won again. I wish to remind the House of those earlier words. "We will fight this all the way. Today it is lumber, tomorrow it will be any number of issues". That was stated by the Minister for International Trade (Miss Carney), and she was certainly correct. Indeed, if we fold as we have folded on this matter, then it is only a matter of time before similar issues will arise with respect to other trade relationships, or other products traded with the United States.

Clearly with the terrible surge of protectionism in the United States, it will regard what we produce and how we produce it very closely, and it will discover subsidies almost everywhere. It is a nation under attack on trade, in large measure because of its own action, mismanagement of its economy, and its own inefficiencies. It is clear in the Americans' trade relationships with Canada that the moment Canadians, or indeed any other nation, begin to compete effectively with them, it tries to search out means of retaliation.

In this particular instance, it was argued by the Americans that the stumpage fees in parts of this country were too low and constituted a subsidy. After an initial threat of a countervail of some 35 per cent, they settled on 15 per cent by virtue of the initial ruling.

Laying that fact aside for the moment, it could be argued that the softwood lumber transported to the border experiences a railway subsidy. If we examine the matter carefully, one could discover a number of areas where the Americans, in their absolutely relentless search to find excuses for their own poor performance, will find with respect to lumber that there are subsidies all over the place that need to be countervailed.

This is an example of what can happen elsewhere. It is not just the fact that we have had imposed upon us a countervailing duty in response to which we have a negotiated Memorandum of Agreement. It is that by virtue of the export tax substituted by that agreement, we have a whole host of difficulties presented to us.

One of the things that will result from our failure to adequately deal with this dispute with the Americans is that it is raising disputes within our own country between, for example, the maritime provinces and the western provinces. They take note of the fact that their stumpage fees vary between $50 per lot, as compared to $1-$10 in British Columbia. In large measure they are subject to the same export tax. With this differentiation in stumpage fees, there will be a tendency to unload the lumber that does not go to the United States, and they will begin to compete and sell their softwood in the Maritimes.

It has been pointed out that this particular export tax, which under this agreement is applicable only to the United States, may well be an infringement of the GATT. If that is so, we are presented with greater difficulties. Beyond the imposition of this tax, it may well mean that the cost of our exports to other countries will go up commensurately. That certainly will hurt. If the stumpage fees increase for every type of wood products from softwood lumber, that will mean that the domestic costs of wood products will increase for all Canadians.

One wonders what we have won. We have failed to fight the battle that we should have through the American courts and GATT. There is much evidence that we might have won. We would not then have established an unfortunate precedent that will not only get us in trouble with our other trading partners but means trouble for us with the United States. In spite of the tough words that we uttered: "We will fight this all the way. Well, we are not going to fight it, we will offer a 10 per cent export tax. You don't think that is good enough? Well, a 15 per cent export tax", if we had fought the issue properly, and not caved in after those meaningless threats, then we would not have been opening ourselves to similar attacks on other exports to the United States.

Of course, there is the issue of sovereignty. The issue of sovereignty is encased in all that I have said so far, in substance; but in fact the Memorandum of Agreement permits the Americans to impose upon us what they feel should be our domestic policy with respect to softwood lumber. What will be next? What other area of manufacture, resource management, or efforts to benefit the regions of this country will be under attack because the Americans do not like it? What future empty threats will we make in response to an American threat that will end up in concessions that will hurt our country and which compromise our sovereignty?

If one thing has become clear during the circus which has been the Government's relationship with the United States, it is that Canadians are becoming jealous of our independence and sovereignty. It is perfectly clear that this Government is increasingly seen as not representing their views, failing to represent a sovereign future for Canada, and as a Government that is ready to say: "I give up. Take what I have got, or tell me what to do, because we are so anxious to be friendly with you, Ronnie Reagan"

* * *

• (1650)

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE RAISED

The Acting Speaker (Mrs. Champagne): Order. It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Fraser Valley East (Mr. Belsher)—Air Canada—Employees' pension plan—Request for full annual reports; the Hon. Member for Vancouver East (Ms. Mitchell)—Ports—Vancouver—Request for funds to upgrade facilities. (b) Request that port users committee be established; and the Hon. Member for York West (Mr. Marchi)—Refugees—Deportation of Iranian from United States. (b) Request for issuance of ministrial permit.

GOVERNMENT ORDERS

[*English*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee, and the amendment of Mr. Turner (Vancouver Quadra), (p. 2382).

Mr. Don Boudria (Glengarry—Prescott—Russell): Madam Speaker, I am pleased to have the opportunity to participate, albeit briefly, in the debate on Bill C-37.

What is Bill C-37? Of course it is about lumber but, more important, Bill C-37 is about Canadian sovereignty. That is what is really important.

I am not here to diminish the importance of the jobs of those working in the softwood lumber industry; obviously their jobs are important too. The Bill goes far deeper. The Bill is an act of surrender on the part of the Minister for International Trade (Miss Carney) to a foreign Government.

We have heard the Minister tell us many times in the House how she would be tough negotiating with the Americans. As a matter of fact, when the Prime Minister (Mr. Mulroney) appointed the Minister, he referred to the fact that she would

be a real tough ball player and that she would act in such a way as to ensure that she obtained the best deal for Canadians.

What happened? On September 30, 1986, the Minister for International Trade talked with the Americans about the softwood lumber issue. She said that she was making what she called her final offer. It sounded real serious, almost threatening as a matter of fact. The Americans could lump it or leave it, according to the Minister. Of course the terms included a 10 per cent stumpage fee.

What did we hear? On November 26, once the final offer had not gone through, the Minister made a second final offer. Perhaps, Madam Speaker, you do not believe there can be such a thing as more than one final offer. You have to understand Tories. I know you do not understand how they operate because you are non-partisan in this place, Madam Speaker. You would have to put yourself in the mind-set of a Tory, although I know you cannot, the non-partisan person you are.

Those Tories across the way make threats and back off because they are dealing with their American friends. Not long after the Prime Minister was sworn into office, he cozied up to President Ronald Reagan in such a way that now he cannot be authoritative in any way, shape or form; he destroyed credibility in the past. He sang "When Irish Eyes are Smiling" on Canadian television from coast to coast. I want you to know, Madam Speaker, that my television set has never been the same since. He spent $2.6 million of Canadian taxpayers' money putting on an extravaganza in Quebec City and telling everyone that they were only as far away as their telephones. He also told everyone that they would settle every problem that occurred.

Obviously Ronald Reagan gathered from this that the United States could do just about anything because the Prime Minister of Canada was such a friendly guy. Obviously he gathered that they could take whatever course of action they wished and that gradually Canada would succumb.

As I indicated a while ago, there was a final offer on September 30. Subsequently, on November 26, there was a second final offer. This offer would have imposed a 15 per cent export tax on Canadian softwood, but it was rejected by the United States industry coalition. On December 12, the Minister for International Trade responded to the American counter offer. That was the third final offer. However, she refused the third final offer from the Americans and countered with acceptance of a 15 per cent export tax. On December 30, Canada signed the now infamous Memorandum of Understanding with the United States.

What did that get us into? I was holidaying outside the country in late December. I picked up a newspaper, and what did I read about Canada? It was an article which contained a story about how, according to a very well-known and respected Canadian university professor, we had surrendered part of our soveriegnty to the United States in the way in which we decided to deal with the matter.

[*Translation*]

Madam Speaker, in addition to all these concerns, I am also worried about our multilateral agreements. What is going to happen to GATT, for instance? What kind of an agreement is this, a bilateral agreement that imposes a surtax on exports to another country? What happens in a case like that? Many of us feel that other countries might well bring Canada before an international court of justice, and that they would have a very good case, to ask us to justify the action taken by the Minister for International Trade (Miss Carney), supported by her leader, the Prime Minister (Mr. Mulroney), and the few Conservative Members who spoke in favour of this Bill—many Members said nothing at all, as usual, Madam Speaker. I realize that it has recently become particularly hard for a Conservative to speak.

It is embarrassing to be a Conservative. I realize that. It must be a very humiliating experience for those poor Conservatives sitting opposite. I know it must be hard. The time may come when they won't want to go back to their ridings. They will decide to stay here within a radius of three or four blocks from Parliament Hill, afraid to go farther afield because they might meet some of their constituents. After all, what this Government has been doing is shameful. Of course I don't blame them for that. But as I said earlier, most of the Conservative Members have said nothing. They didn't even support the Bill. However, when it is time to vote, they will make their silent gesture of approval, as usual.

Mr. Blais: The Hon. Member for Champlain (Mr. Champagne) spoke this morning and you weren't even here. You just came in five minutes ago.

Mr. Boudria: Madam Speaker, I hear the Hon. Member opposite who usually doesn't say anything either. We see him from time to time in the corridors. I welcome him now that he has decided to visit us today in the House. It is very good of him to come to Parliament, and we appreciate his presence.

Mr. Blais: Madam Speaker, on a point of order.

The Acting Speaker (Mrs. Champagne): The Hon. Member for Bellechasse (Mr. Blais), on a point of order.

Mr. Blais: Madam Speaker, first of all, according to our Standing Orders the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) is not supposed to mention, make use of or discuss the presence or absence of Members in the House. I take it as a personal insult because I have been here all day, and he just came in five minutes ago, except for Oral Question Period when they can get in front of the television cameras. That is the only time we see his face. Otherwise he never makes an appearance in the House.

Mr. Rossi: Madam Speaker, I don't think the Hon. Member is raising a point of order. He seems to be jealous because he is not as photogenic on television as the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria). Besides, he is never here.

The Acting Speaker (Mrs. Champagne): It being five o'clock, the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

• (1700)

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*English*]

CRIMINAL CODE

PROTECTION OF WHISTLEBLOWERS

Hon. Bob Kaplan (York Centre) moved:

That, in the opinion of this House, the Government should consider the advisability of amending the Criminal Code to protect "whistleblowers", public officials who, acting to promote the public interest, disclose government wrongdoing or misinformation, from harassment, persecution and prosecution by the Government or its agents.

He said: Madam Speaker, I feel very lucky to have the opportunity, with all of the Bills and motions that Members have on the Order Paper, to present this idea, which is a very important one. There is no doubt in my mind it is an idea whose time has come. At the same time though, I am disappointed because I understand that the Government intends to prevent this motion from proceeding. I hope it will be indicated during Government Members' speeches, perhaps the Parliamentary Secretary to the Minister of Justice (Mr. Gérin) can indicate, that the motion does have some hope of being considered and that we can look forward to legislation some time soon on this subject.

What I am talking about in this measure is the official inside a Department, sworn to secrecy, bound by the master and servant duty, stuck with the Official Secrets Act to do his duty, who discovers something while he is working that he feels must be brought to the attention of the public. The word which has developed to describe this individual is the whistleblower. It is a good word. It describes an individual who feels in the course of his duties that he has learned something and feels justified in blowing the whistle on his Department and on the Government by bringing the matter to the attention of the public.

I have looked at this problem not only from the side of the Opposition where we can make political mileage out of things that whistleblowers bring to light, but I have looked at it also from side of the Government's. I do not think the present Government will last long and I hope Canadians will give the Liberal Party their confidence to form the Government in the next election. I have looked at the whistleblower problem not only from the point of giving the Opposition good mileage, but also responsibly from the Government's point of view. I did so because I want Ministers to be able to rely on officials, to be able to confide in them and to be able to seek their advice. If the whistleblowing concept goes too far, Ministers will stay at arms length from their Departments. They will be very reluctant to share their thoughts and concerns because of the fear that officials, knowing the way a Minister is thinking and what a Minister has said, might rush out and blow the whistle.

Let me say a word about public opinion. I will start with a British example. Members of the House will remember the sinking of the *Belgrano* during the British war with the Falkland Islands. The *Belgrano* was sunk by the British navy. But was the British defence force entitled to sink the *Belgrano*? The Minister, defending that action, which escalated a war which was serious enough in any event, said that the *Belgrano* was approaching the area of conflict and that the British were justified in firing because of that. Information inside the Department in question, about which officials of the Minister knew, was that the *Belgrano* was leaving the area of conflict, heading in the opposite direction.

The Minister had misinformed the British people. The official who blew the whistle on the Minister contributed to public debate and understanding of what had happened. He had exposed a Minister who was not telling the truth to the House and he was charged with a violation of the Official Secrets Act in Britain. By the way, the Official Secrets Act in Britain is a lot like ours. The case went to trial and at the end of it, the jury was directed by the judge, on the evidence presented, to convict.

Britain does not have a whistleblower provision in its legislation, as we do not have here in Canada. The jury retired to consider its verdict, and as only juries can do in the great British traditional system of justice that we have, the jury refused to convict Mr. Clive Ponting, the individual who went public. In a sense, it was a scandal of the law that the British people were telling their Parliament that they felt whistleblowing should be permitted when a Minister told a lie.

We had our own case here in Canada, namely, the Richard Price case. In this instance, the present Prime Minister (Mr. Mulroney) was assuring the Indian population, the native people of Canada, that the Government would be supporting and increasing native programs and that there would be no cut-backs. At the very same time inside the Department, plans were being drawn up to cut back the expenditures in the Department of Indian Affairs by something like $300 million. I could be wrong about the figure, but it was some very substantial amount of money which would have dismantled the department. Richard Price, working at the time for the Department of Indian Affairs, had a crisis of conscience. Later when he told the story, he said that he felt he should blow the whistle on this operation but he was not sure about it. He consulted his spiritual leader in his religious community, reflected on it a lot and decided to blow the whistle on the Government.

The Government folded the plans it had for cutting back programs of the Department of Indian Affairs and Northern Development. In fact, they do not exist anymore. Richard Price was charged with a violation of his oath of secrecy, I think, under the Criminal Code. In any event, we asked questions about it in the House. There was a great uproar in

the country and a lot of editorials urging the present Government not to proceed against Richard Price. The Government decided not to. I assumed it recognized that there was a public interest to be served in exposing misrepresentations of Government policy even if the misrepresentations were made by the Prime Minister of the day.

I give this background to demonstrate that Canadians by sending a message to this place, are beginning to recognize, that officials should not be subject to a rule of secrecy or confidentiality that has no exceptions, however useful it makes them to the Government.

I am inviting Members of this House to think about circumstances which justify whistleblowing and justify an official going public. The Criminal Code should contain some provisions that free a public servant under some circumstances from his oath of office, from the master/servant duty, from the provisions of the Official Secrets Act, from the constraints in the Criminal Code that prevent him from blowing the whistle in proper circumstances.

If you look around, you will find many jurisdictions that are more progressive than this one. The United States and a number of jurisdictions have whistleblowing legislation. Some of them are too broad as far as I am concerned. To say that the whistle can be blown whenever the public interest requires it gives too much discretion to public servants.

Where there is wrongdoing in a Department, where the law has been broken, whistleblowing should be permitted, for instance where misrepresentation of a circumstance is made or there is lying. Where a public servant is motivated by a desire to protect public health and safety or a desire to protect the environment if that is the justification and if it is sustained and reasonable, then whistleblowing should be immune from any of the sanctions that I have described. I hope that the motion will be supported in principle by the Government and that there will be an undertaking to do something about it.

[*Translation*]

Mr. François Gérin (Parliamentary Secretary to Minister of Justice and Attorney General of Canada): First of all, Madam Speaker, I should like to take this opportunity to extend special greetings to the residents of Coaticook in my riding of Mégantic—Compton—Stanstead who for the first time earlier this week were able to watch the debates of the House on television, thanks to the co-operation of the firm Transvision Coaticook and its president Marcel Denis.

So as their Member this is my first opportunity to address the House of Commons as they watch this live telecast, and it is a great honour for me.

The people of Coaticook know me as an expert criminal lawyer with many years of experience. Indeed, Madam Speaker, I am very pleased to have been able to serve Canada through my legal expertise for over 18 years already, more recently with the Department of Justice as Parliamentary Secretary to the Minister of Justice and Attorney General of Canada.

I am sure the people back home will realize that the motion introduced by the Liberal Member for York East (Mr. Kaplan) is unacceptable in its present form. One only need read the motion itself to realize that the content is unacceptable as well.

Madam Speaker, although you did read the motion a few moments ago, allow me to read it again for the benefit of our listeners:

That, in the opinion of this House, the Government should consider the advisability of amending the Criminal Code . . .

But there is no reference to the section or chapter which ought to be amended. There is no mention of that. This is vague, hollow, it does not refer to anything in particular. The French version states:

—afin de protéger les informateurs, fonctionnaires qui—

Does that mean that public servants have become informers, spies? The terminology is heavy, to say the least—

—who, acting to promote the public interest—

I would like the Hon. Member to define the public interest he has in mind. What sort of public interest could allow a public official to become an informer and break his oath of office?

—disclose government wrongdoing—

Where is, in the Hon. Member's motion, the definition of wrongdoing? What would constitute a wrongdoing? Is it intended that wrongdoing would include for instance an unjustified one-dollar expenditure? Would that allow a public official to decide on his own that some wrongdoing is involved, and therefore to leak a whole confidential file to newspapermen, or else to competitors in a bidding process, for instance? Could it go that far?

So what is the definition of wrongdoing? The Hon. Member gives no indication of that. He introduces a motion of an extremely general nature without making any kind of distinction. And, besides, he leaves the House immediately after putting forth his motion, without taking the time to say—

Mr. Gauthier: Madam Speaker, on a point of order—

The Acting Speaker (Mrs. Champagne): Order, please! The Hon. Member for Ottawa—Vanier (Mr. Gauthier) on a point of order.

Mr. Gauthier: Madam Speaker, I am sure the Hon. Member knows our rules. The Hon. Member who introduced the motion perhaps went behind the curtain for a few moments. I think it is unfair for the Hon. Member I just saw on this side while the other Member was speaking, to comment on the presence or absence of a Member. In this House, we usually respect the fact that an Hon. Member may have to go to the telephone or take notes. I do not think it fair to make that kind of reference to the absence or presence of an Hon. Member.

The Acting Speaker (Mrs. Champagne): Order, please. The Hon. Parliamentary Secretary is aware of these Standing Orders.

Mr. Gérin: Madam Speaker, I apologize for mentioning the absence of the mover—

—from harassment, persecution and prosecution by the Government or its agents.

Our listeners and all Hon. Members are well aware that as moved this motion could not be accepted anyway for reasons of substance or form because it would amend a provision of the Criminal Code. Which section? Which chapter? Which definition to choose?

If the Hon. Member really wants to behave as a responsible legislator, why does he not take the time, to define, in his motion, such essential elements which would make it possible for us today to really debate a serious piece of legislation? Instead, the House has wasted one hour of its time which it could have used to consider better drafted, bills thus helping all Hon. Members to make valuable decisions which could be useful to the Government and the country in the future.

As to the substance—As everyone knows, Madam Speaker, people who join the Public Service must take an Oath of Office. They swear to protect confidentiality and never to reveal what they learn while carrying out their duties. This does not force them to keep for themselves everything they learn. Not only they may, but they must communicate all information to their superior. Nothing prevents them—it is even their duty—four informing their immediate superior of anything wrong or any mistake they might notice. I suppose they could even inform the Minister himself, or the Deputy Minister, or any other person in a responsible position within the Department or the Government, while respecting their Oath of Office.

But could this civil servant who, for any reason whatsoever, has noticed what he considers to be wrongdoing, bring it to attention of a person who has just submitted a tender, for instance? Could he inform a newspaperman? Why should he have this privilege? Why should he be able to break his oath of office when his Department is not partisan and does not report to any political party in particular? Why could he not act within that Department?

In my opinion, that is the problem with this motion. That is why it is unacceptable both in form and substance.

The original idea behind this motion of the Hon. Member for York East (Mr. Redway) was related only, at least so I would imagine, to the principle of freedom of information, on which we agree ourselves. Instead of amending the Criminal Code without knowing exactly how to proceed, I believe that it would be better if the Hon. Member thought of ways to improve the Freedom of Information Act to do what is necessary to provide good government administration.

Madam Speaker, I thank you for recognizing me and I would like to say that if this motion comes to a vote, I shall vote against it.

• (1710)

[*English*]

Mr. Les Benjamin (Regina West): Madam Speaker, I am not sure if you are delighted or feel unfortunate that this is the second time today you will have to listen to me. I am pleased that you are there to do so.

I congratulate the Hon. Member who moved the motion for bringing this matter to the attention of the House. I hope that the motion is accepted in principle by all Parties, approved and brought into play either through this motion or a government Bill.

I have been an employee of several different operations, including the Government of Canada and a number of private-sector companies over the years. It has been my experience that a conscientious employee, someone who knows their job and tries to be very good at it, who finds errors of omission or commission by their employer or supervisor and tries to do something about it as someone who likes their work and tries to do a good job becomes the victim rather than the one who did their job properly. If he reports a violation of a rule, regulation, practice, or policy of the employer, be it public or private, he is accused of being insubordinate, transferred to different positions, and no longer eligible for promotion. Almost invariably they do not want to go public. Yet if they have no other choice, what are they supposed to do?

• (1720)

Of course, they do have some choices. When they think about blowing the whistle on a malpractice, and I do not mean that in just medical terms, their alternatives are as follows. Keep their mouth shut. Look the other way. Make sure they protect their own backside. The alternative is running the risk of losing their job, being harassed, demoted or moved until they get so fed up they quit. Yet there is another alternative. They can put it all in a plain brown envelope addressed to their MP, MLA or alderman. All of us have had some experience with that. I wish I could find out but I will never know for as long as I live who sent me a cabinet document back in 1980. Not even the media would believe me when I held a press conference and made it public. That is beside the point. I will never know who the heck sent me that cabinet document. However, that is the other recourse available to the whistle-blower.

It seems to me that an employee, whether or not they are violating their oath of secrecy or anything else, knows that if their whistleblowing turns out to be totally unfounded, then they will obviously have to apologize and suffer some penalty. They will know that ahead of time. If it proves to be justified, they should also know ahead of time that they will not be victimized in those various ways I mentioned earlier.

I wanted to speak on this Bill today because of what happened earlier today with the publication by the Minister of Transport (Mr. Crosbie) of the hearings on the tragic Hinton rail disaster. That brings us to what goes on in transportation in Canada. A carman phones up and says that during a standing inspection he found a car in the middle of a train which has to be taken off. His supervisor or assistant superintendent or yard foreman says it stays on the train and overrules him. If he asks for that in writing he is told he is being insubordinate, disruptive, and delaying the departure of a train and its freight or passengers. Next thing you know he has demerit points or he is not going to be promoted. That happens on a daily basis in Canada's transportation system. The Minister can say all he likes about all the things the Government is going to do about safety, maintenance, security and inspection, but if the bodies are not there and the money is not there it is just another speech in favour of motherhood.

When a conscientious employee with a good record is faced with those alternatives, it is a rare one who will take his chances on losing his job and being victimized. Errors of omission or commission, deliberate or not, continue. When a machinist says a jet engine has to be overhauled now, but because of the pressures of deregulation or competition or whatever, his supervisor or regional manager says we will run that thing another couple of hundred hours, of course, 99 times out of 100, or 999 times out of 1,000, nothing happens. However, the one time something does happen whose neck is on the line? That is when the search for a scapegoat starts. That is when the covering of backsides starts, from the very top management all the way down to the last supervisor at the bottom of the ladder. The poor slob on the ground doing the job then gets it in the neck. Why? Because he did not see to it being corrected or, if he tried to, he was insubordinate. He is damned if he does and damned if he does not.

There is provision under a wide variety of law and regulation and practice whereby the chronic bellyacher, the incompetent, or the person who tries to manufacture out of whole cloth an illegitimate blowing of the whistle, can be dealt with. Therefore, it seems to me there is nothing to fear from having the legislation proposed by the Hon. Member adopted and put in place. Alternatively, a government spokesman could get up now and say the Government will bring in a Bill that covers this. If that is done the Government will be surprised at just how quickly it is dealt with. We will be happy to co-operate and see to it that it is put in place in the whole regime, including what I have talked about today concerning transportation.

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Madam Speaker, this is the second time this week that the debate during Private Members' Business is more or less on the same subject. Tuesday, the Hon. Member for Hastings—Frontenac—Lennox and Addington (Mr. Vankoughnet) introduced Bill C-229, for the purpose of legislating protection for public servants who, when public health and safety are an issue, feel an obligation to call the attention of the general public to any action or measure by the Government that would be against the public interest?

Today, we have a motion by the Hon. Member for York Centre (Mr. Kaplan) which proposes similar legislation, or rather not legislation, it is a request that the Government consider the advisability of amending the Criminal Code to protect "whistleblowers", public officials who, acting to promote the public interest, disclose government wrongdoing or misinformation, from harassment, persecution and prosecution by the Government or its agents.

I was surprised earlier today to hear the Parliamentary Secretary, the Hon. Member for Mégantic—Compton—Stanstead (Mr. Gérin), commenting on the presence of Members, when we realize that last Tuesday he wasn't in the House either to speak in support of the Bill introduced by his colleague, the Conservative Member for Hastings—Frontenac—Lennox and Addington. I also feel very strongly about the fact that the Hon. Member for Mégantic—Compton—Stanstead went so far as to accuse the Hon. Member for York Centre of wasting the time of the House by presenting an almost identical motion that I, Madam Speaker, consider to be a very important matter. It is a matter that has raised considerable concern among public servants, who are anxious to have their right to inform the general public protected by law and— I don't want to repeat what I said this week on Tuesday, but if anyone wants to know my position on this matter, nothing could be easier, and I say and I repeat, there should be a mechanism, an umbudsman if you like, a trustworthy person whom public servants could consult now and then to mention or report actions, instructions or even measures which, in their opinion, might jeopardize public security and be contrary to the national interest.

I suggest it is quite normal that public servants would seek protection against harassment, against legal action, or even against the possibility of being dismissed if the employer should say: So, you have breached the confidentiality provisions related to your job. You reported to the media or to somebody that such or such task you were expected to perform would compromise health or security; a decision you have taken which, according to the employer, might be harmful to public interest: you are fired.

This kind of thing happens, Madam Speaker, I mentioned a few cases. Recent such incidents occurred at Revenue Canada and elsewhere which prompted several Members of this House—excluding the Hon. Member for Mégantic—Compton—Stanstead who has a lot to learn about this issue and does not understand anything about it—to be concerned about the public interest and make a point of seeing to it that federal employees are protected if, now and then, they find themselves in a position where they feel compelled to indulge in whistleblowing. I can understand that a public servant would do so with some reluctance, but if he has to do it, first he should be given some protection if he is to remain an efficient employee and, second, he should have the tools needed to do so.

• (1730)

[*English*]

I do not want to repeat my speech of last Tuesday. There were good speeches given in the House by the Members for Hastings—Frontenac—Lennox and Addington (Mr. Vankoughnet) and the Member for Ottawa Centre (Mr. Cassidy). Most of the Members in Opposition spoke in favour of it. The Members for North Vancouver—Burnaby (Mr. Cook), Duvernay (Mr. Della Noce), and Kootenay-East—Revelstoke (Mr. Graham) spoke against it. That is what this House is all about. It is to exchange views. There is a motion before the House which asks the Government to consider the advisability, that is all.

The Parliamentary Secretary is asking what we are going to do about this and what we are going to do about that. Well, that is why we have a motion. We are asking the Government to take its responsibility and make a study to see whether there is a need in this country for legislation such as that which exists elsewhere in the world. The Americans have had legislation for years to protect the whistleblowers, public servants who disclose things which they believe are contrary to the security and national interests of the country.

There is nothing very difficult about this. The Government says that it will not do it. Fine, let us get rid of the Government and elect a government which will do it. That, in my view, is what we should do.

Mr. Stan Schellenberger (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Madam Speaker, I was amused by the final solution of the Hon. Member for Ottawa—Vanier (Mr. Gauthier). It sounds like a simple one. Of course, he was a member of the Government which was in power for so many years that I have almost forgotten how many it was. It was too many, anyway. I did not notice that his Government proposed—

Mr. Gauthier: Madam Speaker, I rise on a point of order. I invite my colleague to read previous *Hansards*. I can send him the index if he would like. He will find that I spoke many times on this issue.

Mr. Schellenberger: I appreciate the Member's intervention. I am glad he has taken such an interest in the subject. The Member did, however, propose a solution which I think is worth considering. The wording of the present motion leaves the House only one option, that is to say that we agree that a person disclosing what he or she considers to be wrongdoing should not be subject to harrassment or prosecution by the Government or other agencies. The Member for York Centre (Mr. Kaplan) gave examples of individuals in the Public Service who have blown the whistle on the Government and found that the country generally agreed with their action. However, he failed to indicate that many examples to the contrary are also on the public record. People have given information which hurt the public interest.

The difficult aspect of this issue is how to determine whether something is in fact contrary to the public interest. When individuals believe that something is wrong it gnaws at their conscience and they should have a strong enough conviction to go public with it while realizing that they may jeopardize their employment and their position with their colleagues.

As I said, the difficulty is in determining whether a wrongdoing exists. I suppose that is easily determined when a criminal wrongdoing is involved. However, the example which was used before of a cut-back within a Department is more of a philosophical disagreement with the Government than an actual wrongdoing. That can be very harmful to the planning of any Government or Department.

• (1740)

Other jurisdictions are attempting to deal with this problem outlined in the motion and I believe it is beneficial to look at those examples. One alternative that I believe is worth some merit concerns an ombudsman or an arbiter, as I prefer to use. That is one procedure used and let me offer some advice along those lines.

If someone in the Public Service was able to go to an arbiter to disclose a wrongdoing that he or she felt should be exposed, that arbiter could then cause an investigation to take place and in fact report the wrongdoing to the Minister or the Government for the appropriate action. In my view, there would have to be a disclosure of those wrongdoings rather than of the individual who came forward with the information to determine whether the Government or the Minister acted upon that.

In the case of a very serious wrongdoing, it would not be adequate to have that disclosure once or twice a year but the arbiter would cause a report to be laid upon the table of the House of Commons at more frequent intervals so that everyone knows what has been reported, including the press, the public and the House.

It seems to me that the only solution envisaged in this motion is that the individual would disclose the information to the public and, after doing so, would not be subject to any consequences. Of course, this meets with great favour to the media, for which I cannot blame them, because it often results in stories that sell numerous papers. The media would be disappointed with a solution to the problem because it would stop a story.

All of us who have been in opposition are familiar with the so-called brown envelopes that we have received from time to time. We appreciated receiving those because it gave us information with which we were able to occasionally embarrass the Government. However, while I enjoyed receiving those envelopes when I was in opposition, I did not believe that it was the best way to deal with problems. It seems to me that it would be far better for a well intentioned person to have the opportunity to appear before a person within the Public Service who was designated by Parliament to present evidence of a wrongdoing so that it could be acted upon, rather than

leaking such information to the media. When such information is leaked, but not substantiated, or involves a philosophical difference, it can do irreparable harm not only to the plans of the Government but to the well intentioned work of many others who work alongside that individual.

I believe that there are cases of wrongdoing that should be brought to the attention of the Government and the public, but there ought to be a method for dealing with it.

I do not support the solution that has been offered by the Member who presented this motion. I presume he is attempting to anticipate what the Minister of Justice (Mr. Hnatyshyn) may be preparing. I know that the Canadian Law Reform Commission is bringing forward its second volume of the new draft to the Criminal Code and perhaps the Member is anticipating something that will appear there. I hope he takes the advice of some private Members and perhaps redrafts his motion or encourages the Government to include a suggestion such as an arbiter or the suggestion by the Member for Ottawa—Vanier for an ombudsman so that public servants can deal with these difficulties.

Mrs. Mary Collins (Capilano): Mr. Speaker, I am pleased to be able to participate in the debate on this motion. It is interesting to note that it is the second time this week during Private Members' hour that we have been debating a motion dealing with the issue of whistleblowers. Earlier this week we debated a motion put forward by a Member on this side of the House who sought to amend a number of pieces of legislation to give protection to whistleblowers.

Today we are debating a motion by a member of the Opposition who is suggesting that we amend the Criminal Code to protect the public officials who, acting to promote the public interest, disclose government wrongdoing or misinformation, to protect them from harassment, persecution and prosecution by the Government or its agents. I understand that another motion dealing with this issue was tabled today. Obviously, this is not a partisan issue, but one that concerns Members on all sides of the House.

It is a new issue as far as I am concerned and has not been brought to my attention by constituents or public servants. I read the debate from earlier this week and listened to the debate today. I hoped there might have been some definition of the problem because I honestly do not know either qualitatively or quantitatively what the problem is. I find it to be a rather theoretical discussion since there has only been mention of an English case and one case in the Public Service of Canada. I doubt that one makes major amendments to legislation in order to deal with one case and I am interested to learn whether this is a serious problem or one dealing with just one or two instances.

It has been mentioned that Members of the Opposition often receive plain brown envelopes containing information that I presume we hear about during Question Period. It is a great source of research and information for members of the Opposition and one might suspect that those Members might anticipate receiving an increasing flood of those envelopes if this protection were provided to whistleblowers and further their attempts to discredit the Government. However, I am sure that my hon. colleagues would not be so ill intentioned.

As a Member of the Government I have never had the opportunity to receive such an envelope referred to by my colleagues. I have some serious reservations about whether we should give such *carte blanche* protection, particularly through the criminal system. The motion states in part: "public officials who, acting to promote the public interest". That is a very broad definition. We in the Government may have one perception of public interest which may be very different from that of my colleagues opposite. Public Servants may have a very different perception of public interest.

Who would decide whether the particular information brought forward was in the public interest? As we all know, once the information is out, the damage is done. We could go through a process later in dealing with it but whatever information comes out later is usually on the last pages of the newspaper. Therefore, I think there have to be some important deterrents to public servants to ensure that they act responsibly. I think, in the main, 99 per cent of public servants act responsibly, but from time to time there may be those who might be enticed to think that if they could leak some information, whether from personal vexatious interests or their own perception of public interest, and if they could do it with immunity, they might be led to do so. However, we have to look at the legislation now in place. The Official Secrets Act was brought in for very good and valid reasons. Public servants swear an oath of secrecy. I would not want to do away with that *carte blanche* as I fear these motions would do, with the only rationale being "the public interest".

• (1750)

On the other side, we have the Freedom of Information legislation. I had the opportunity last year to take part in some of the deliberations of the Standing Committee on Justice and Solicitor General. We were looking at that particular piece of legislation which provides, quite honestly, at this point, almost all information to be accessible to the public. Sometimes I think from our point of view, almost too much. However, philosophically I believe it is right.

The only things not available under the Freedom of Information Act would be cabinet documents, in some instances leading up to the policy-making process and in some instances relating to national security or our relations with foreign powers. Most information is available if people take the time to put it all together. I am not sure that there is a big problem we are trying to address in this particular instance.

I thought it was quite ironic that one of my colleagues opposite earlier on suggested that the United States had this kind of protection, so why not Canada? All week we have been debating a Bill with respect to the imposition of an export tax on softwood lumber and my colleagues opposite have been berating the United States, saying how terrible it all is.

Suddenly today they are saying the system in the United States is wonderful and that we should be copying it, we should be "me too-ing it". So much for consistency.

I hope that the Hon. Member who put forward the motion has had a chance to look at the Law Reform Commission of Canada. It recently published its Working Paper No. 49 entitled "Crimes Against the State". Chapter 5 of this document deals with the very issue of the leaking of Government information. The Commission observes that there are strong arguments both for and against considering making the leakage of Government information an offence under the Criminal Code. I quote from page 53 of that report:

> In favour of criminalizing such conduct, one can make the following points. First, government today possesses enormous quantities of information about private individuals living in Canada, that, if released, could be extremely detrimental to these people. Surely civil servants should not be able to exploit their ability to gain access to this information for their own interests, with only the threat of disciplinary action to deter them. Second, government requires certain level of secrecy in order to function effectively.
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> For example, bargaining positions in federal-provincial negotiations would be jeopardized if civil servants could disclose confidential information with immunity. Another example is that of criminal investigations that require secrecy in order to be effective. When the stakes are high, the disciplinary process is an inadequate means of redress against talkative civil servants.

In that respect the Law Reform Commission is putting forward an argument to make it even more onerous than it is at the moment. On the other hand, the Law Reform Commission gives the other side, and I quote:

> Arguments against the criminalization of leaking Government information are as follows: First, the Government does not want to be seen as using strong arm tactics to protect itself and to keep secrets from the public. Second, the public has a right to know whatever it can get its hands on, and a leakage offence would be inconsistent with the policy of freedom of information behind the Access to Information Act.
>
> Third, the administrative process, disciplinary measures and dismissal, and the civil process, injunctions and suing for damages, are the appropriate remedies for such wrongdoing.
>
> Fourth, there may be situations in which the well-being of the nation actually depends upon the immediate public disclosure of classified information.

I think it is certainly worth while looking at the arguments which the Law Reform Commission has put forward as we think about some of these issues which we should address in considerable detail in the future. I just want to say that I feel serious concerns about this issue, although I think it is one worth debating. I would particularly like to follow up with a suggestion that my colleague made of looking at other ways. Perhaps the arbiter ombudsman might be a more appropriate way for public servants who felt they had information which should be made public but that might end up under abrogation of their responsibilities under the Official Secrets Act. I look forward to further discussion on this issue.

[*Translation*]

Mr. Marcel R. Tremblay (Québec East): Madam Speaker, I am pleased to rise today at the request of the Parliamentary Secretary to the Minister of Justice and Solicitor General of Canada, my Hon. colleague for Mégantic—Compton—Stanstead (Mr. Gérin), whom I view as someone vigourously and strenuously defending his convictions and those of his constituents. I would like briefly, in view of the time at my disposal, to discuss the motion introduced by the Hon. Member for York Centre (Mr. Kaplan), to amend the Criminal Code to grant "whistleblowers" a certain immunity from prosecution. I will therefore take some time to look with other Hon. Members for a solution to the problem of leaks by public servants in the federal Government.

First, Madam Speaker, we must give serious consideration to the reasons why an employee or a public servant may act against his superiors or his employer. Such a public servant who betrays his oath of office and confidentiality surely must face a grave problem of conscience and professional ethics. A leak may not be the best form of denunciation. Disclosure by a public servant who sees no other way, but who also may know only part of the facts, could seriously embarrass the Government and even cause irreparable damage to innocent people. Where newspapermen are concerned, you will notice that increasingly they tend to check their sources and are very reluctant to disclose information based on rumours or more or less convincing evidence. On the other hand, others might view leaks as an effective control over bureaucracy and even legislators.

We could also ask ourselves how such a procedure is viewed by the public. I think people have conflicting feelings in that respect. Some will feel outraged at such misconduct by "whistleblowers", while others will be relieved to know there are some watchful people who stay alert and blow the whistle.

I see that my time is running out. What I would propose is perhaps the appointment of an ombudsman, with the power needed to do his work. Of course, opponents will say that we are only adding to an already huge bureaucracy and will only succeed in compounding and multiplying problems. My answer is that fire is best fought with fire. Water is best fought with water, and bureaucracy and its abuse are best fought by yet an additional bureaucratic level.

As I said, Madam Speaker, the solution does not lie in an amendment to the Criminal Code to protect "whistleblowers" against harassment, persecution and prosecution. It lies rather in the strength of an independant ombudsman who could deal confidentially with complaints and who will expose wrongdoings after a responsible enquiry has proved there was wrongdoing.

The Acting Speaker (Mrs. Champagne): The hour provided for the consideration of Private Members' Business has now expired. Pursuant to Standing Order 42(1), the item is dropped from the Order Paper. The House will now revert to Government Orders.

• (1800)

GOVERNMENT ORDERS

[*Translation*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee, and the amendment of Mr. Turner (Vancouver Quadra), (p. 2382).

The Acting Speaker (Mrs. Champagne): Is the House ready for the question?

Some Hon. Members: Yes.

The Acting Speaker (Mrs. Champagne): The question is as follows: Miss Carney, seconded by Mr. Mazankowski, moves that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be now read a second time and referred to a Legislative Committee.

Mr. Turner (Vancouver Quadra), seconded by Mr. Ouellet, moves the following amendment: That the motion be amended by deleting all the words after the word "That" and substituting the following therefor:

"Bill C-37, An Act respecting the imposition of a charge on the export of certain softwood lumber products, be not now read a second time but that it be read a second time this day six months hence."

The question is on the amendment of Mr. Turner (Vancouver Quadra). Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mrs. Champagne): All those in favour please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mrs. Champagne): All those opposed please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mrs. Champagne): In my opinion the nays have it.

And more than five Members having risen:

The Acting Speaker (Mrs. Champagne): Call in the Members.

The House divided on the motion (Mr. Turner (Vancouver Quadra)) which was negatived on the following division:

(Division No. 47)

YEAS

Members

Althouse	Gray (Windsor West)	Nystrom
Angus	Hopkins	Parry
Axworthy	Jewett	Penner
Benjamin	Langdon	Rodriguez
Boudria	MacLellan	Rossi
Caccia	Manly	Skelly
Copps	Marchi	Waddell—30
de Corneille	McCurdy	
Dingwall	Mitchell	
Foster	Murphy	
Fulton	Nunziata	
Gauthier		

NAYS

Members

Andre	Fennell	McDermid
Belsher	Ferland	Minaker
Bertrand	Fontaine	Nickerson
Binns	Forrestall	Oberle
Blais	Gagnon	Pennock
Boyer	Gass	Plourde
Brisco	Gray (Bonaventure—Îles-de-la-Madeleine)	Porter
Browes		Redway
Cadieux	Guilbault (Drummond)	Reid
Carney		St. Germain
Champagne (Champlain)	Halliday	Schellenberger (Wetaskiwin)
	Harvey	
Clark (Brandon—Souris)	Hicks	Scott (Hamilton—Wentworth)
Coates	Holtmann	Scowen
Collins	Horner	Shields
Comeau	Hudon	Sparrow
Corbett	Joncas	Suluk
Côté (Lac-Saint-Jean)	Jourdenais	Tardif (Charlesbourg)
	Kindy	
Côté (Langelier)	Leblanc	Towers
	Lewis	Tremblay (Québec-Est)
Crofton	MacDougall (Timiskaming)	
Crombie		Tupper
Crouse	MacKay	Vézina
Darling	Malone	Warner
de Cotret	Mantha	Weiner
Desjardins	Masse	White—77
Dick	Mayer	
Epp (Provencher)	Mazankowski	
	McCrossan	

The Acting Speaker (Mrs. Champagne): I declare the amendment lost.

• (1840)

[*English*]

Is the House ready for the next question?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mrs. Champagne): We shall resume debate on the main motion.

Mr. John McDermid (Parliamentary Secretary to Minister for International Trade): Madam Speaker, it is a pleasure for me to rise tonight to speak on this debate.

Some Hon. Members: Hear, hear!

Mr. McDermid: I appreciate very much the applause from all sides of the House.

Mr. Benjamin: What did you do, buy them supper?

Mr. McDermid: One would think that I bought them supper, wouldn't one? I have sat through the entire 17 and one-half hours of this debate and I think it is one of the better debates we have had in the House of Commons. Many points of view have been expressed and some very excellent points have been made. Tonight, I hope I will be able to answer some of the concerns that have been expressed by a number of Hon. Members from all sides of the House.

First, I would like to deal with the issue of sovereignty—

The Acting Speaker (Mrs. Champagne): Order, please. Order. The Chair would very much appreciate hearing what the Hon. Parliamentary Secretary has to say. It is actually impossible right now to do so with all the noise in the House.

[*Translation*]

Please, I would ask all Hon. Members to allow the Chair to hear what is being said in the House. The Hon. Parliamentary Secretary.

[*English*]

Mr. McDermid: Thank you, Madam Speaker. I appreciate that. I was saying that there are some areas I wish to cover that have been debated in the House. The first issue with which I would like to deal is the issue of sovereignty.

In my view, a trade negotiation is an exercise in sovereignty, not in surrender. All trade negotiations involve commitments made by participants with the understanding that arrangements can be terminated by any of the principals prepared to suffer the consequences. As such, there is no loss of sovereignty but rather its use through an agreed exchange. If I may, I would like to give a couple of examples of this.

In 1935, Canada and the United States successfully negotiated a bilateral trade agreement which lowered tariffs on each country's products. Subsequently, Canada, in a series of GATT rounds, negotiated agreements which lowered barriers to our trade. In doing so, we also agreed to limit the use of our sovereign power by subsidizing exports, by discriminating against foreign-made products through our tax system, by raising tariffs or by purchasing non-competitive Canadian products through federal procurements. That was part of the agreement made at that time. We gave something up to get something and that is the history of trade agreements.

I contend that simply belonging to GATT and following its rules means that a country gives up a little of its sovereignty, but it does that through trade agreements. Today we are discussing a trade agreement signed between two sovereign countries. Had the countervail gone through, I might be arguig on the other side of this issue. I might be arguing that some of our sovereignty was lost, because under the American countervail law the Americans have unilateral powers. They could check the books of the federal Government, the provincial Governments and the industries. They could raise and lower the tariff at will—

Mr. Benjamin: Not under GATT.

Mr. McDermid: I am sorry, but they can. Under the GATT rules, that is allowed.

Mr. Benjamin: The GATT can do it, not the U.S.

Mr. McDermid: The Hon. Member will have a chance to debate later on.

Mr. Benjamin: I did.

Mr. McDermid: I am simply telling him that that is allowed under the rules of countervail and it has been allowed for a very long time.

Mr. Langdon: Give them the full system.

Mr. McDermid: Look, I sat and listened to both Hon. Members very, very quietly when they debated this issue.

Mr. Benjamin: No, you didn't.

Mr. McDermid: We are back on the Bill again and those Hon. Members will have all the opportunity in the world to debate this issue. I only have 10 minutes and if they would give me a chance to put my remarks on the record, they may rise and say their piece. Is that a fair deal?

Mr. Benjamin: Yeah.

Mr. McDermid: Thank you.

Mr. Benjamin: We won't be any noisier than you were.

Mr. McDermid: Another agreement under which certain commitments were made on both sides of the border was the Auto Pact. There were give and takes under the Auto Pact, and again two sovereign countries negotiated an agreement. The same is true of the issue that is before us now. Therefore, I do not believe for a minute that sovereignty has been lost by the Government of Canada through this agreement.

We are also talking about provincial resources. Earlier today an Hon. Member said that before his Party could approve the Bill he wanted to know how the money would be spent. Since we are talking about provincial resources, we are talking about provincial money. The provinces will be spending the money and that is explicit in the Bill.

With the exception of a small administrative fee, the money will go to the provinces. It is rightfully theirs because, under our Constitution, the provinces own the resources. The decision

as to how to spend the money will be theirs. As long as they do not subsidize the lumber companies, there are all kinds of things they can do in the forest industry with those funds. Without committing a specific amount to a specific area, the provinces, with the exception of Ontario which has committed some $45 million to workers, will do with the money as they will. Many of them have indicated that it will be used for reforestation, silviculture and adjustment for workers who might be put out of work.

If I may, I wish to touch on some of the fear-mongering that has been going on. On May 29, 1986 we heard the Hon. Leader of the New Democratic Party (Mr. Broadbent) say that the 35 per cent tariff on cedar shakes and shingles would do away with 4,000 jobs. We know that that has not happened. The Right Hon. Leader of the Opposition (Mr. Turner) said that the tariff has put 4,000 men and women out of work in British Columbia. That is just not true. The industry is almost back to full capacity. They are selling their product and competing very well. We are now hearing once again those same exaggerated claims. I can tell you, Madam Minister—or Madam Speaker, that in fact—

• (1850)

Mr. Axworthy: You are out of date. She is another one that is gone.

Mr. McDermid: I am sorry?

Mr. Axworthy: She is another one that is gone.

Mr. McDermid: Go ahead, insult the Speaker. That is fine. The Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy)—

Mr. Axworthy: I am just trying to help you out.

Mr. McDermid: —insults the Speaker sitting in the chair. That is typical of him.

Mr. Axworthy: Running number three in your riding, are you?

Mr. McDermid: I might say these wild claims—

Mr. Axworthy: You are running behind the Rhinoceros Party.

Mr. McDermid: Madam Speaker—

The Acting Speaker (Mrs. Champagne): Order, please.

Mr. Axworthy: You look like a rhino so you should be running with them.

The Acting Speaker (Mrs. Champagne): The Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) makes it very difficult for anyone to express his or her ideas. I think it would be fair and normal to listen when Hon. Members are debating.

Mr. McDermid: Thank you, Madam Speaker. Obviously I am striking a sensitive—

Mr. Axworthy: I am just trying to be helpful.

Mr. McDermid: —note. Since we have been debating this Bill for 17 and one-half hours, and the Opposition is going to carry on like that, I move that the question be now put.

The Acting Speaker (Mrs. Champagne): Mr. McDermid, seconded by Mr. Lewis, moves:

That the question be now put.

The Acting Speaker (Mrs. Champagne): Debate, the Hon. Member for Essex—Windsor (Mr. Langdon).

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, finally we see the true face of the Conservative Party and its willingness to carry on debate on this—

Mr. McDermid: Carry on.

Mr. Langdon: —serious issue. It is unfortunate that the Government chose to move a motion like this, especially after such a misguided speech of misinformation which unfortunately Canadians across the country have had to listen to.

I want to say two things in trying to persuade the backbenchers of the Conservative Party to at least react against the effort on the part of their front-benchers to try and ram this agreement, dishonourable as it is, through the House of Commons. I want to first quote an organization which I thought the Conservative Party would have some sympathy for, a group which they would take with some seriousness. I am speaking of the Canadian Lumbermen's Association.

That group just sent to their members and Members of this House an information update on Canada-U.S. softwood lumber exports. They are talking about the U.S. letter sent to the U.S. lumber coalition. They say: "We believe this letter actually charts U.S. intentions on our case." As I indicated in my previous speech, that letter indicates very clearly that the suggestions made by the Parliamentary Secretary and previously by the Minister, that it would indeed be possible to assist our lumber industry with the $600 million, will not be possible.

Mr. Dick: You believe the Americans, do you?

Mr. Langdon: I am indicating the belief of the Canadian Lumbermen's Association. As well, there is, not an informal side letter, as the Minister suggests, but a very clear and specific indication signed by President Reagan indicating that he can do anything whatsoever to see to it that their understanding of this agreement is put into effect the way they wish to see it put into effect.

Mr. McDermid: As it was negotiated.

Mr. Langdon: The letter makes it very clear—

Mr. McDermid: Do you believe the Americans?

Mr. Langdon: —that the U.S. is absolutely concerned, committed and adamant about the fact that this money will not be used to assist the lumber industry in this country. It goes further than that and indicates that among the things we cannot do is award contracts for silviculture, road building or recreational and other foresting activities on a non-competitive basis. If we chose, for example, to give to a co-operative in New Brunswick, or a group of young people in British Columbia, or a group of native people in Alberta the chance to build recreational facilities on the basis of a non-competitive contract because we believe it is socially right, the U.S.—

Mr. McDermid: No, no, no. That is crazy.

Mr. Langdon: I can quote the details in the letter.

Mr. McDermid: That is nonsense.

Mr. Langdon: It is absolutely the case.

Mr. McDermid: It is nonsense.

Mr. Langdon: That will not be permitted. It is right here in black and white. Anyone who wants to see it can write our office and we will send it to them. As I say, it is not from the U.S. but from the Canadian Lumbermen's Association who have concluded that this is the intentions of the U.S. in this case.

I have to go on and indicate that as well as—

Mr. McDermid: Where does it say that?

Mr. Langdon: I seem to remember the Parliamentary Secretary saying he was going to be quiet.

Mr. McDermid: Fair ball; just tell me where it is in the letter.

Mr. Langdon: As usual, he is not sticking to his commitments.

• (1900)

I make the point very clearly again that this same set of detailed points made by the Canadian Lumbermen's Association indicates, first, that the agreement "demonstrates that the lack of input from the involved softwood lumber industry created unnecessary problems and backlash from January 1 to date". It indicates as well that there were very important producers within their association who "were left in limbo". It also indicates that exclusions for the Maritimes must be included on the agenda of the first modifications meeting in 1987.

Worst of all, Madam Speaker, the letter indicates that the Canadian lumbermen learned last week that:

—our European softwood lumber customers are worried they will be flooded—

Accordingly, we understand, on very sound authority, a number of European importers are trying to have their governments initiate action to impose a 15 per cent tax on our softwood lumber imports.

In addition to the industries opposition, I want to quote the detailed reactions of the Canadian Paperworkers Union which represents 65,000 men and women across Canada. This union indicates that it studied the agreement very carefully. It strongly believes:

that such an agreement threatens the livelihood of our membership in the lumber sector— The agreement not only endangers jobs in the sector but also dramatically illustrates the untenable position of the Mulroney Government in its talks with the United States on the issue of free trade.

Let us be very clear that it is not only industry but a major part of the trade union movement in the country which stands with us and many newspapers across the country which have opposed this agreement. There is a widely and deeply felt opposition to what is seen as a massive sellout of the hopes of the country and our economic independence. The Conservative Government is trying, not only to force this legislation through, but to force it through by cutting off debate. I say shame and I am sure the country says shame as well.

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Madam Speaker, thank you for giving me the honour of speaking in this debate. This is my second opportunity to do so this week. As the saying goes, the speech gets better the second time around. I was hoping that we would have an opportunity to hear clarification of this abominable piece of legislation from government Members. Unfortunately, they have been plagued for the past while with severe and traumatic psychological depressions and, therefore, have not been able to rouse themselves to the full fervor of an explanation, which I know they would otherwise like to provide.

Earlier today my colleague from York South—Weston talked about Shakespeare and quoted Hamlet most eloquently. That brought to mind how much we in Canada need Shakespeare to describe the present Government. When the free trade initiative was first launched Government members were full of hosannas. They paraded out on the streets that this was going to be the salvation of Canada. Shakespeare spoke of the seven stages of man. With regard to the first stage he said:

—the lover, sighing like a furnace with a woeful ballad made to his mistress' eyebrow.

That was certainly the position of our Prime Minister (Mr. Mulroney). He was singing a ballad to his mistress' eyebrow, telling us all what a furnace of affection he would have for the Americans as he brought about free trade.

Watching the face of the Prime Minister yesterday brought to mind the second stage of man as Shakespeare expressed it. He said:

—the whining schoolboy with his satchel and shining morning face creeping like snail unwillingly to school.

Only Shakespeare could describe our Prime Minister in such eloquent terms, going from the woleful lover to the schoolboy sneaking like a snail as he went, cap-in-hand, to the American vice-president supplicating to save his political skin.

You, Madam Speaker, have had the peculiar honour of having to listen to a large part of this debate. The Government justifies this legislation by saying that the stock market has gone up. I see that we can now create public policy based upon what speculators on the stock market think is right. On that basis, of course, we should be paying great homage to all those who are involved in the amalgamations, take-overs, junk bonds and other finaglings. They are now the decision makers on Tory policy.

Their other argument was that this legislation is going to be of great assistance to the industry. They find a remote quote from someone they found deep in the depths of a Fraser type think tank who says this is a wonderful thing. The Government is still financing groups of reactionary right wing brain trusts which run around the country and appear on *Canada AM* telling us how the particular and peculiar policies on this continent will serve us well.

We listened to the Hon. Parliamentary Secretary tonight. Was that not wonderful? He said that we should not ask the Government for explanations, that that was up to the provinces. He said the Government is doing this only to give the money to the provinces. Although there is a letter from the Secretary of Commerce and the trade negotiators, they are only insignificant people and we should not pay any attention to them. They are our partners to the agreement and they have set out very clearly in a letter how they interpret the agreement. If that is the case, when our brave Prime Minister met with the Vice-President of the United States yesterday, why did he not say that we have a different interpretation of that agreement and explain our interpretation to him?

The Prime Minister did not say that our interpretation is that once the money is transferred we can spend it as we like. He did not do that because he knows that is not the case. When the Minister for International Trade (Miss Carney) and her officials appeared before the provincial Ministers they were asked how the money could be spent and no answers were given. They said they did not know how the money could be spent. The provinces are now facing total and complete uncertainty. They do not know.

The Parliamentary Secretary has stood in the House and said that it is up to the provinces to decide. How can they decide when the rules of the game are masqueraded? How can they decide whether they can reforest, build a road, or provide worker retraining when the Government has not had the wit, brains, or intelligence to get a fair answer from the Americans as to what is going on? Madam Speaker, is it any wonder that Members on this side have raised some concern and told the people of Canada that they are buying a pig in a poke?

• (1910)

This is a Trojan horse with many hidden implications. The passage of this Bill will be the beginning of the erosion of many of the basic principles about how we run this country. What is at stake is the sovereign right of Canada to price its resources and determine policies for its natural resources as we see fit, and want to do it, not as it is interpreted by the United States Commerce Department, the Coalition for Fair Lumber Imports, or by the President of the United States.

Mr. McDermid: This agreement allows it.

Mr. Axworthy: This agreement says nothing of the kind. The Bill gives the United States the right to obtain all kinds of confidential information. It says that the Minister can provide information to whomever she pleases. She will give it to the Americans.

It is also very clear that the United States has a right to comment upon and be consulted about the calculations of replacement measures. We know full well what will happen when they start trying to impose those replacement measures. If the provinces are required to implement increases in their stumpage fees, it will mean a substantial rise in cost, not just for lumber products exported to the United States but for lumber consumed in Canada and lumber exported to other countries. Rather than being a $600 million Bill, it will be a $1 billion Bill. Therefore, we must conclude that there will not be replacement measures, but we will be stuck with an export duty tax that will become a permanent part of the tax structure of this country.

What will be the consequence of that? Other countries with whom we are competitors in the international market, such as the European Economic Community, will ask why they cannot do the same as the Americans. We have a letter from the Canadian Lumbermen's Association saying sources now report that the Europeans are thinking of imposing an equivalent export tax. The Government has opened a Pandora's box, with a whole series of consequences that it did not know about. The Government cannot tell us about these consequences, yet it expects the House to pass the legislation. That is why it is called a blind trust.

We know how the Government administers blind trusts and we see day after day in the House how the Government and its Ministers go about administering blind trusts for themselves. We do not want a blind trust on the national resources of Canada, which is what this legislation is asking of us.

The Parliamentary Secretary went on to say that the Government signed an agreement that is no different from signing an agreement under GATT. How can the Government be more obtuse than to equate a bilateral trade agreement with a multilateral agreement where there are some 80 other signatories and a whole host of countries defining the rules. As I read into the record of the House yesterday those rules are designed to protect smaller, weaker nations against the imposition of the interest of larger, more powerful nations. One of the purposes of GATT is to set rules to enable large and small countries to exist universally and equally. That is why we have most favoured nation treatment rules.

The federal Government, not only in lumber, but in the larger free trade negotiations, is attempting to sign a bilateral agreement with the most powerful economic nation in the

world, and one that has a very different agenda and a very clear trade interest. Their trade interest is to reduce their trade deficit and they will do it on the backs of their customers, their partners and their allies.

We asked George Bush for the timetable for the trade agreement. He said he could not answer that, which is obvious, because the Americans want to prolong this process for as long as possible since they are the big winners. They win on pharmaceuticals, on books, on fish, on energy, and on softwood lumber. What is next in line? It will be steel, hydroelectric power, potash and all our other resources because the Government has caved in on the fundamental principle, so that the country to our south can now help determine how we set our natural resource policies. That is why the Bill is wrong.

Mr. Jim Fulton (Skeena): Mr. Speaker, I am saddened to speak in this debate now that the Government is trying to choke it off. We have had only a few short hours to relay information to Canadians about what is really happening.

I liken what is happening in this situation to what the United States did in mining the ports in Nicaragua. That small country of Nicaragua had enough gumption to fight in the world court. In our case, the Secretary of State for External Affairs (Mr. Clark) rose in the House and said that the 15 per cent countervail is an illegal act by the United States which we will begin fighting under GATT. There was a special panel set up to fight and have our interests as a smaller trading nation heard by an international panel.

However, the Secretary of State for External Affairs agreed to have the Minister for International Trade (Miss Carney) sign a side letter saying that we will not follow this any further with GATT. The United States has done just as it did to Nicaragua in mining their ports. It has mined our forest policy and made it very difficult for small and large companies to operate in any kind of profitable and manageable way in this country.

I want to talk about some of the associated events that led up to this situation and why the Americans were so sure they were dealing with a scatter-brained Government. It is a government that became supinely acquiescent on fish, steel, hogs, raspberries, shakes and shingles, and every other commodity on which the United States wanted to slap some kind of countervail. The Government was mute and did not go to the assistance of those industries.

Let us go back to a meeting in Vancouver where the former Minister of International Trade, the Solicitor General of Canada (Mr. Kelleher), was speaking. The U.S. subcommittee on trade was present, on its way to Tokyo. At this meeting, where members of the U.S. Congress and Senate were present, the former Minister offered to amend the Gibbons Bill which was before the U.S. Congress. I was, and I am sure most Canadians were, absolutely flabbergasted to see that kind of simple-minded activity coming from the former Minister for International Trade.

We then saw his replacement, the new Minister for International Trade, go to Washington and make the failed 10 per cent one time only final offer. Within weeks it was jacked up another 50 per cent, despite the fact that the Government itself had gone on public record and said that the countervail duty as it had been put together was illegal. I am not talking only about the double counting, because there must be some kind of criminal activity to have come up with an illegal duty. The Department of Commerce and International Trade Commission was forced to place an illegal 15 per cent countervail against Canada. How did our Government respond? It imposed the 15 per cent export tax against us on our side of the border.

Let me go back a little further. The argument being put forward by Government Members is false and fraudulent in two ways. First, Government Members are saying that this was the lesser of two evils because either the money was going to go into the United States or come to Canada. They are espousing from coast to coast that Parliament should support this because it is better to have money coming to Canada than going to the United States. That is faulty reasoning and I will go back into the history of why it is such a stupid position for Government Members to tell their constituents.

The parallel argument that has been flowing from various Cabinet Ministers' offices to these naive back-benchers is that this $600 million a year will be going back to Canada's forest industries. As my collegue, our critic for international trade, has pointed out, under almost all circumstances that money cannot go back to assist the forest industry. Yesterday Tory Members from British Columbia were saying that this is $400 million of new money for reforestation. Let us think about that for a minute. If Mr. Vander Zalm had been serious when he started skating the feds off the ice and was going to raise stumpage rates as he indicated, that was the time to do so. At that time it would have had significant political impact in the United States. Instead, he is now looking at $400 million as new money. As he has publicly indicated, that money will not go to reforestation or into the forest industry. He will look at his government's priorities for that money. I think it is wrong and despicable for Conservative Members to tell their constituents that this money raised under export tax will be used to assist those workers who are displaced, will go to reforestation, retooling, road construction and to assist those single industry towns that rely on the forest sector. Let me now deal with the posturing taken up by the Minister of Forests of British Columbia, Mr. Kempf and the Premier, Mr. Vander Zalm, as he skated this naive, scatter-brained Government right off the ice. The first statement came early last fall when the Minister of Forests said, of course we are subsidizing. He said it publicly. He said: "We get $150 million revenue from the forest sector and we spend $350 million a year through our forest services". That is a net loss of $200 million. We all know the Socred Government of British Columbia cannot run a pop stand. We have known that for years. However, it managed to finagle its way back into Government.

• (1920)

The Premier now has himself a new mandate. He has already skated the feds part way off the ice during the countervailing process last fall. What is the next step he takes? First he says he is going to go it alone to Washington with the Province of Quebec. However, a few quick calls to Premier Bourassa and we learn there have not been too many opportunities, or actual communications between the Premier of British Columbia and the Premier of Quebec, so Premier Vander Zalm abandons that idea after skating the feds even closer to the edge of the ice. Then late in the evening he hears an erroneous radio broadcast in his office. I suppose he had one of those "rocket" radios in his ear. He hears an erroneous news broadcast so he calls a press conference and says a deal has been struck, finally skating the naive feds, this marvellous largest Government in Canadian history, right off the ice, and we see the bureaucrats and the Minister flocking down to Washington to cut a deal on an illegal countervail.

I do not think this House should forget that the countervail duty was illegal. It was illegally composed mathematically and the findings which were made were illegal. We are the largest trading partner the United States has. Ontario alone has a larger trade balance with the United States than does Japan. It is amazing that our largest trading ally is bullying us in this way because of protectionist sentiments in the United States.

Let me now really deal with the issue. Industry had an opportunity and it now realizes the effects of allowing the Government to do it. As Adam Zimmerman put it, it was like allowing the orderly in the hospital to do the heart surgery, the five-way bypass. We have seen how this Government has mismanaged from start to finish.

I went down to Washington almost two years ago with Hon. Members of the House who were interested in this issue. We took the pulse of protectionism and found out the affect the U.S. coalition was having on elected representatives in the United States. We found they were very effective. Our Ambassador, Mr. Gotlieb, a very intelligent and well informed man, was well aware of where this issue was starting to move. He had certain ideas which I brought back to the Secretary of State for External Affairs (Mr. Clark) and the Minister for International Trade (Miss Carney), as did other members of that delegation.

We pointed out we had to get to U.S. consumers. The U.S. consumers know this will increase the cost of a house in the United States between $1,000 and $4,000 U.S. That is very likely going to bring about a further reduction in housing starts in the United States. We are lucky right now because there is a bit of a blip in the United States because interest rates are down and people are still buying homes. However, the fact is that the culmination of this export tax, with anything like the 1982 reduction in demand for Canadian SPF products, is going to have devastating consequences, particularly for small mills, and, if Mr. Widman is correct, to a far greater extent in eastern Canada than in western Canada, in part due to the nature of stumpage policies in this country. If one compares British Columbia and the Maritimes, one finds that the Maritimes pay six times the stumpage fees now paid in most of British Columbia.

That brings me to the point where again members of the Government say that these hundreds of millions of dollars are going to be converted into stumpage increases, and so on. There is no incentive now for Mr. Vander Zalm or Mr. Kempf, or for the B.C. Government, to increase the stumpage rates in British Columbia because of the bottle-neck which will be created with the Department of Commerce, first, and also the fact that they receive fluid cash every month from Ottawa under the export tax which they can spend on ferries, roads, or whatever kind of nicknacks the provincial Government decides is politically popular.

I would like to end my remarks with the point of this whole exercise. We should have gone to the United States consumers, not as Parliamentarians, not as a forest industry, but through trade consulates in the United States, as all countries which have an evolving, mature relationship with the United States do. Finally, this whole issue revolves around the fact that the American forest industry is using this as a means to fix prices. It is going through this whole conundrum to fix prices in the United States, to drive them up. We should all remember that ITNT were the ones who drafted the resource pricing section of Sam Gibbons' Bill. They are after our forest lands and our industry with a vengeance. We should have stood up stronger and more firmly as a country and fought this to the ground before it ever got to the countervailing duty stage.

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I am pleased to have the opportunity to participate in this debate. I had a few minutes to speak earlier this afternoon and I was hoping that at that time I had made a convincing enough argument that all Conservative Members would want to change their vote. However, as you know, being a non-partisan person sitting in that chair, and being able to evaluate these things, obviously these Tories need a bit more convincing. So let me try it one more time.

Mr. Marchi: Very eloquently.

Mr. Boudria: My colleague, the Hon. Member for York West (Mr. Marchi) says "very eloquently", but these Tories are stubborn. We have to explain this point again and again to the Conservative Government.

What we have before us in Bill C-37 is not an issue involving only softwood lumber. Of course it is that, but as I said earlier this afternoon, we are talking about sovereignty, our country. We are talking about relinquishing and surrendering some of our rights, the rights of a sovereign nation, to another country.

This is indeed precedent setting. What we have to ask ourselves is why we are doing it. If it were the proper thing to do, if there were no other alternatives, it would still be wrong to relinquish our sovereignty in this way. But it was not the only thing to do. The Prime Minister (Mr. Mulroney) could have stood up to the President instead of being busy kissing his

shoes. He could have stood up to the President and told him: "Mr. President, Canada is a sovereign country and we cannot allow a wrong policy of the United States of America to dictate to us in our country and tell us how we are going to run our internal affairs". We should have said we cannot agree to a piece of legislation by which another country will be able to determine whether or not what we are offering to Canadian industry is a subsidy.

What is next, I ask you, Mr. Speaker? I represent a constituency in which there are some 2,000 dairy farmers under supply management. We really have to wonder whether the Government at some point in the future is planning to sacrifice our dairy policy. Would it be planning at some point in the future to sacrifice our regional industrial policy? Would it be planning to sacrifice anything else to the Americans in order to keep them happy?

• (1930)

I see the Minister of State for Immigration (Mr. Weiner) in the House. He is the Hon. Member for Dollard. He says: "No, of course not". I believe him. He probably would not himself.

Mr. Marchi: He is a provincial Liberal.

Mr. Boudria: I am told that he is a provincial Liberal. I knew there was a good side to him, but I just could not figure out what it was exactly.

Be that as it may, I am sure he would not do it. It is his Prime Minister (Mr. Mulroney) whom we do not trust with these types of negotiations. It is the Prime Minister who was too quick to cosy-up to the President of the United States the moment he took office. He was too quick and too hasty to tell everyone that what he wanted to do was simply please another country and not be running his own.

[*Translation*]

Mr. Speaker, that is why Canadians no longer trust this minister. That is why they no longer trust this government which could not stand on its own two feet.

The Hon. Member for Vaudreuil (Mr. Cadieux), who represents the riding next to mine and who sits on Government benches, certainly knows that his Prime Minister has surrendered part of our sovereignty to the Americans when he introduced that legislation. Some might argue that he did not do it himself, but that his Minister for International Trade (Miss Carney) who spends her time in Hawaii did it, and they would be right.

I should like the Hon. Member for Vaudreuil to tell me who appointed the Hawaiian minister? Well, it was the Prime Minister, and you know, Mr. Speaker, as we all know now, that it was a poor choice.

We know that we should now ask the Minister responsible for International Trade to move somewhere else, to do something else, perhaps warm up one of the back-benches over there, and to ask one of the Hon. Members who do not speak often, for I am sure that among all of them, there are at least one or two who are able to speak—I am not really sure of that, for I have not seen any of them open their mouths yet—but because of the law of probability, I am sure some of them could speak.

I am sure also that the Hon. Member for Beauharnois—Salaberry (Mr. Hudon) who represents the riding situated to the South-East of mine, could speak in the House, and that as a Minister, he could do just as good a job as the current Minister. He could certainly not do worse than she.

Mr. Speaker, I am sure that my friend and neighbour would at least try to defend the interests of Canadians. His riding runs along the American border, so that he is well aware of the influence and size of that neighbouring country.

[*English*]

We are not discussing here whether the United States is a friendly or unfriendly neighbour. Of course it is a friendly neighbour. That is not the issue. I have friendly neighbours of my own. That does not mean that they are allowed to enter my house and run away with everything that is there. The Hon. Member for Athabasca (Mr. Shields) has his office right next to mine. I consider him to be a friendly neighbour.

Mr. Shields: Have you noticed we always close our doors?

Mr. Boudria: He does not enter my office and run away with my furniture, which is precisely what the Government is proposing in this Bill. It is offering a means by which someone will be able to decide whether or not what we are doing in our country is right. They will not even have to come here to do it. They will be able to stay at home in Washington and tell us from there whether or not we are governing a small aspect of our country in the proper way.

Some may say that this issue alone is not relinquishing totally the sovereignty of our country—perhaps not. But it is a foot in the door. It is very clearly a decision aimed in that direction.

As I said at the opening of my remarks, this was done erroneously. Most Canadians believe that had the case gone through the proper adjudication methods we would have won, as we have in the past. Members opposite say: "We won in the past but the process started again, therefore we did not really win at all because we won and then a couple of years later the Americans started threatening us again with a countervail". That is fine. What is there to say that they will not start again the day after we pass this Bill? What is there to say that they will not ask that the 15 per cent be increased to 35 per cent, or whatever? How are we to know? In the past we wanted what we felt was right, and we did so for the right reasons. However, the Americans came back to us demanding that things be changed.

I say to the silent Tories, those who form the silent majority, those who never say a word in the House other than to holler the odd heckle, that there will be a day when they will have to speak up. It is fine for them not to stand in their places, not to

speak on behalf of their constituents. However, some day they will have to return to their constituents and be accountable. Their constituents will say to them: "Where were you when the softwood lumber issue was being discussed?" They will have to say that they were sitting in the back row watching members of the Opposition speak. That will not be good enough. Their constituents will not accept that. They will turf them out of office the next time around and put the Liberals back in.

Mr. Jack Shields (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I wonder if I might be permitted to put on the record the facts which face us in this country. I would like to limit my remarks to facts. I do not want to enter into rhetoric, attempts to destroy personalities and individuals, attacks on the Minister for International Trade (Miss Carney) which are strictly out of character in this House. However, it is not something which is out of character for members of the Liberal Party or members of the New Democratic Party.

Let us consider the facts. Some two years ago a dispute developed with respect to softwood lumber entering the United States. The Americans wanted to impose a countervail. What happened? The case went before a tribunal and Canada won.

Just two years later another fact emerged. The climate in the United States was such that the Americans were becoming protectionists. There were something in the order of 300 Bills in Congress alone which proposed to bar imports from other countries. A real protectionist mood has developed in the United States. We all know that. Every Member sitting in the House knows that.

So it is fact that a dispute developed. Members of the lumber industry in the United States approached their Congressmen and Senators and said: "We want a countervail. We want you to impose a 15 per cent duty". That was done, it was not just proposed. A 15 per cent duty was imposed on the import of softwood lumber coming from Canada to the United States. Where did that money go? It went straight into the Treasury of the United States. That is where it went. By the way, that was only an interim solution. The lumber industry down there said that the hurt it was feeling was closer to the equivalent of 25 per cent and that is a fact.

Thus the process started. What was going to happen? We were to appear before a tribunal. Members opposite say that if we had fought the situation right through we probably would have won the case. I want to tell Members opposite that the whole situation in the United States has changed. The temper has changed. The best judgment of the government experts we consulted was that this was not going to happen. We were told that we probably would lose.

The other side of the coin is that, even if we did win it would take four years to do so, during which time the 15 per cent would still be in place and going directly to the Treasury of the United States. That is a fact. If we were able to win the case, which could have happened, then there was nothing in place to stop the United States with their protectionist attitude from coming in with legislation and imposing the 15 per cent anyway. Our best judgment told us to strike a deal with the United States so that we could keep those funds in Canada. The important issue was to keep the money in Canada. With that money, we can assist with the problems that may face the industry. That is a fact.

• (1940)

The other fact that everyone glosses over or does not allude to is that after the agreement was signed the stocks of all of the softwood lumber industry went up very dramatically on the Toronto Stock and the Vancouver Stock Exchanges. Not only did the stocks go up, but the price of lumber to the consumer in the United States went up approximately 13 per cent. This means that all that happened is that the price of lumber has gone up in the United States market, and the consumer in the United States is paying the 15 per cent difference that is being collected for the Canadian Treasury.

The money will be put into a special fund. That fund will be passed to the provinces proportionately. The provinces will determine how this money will be handled, whether it is spent on silviculture or reforestation. Those are the facts that, when speaking on behalf of our constituents, all Members on this side of the House have expressed time and time again.

What do we hear from the Liberal-NDP coalition? We hear nothing but character assassination of the Minister for International Trade (Miss Carney). We hear nothing but innuendo and character assassination of the Prime Minister of Canada (Mr. Mulroney), and of every member of this Government who states the facts. They do not wish to listen to the facts. What they wish to do is malign and carry on a fractious House, and say things in the House that they would never admit to saying if they walked out on to the street. They would never admit to saying some of the garbage that they try to throw in the form of debate. It is not debate, it is a rat pack mentality that has taken over with the Liberals, and the NDP are falling into line like the lemmings heading to the sea; one lemming starts and all the rest follow. That is the way it works.

I would like to talk about the sovereignty issue and the types of things that are being mentioned. We heard the Member, who calls himself my neighbour, the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria), say that we lost sovereignty. I heard the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) talk about sovereignty. I also heard the NDP talk about sovereignty, and how we have given it away. When two people have a dispute and those people come to an agreement, they agree to do certain things. They both lose a little bit of their free choice. In the dispute to resolve the dispute, each side has to give a little bit.

In the truest sense, there are certain things that we cannot do with the 15 per cent tax that we will be collecting, but we have agreed to that. The United States Government has said that it wishes to monitor what we do, because it is not sure that we will not give it to some of our producers of softwood lumber

through the back door. That is a reasonable thing. But we have also extracted from the United States Government that it, in turn, will not come back in on a countervail and break the agreement; that it will live with a 15 per cent export tax, and not come after it again. So we have solved the lumber dispute. They have given up the sovereignty that we extracted from them, because that is the nature of bilateral agreements. Every bilateral agreement signed between governments means that each government has to give up something to make that bilateral agreement work. All Members in this House know that to be true. And all Members of this House, if they were acting responsibly, would stand in their place and say so, and cut out this foolishness and garbage that they are throwing in as an obstruction.

We have other business to attend to in the House, to make sure that the Government and the people in Canada are getting what they put us here to do, that is, to give them proper Government. Interest rates are falling. We have economic problems to face. We have unemployment. We have many things to be addressed in the House. Most importantly, we have freedom to move legislation that will, once and for all, remove the freight rate inequity between western and eastern Canada. We want to get this on the board and discuss it. We want to get it into committee and pass it, so we can equalize the opportunities across this country. We have the good old socialist NDP and Liberal coalition doing everything they can to obstruct action in the House. I wish to put on record that I resent that attitude. I hope that they will be men enough to stand in their place and say what a good deal we have received in this trade war.

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, the last speaker, the Hon. Member for Athabasca (Mr. Shields), talked about character assassination. He said that our side was interested in character assassination. We are not interested in character assassination as far as the Conservative Party is concerned, because they are committing suicide with their own characters. We just need to watch them. Day after day they are involved in a suicidal mission, as far as their characters are concerned, so there is no need for assassination.

The Hon. Member stated that he wished to put some facts on the table. I would also like to place a few facts on the table. The first fact is that the Tory Government is trying to stifle debate on this issue. There are Members on this side of the House who have more things they wish to say, some important facts that we wish to put on the table. We also believe that there are some back-benchers in the Tory caucus who have some things to say, if they can wait long enough to get up the gumption to stand up on their hind legs and say it.

When I had a chance to speak a couple of days ago I outlined some of the history of bungling that has characterized the way that this Government has mismanaged the entire free trade relationship with the United States. Nevertheless, the Minister claims that she won a victory when she reached this deal in the dying days of 1986. She claims it was a victory. It reminded me of the Battle of Blenheim where a couple of small children, 50 years after the battle, find a skull. They asked their old grandfather to tell them all about the war, and what they fought each other for. "That I cannot say," said he, but it was a famous victory. I can imagine some child 50 years from now finding an old newspaper and looking at it and asking to be told all the softwood facts, and how we got the export tax. "That I cannot say," said she, "but it was a famous victory," with just the odd anomaly. The Minister had to admit that there are a few anomalies in this agreement. There are a few people who should have been protected who are not.

Whatever victory the Minister might have found in this agreement, most of us fear that if we have two or three more victories like that, there will be precious little of our sovereignty left. Is this the type of victory that the Government is looking for in the whole free trade negotiations with the United States? I very much fear that this is the type of victory that we might end up with, an agreement in which we get the short end of the stick and the Government stands up and states that we won a great victory. The end result of this victory is that workers will pay for it with the loss of their jobs.

Yesterday, there was an IWA study released in British Columbia which indicated that from their point of view they thought that British Columbia would be able to weather the storm not too badly in the short term. I hope that they are correct. I hope the facts that at present the American consumers are absorbing the greatest percentage of the tax; that at the present time there is a buoyant housing market in the United States; and that most of our mills in British Columbia are fairly technologically competent means that we will be able to weather this storm with a minimum of further disruption to our economy. The forest industry in British Columbia has suffered a great deal. It cannot afford to suffer more.

I talked to an IWA official who said that even though they do not anticipate any massive lay-offs, this deal means that there will not be the anticipated and hoped for recovery of the economy. There will be no third shifts put on at mills that have been barely staying open. Even in British Columbia where they think it will not have that much of a negative impact, it will certainly dampen any hopes for recovery.

• (1950)

Even if British Columbia is not as heavily hit in the short term, at least three other factors need to be taken into consideration. First, there is the long-term implications for British Columbia. If the U.S. market is buoyant right now, what will happen when there is a downturn? We know that there are upturns and downturns in the U.S. housing market. When that happens American consumers will not be absorbing the increased costs. This means that Canadian manufacturers will have to absorb them. They will have to lower their price to export to the American market.

Can the Canadian lumber industry absorb an increased cost of $500 million or $600 million per year? In effect, that is their profit right now. It would mean that they would have to

operate at a loss or without any profit. It would also mean that they would have to reduce prices to sell to the American market. Then the question would be, are we to have a two-price system for exports? Are we to expect that the Japanese will let us export to the United States at a lower price while they pay a 15 per cent higher price? Of course not. The lower price they will have to absorb for the United States market will have to apply to other importers of our softwood. That sort of thing will hit British Columbia woodworkers hard in the long term.

Second, we must look at the effects on other parts of Canada. The Hon. Member for Fundy—Royal (Mr. Corbett) spoke about this very eloquently on Monday when he asked for an emergency debate. As reported at page 2346 of *Hansard*, he said:

> My request under Standing Order 29 is based on the recent decision to impose a 15 per cent export tax on softwood lumber which has caused grave concern among Maritime lumber producers. Many producers fear for the economic viability of their operations, and the jobs dependent upon their competitiveness.
>
> The agreement imposes the tax upon all but five Maritime softwood producers that previously enjoyed exemptions from such action. The consequence of such a decision creates a situation whereby the livelihood of Maritime softwood producers is threatened by an action designed to resolve a problem created by extremely low stumpage fees in British Columbia, Alberta, Ontario, and Quebec.
>
> Many lumber producers fear that they will not survive if they are required to pay not only the highest stumpage fees in Canada, but also an additional 15 per cent tax on their exported products. There is also a very real concern that the lumber market within the Maritime provinces may be swamped by western lumber seeking refuge from the tax.

These were the comments of the Conservative back-bencher who was speaking out of concern for what the Bill would do to his constituents and to his region. I commend him for having the gumption to stand and raise these concerns in the face of a Government which does not seem to care.

Third, we must look at the effect of this 15 per cent export tax and the deal reached with the Americans on other industries. I am not referring only to the softwood lumber industry but to the pulp industry, for example. In many provinces the stumpage rates for pulp and lumber are the same. If the softwood lumber export tax is replaced by increased stumpage fees, it will mean increased costs for pulp mills. In turn, it will be very difficult for some of those operations to continue.

The total effect will be that small communities will be devastated and jobs will be lost. Many single industry towns across the nation depend upon the lumber industry, but the Government has no plans in place to help them.

Finally, we see this deal as a way of giving away our sovereignty. I am reminded of the words of an old poem:

> Ours is a sovereign nation
>
> Bows to no foreign will
>
> But whenever they cough in Washington
>
> They spit on Parliament Hill.

Hon. Chas. L. Caccia (Davenport): Madam Speaker, earlier we heard the very feeble reply or rebuttal of the Hon. Member for Brampton—Georgetown (Mr. McDermid). He ended his weak intervention with the ultimate expression of fear. When the debate became uncomfortable, unbearable, and pretty unpleasant on the part of the Government, which is embarrassed and uneasy about the measure, he moved a motion that we now come to the conclusion of the debate. When that happens we know that a Government is in trouble.

The position put forward by government spokesmen on a number of occasions since the beginning of the debate has been one of defending Canada's sovereignty. It was only two days ago when that great scholar on matters related to sovereignty, the most learned Minister of State for Forestry and Mines (Mr. Merrithew), came into the House and told us that the softwood lumber agreement respected and maintained our sovereignty and avoided intrusion by the United States into Canadian affairs. It was on Monday that he said that.

Having heard that statement, some of us on this side of the House drew his attention to the letter signed by the U.S. Secretary of Commerce and by the U.S. Trade Representative. This is the letter which was sent to the chairman of the Coalition for Fair Lumber Imports. In part the letter read:

> It is the understanding of the U.S. Government that the U.S. Government would have to approve any changes in the export charge or calculation of the value of any replacement measures.

Then the letter went on to indicate:

> Any changes made without U.S. Government approval would be considered a violation of the understanding.

When we brought this letter to the attention of Hon. Members on the government side, they said: "Oh, but you should not read that letter; it was only signed by the Secretary of Commerce and another official". They said that we should look at the agreement for the real substance.

We looked at the agreement as well and we found the basis for Mr. Yeutter's and Mr. Baldrige's conclusions in their letter to the Coalition for Fair Lumber Imports. They draw these conclusions from Clause 7a which lays the foundation for the obligations Canada undertakes in respect of this memorandum of understanding. Among other things it indicates:

> The Government of Canada will provide the Government of the United States of America with data concerning the level of Provincial and Federal softwood and total stumpage harvest, the total revenue collected from the sale of Provincial and Federal softwood and total timber—

As if that were not enough, it continued:

> —total export charge collected, total shipments of certain softwood lumber products to the United States of America—

As if that were not enough:

> —total lumber production by province,—

• (2000)

As if that were not enough:

> —the total softwood lumber production by province, for each fiscal year within three months of the close of the fiscal year or as soon thereafter as is practicable—

We asked the Government on a number of occasions whether the letter by Yeutter and Baldrige was an incorrect

interpretation, for a rejection of the meaning and content of the letter and for an understanding as to exactly what the clause meant. So far we have had no reply. So far, Madam Speaker, the provinces do not know what they can do and what they cannot do as a result of this agreement. There is silence on the part of the Government. Here we are at the crucial point of this debate being asked to close it off by the Hon. Member for Brampton—Georgetown just because the heat is getting too much. It is getting too hot in the kitchen and the Government would like to shut down the whole business.

Here we are with the great champions of the free market economy, the great believers in the market-place who have caved and given in to pressure by the Americans. They have decided that that was the answer Canada should accept and adopt rather than taking the matter to the international tribunal of GATT or the American tribunals for that matter to fight the matter.

Today in the mail we received an interesting letter from the Canadian Lumbermen's Association. It is signed by the Executive Director, Mr. J.F. McCracken. I will read a couple of paragraphs from it because the thoughts and position of that Association should be put on record for historical reasons and for the purposes of this debate. First, is the following statement:

> The December 30 agreement is a very fragile, open-ended rigid document. It is a minefield for our industry and must be closely studied for its total impact.

The letter goes on with another relevant and important paragraph on page 2:

> CFIC believe that the softwood lumber industry must be a working partner with federal and provincial authorities. The agreement signed December 30 demonstrates that the lack of input from the involved softwood lumber industry created unnecessary problems and backlash from January 1 to date.

This is a very serious indictment brought to the attention of the Government by a number of speakers in this debate, namely that the lumber industry was cut off from negotiations with the United States, in sharp contrast with the way a similar situation was handled in 1983. But that is not enough. In the same letter, Mr. McCracken goes on to say:

> We learned last week, our European customers are worried they will be flooded with our softwood volumes we can't sell in the U.S. Accordingly, we understand, on very sound authority, a number of European importers are trying to have their governments initiate action to impose a 15 per cent tax on our softwood lumber imports.

Imagine, Madam Speaker, we are going to be hit two ways by an initiative in the European markets to impose a 15 per cent tax on our softwood lumber imports on the one hand and, at the same time, we are going to see an increase in the cost of our exports to other nations other than the United States as a result of this imposition because this agreement with the United States will mean an increase in the price of lumber to the consumer and an increase in the price of the lumber we export to countries other than the United States. What a sham, what a terrible situation to be in. For the Minister of State for Forestry to say that Canada has not lost its sovereignty is simply a silly statement to make.

Mr. Les Benjamin (Regina West): I am so delighted, Madam Speaker, that you chose to remain in the Chair to hear me for the third time today. You can decide whether it has been your lucky day or not.

Some Hon. Members: Oh, oh!

Mr. Benjamin: I am delighted to take part in the debate on the motion of the Government Member whatever, his name and whatever riding he is from. He is there. He is somewhere.

Mr. Axworthy: Not for long.

Mr. Benjamin: The motion is that the question now be put. That is debatable, I mean the motion is debatable.

Some Hon. Members: Oh, oh!

Mr. Benjamin: Of course the Government and the Government Member who moved it are debatable too but it is a debatable motion on which I am about to embark.

Some Hon. Members: Oh, oh!

Mr. Benjamin: I am trying to figure out the motives for the moving of this debatable motion that the question be now put. Is it possible—I do not want to think this but one is led to think it might be possible—that the Tories are so anxious to get this out of sight and out of the minds of Canadians that they will go to this length?

Mr. Nystrom: No.

Mr. Benjamin: Perish the thought. They would not want to do that, Madam Speaker, but they did. Is this a motion that might help get the Premier of Saskatchewan and a few others off the hook? Perish the thought, Madam Speaker. They would not do that, but they did.

Some Hon. Members: Oh, oh!

Mr. Benjamin: One has to examine the motives for the motion. I have to assume what must be part of the motives. Is this more of a mad rush on the part of the Government to evade its responsibility to preserve, protect and extend our independence and our nationhood? Is it a way of getting the Tories and some of their apologists off the hook? I have to think about this. I am not a suspicious type of person. I would not impute motives or anything else.

I read from *The Winnipeg Sun*, which you could hardly call a journal of raving socialist thought, an article by Dale Eisler who happens to be a resident and a writer in Regina, Saskatchewan. He said on January 20:

> A devout free trader, Premier Grant Devine initially talked as though he was firmly opposed to any capitulation to the U.S. protectionist pressure demanding higher prices for Canadian lumber in the American market.
>
> It was a position he shared with Ontario Premier David Peterson, as both argued it would create an extremely dangerous precedent.
>
> When the first ministers met in Vancouver last November, Devine went to the meeting saying that Canada should fight the countervailing duty in court. If Canada should fold to American pressure on the lumber issue, then Devine

feared the U.S. would start targetting other imports such as potash and uranimum, which are critical to the Saskatchewan economy. "They'll pick us off one by one if we don't stick together," Devine said.

• (2010)

Then Mr. Eisler goes on to say the following:

But in the backrooms of the first ministers' conference, Devine mysteriously changed his position.

I suppose he changed his position from a vertical one to a horizontal one, I do not know. The article goes on:

He fell in line behind the federal government's move to not fight the U.S. duty in court and instead reach an agreement. The result has been the creation of the 15 per cent federal export tax on softwood lumber.

This columnist goes on to say about the Premier of Saskatchewan, whom this motion is trying to bail out as quickly as possible, the following:

—when the former Liberal government introduced its National Energy Program, complete with an export tax on oil and gas. It triggered an immediate constitutional debate, one that became redundant when the export tax died with the demise of the NEP—

But to this point, there has not been a word of protest raised by Devine about the export tax on lumber.

That is passing strange. Mr. Eisler goes on to say:

The problem Devine has is that his hands are tied on federal-provincial issues, a dilemma of his own making.

Just like this dilemma was of the making of the United States. To continue, the article goes on:

His unfailing support of federal initiatives and his about-face on how the lumber issue should be handled have left him with no credible way to now take a strong stance in defence of Saskatchewan interests.

These are not my words. These words do not come from a raving democratic socialist like me. These words come from Mr. Dale Eisler and they appeared in *The Winnipeg Sun* of January 20.

Mr. Eisler goes on to say about the Premier of Saskatchewan the following:

By failing to stand and fight the U.S. action, the door has been opened for other American industries to put pressure on Canadian natural resource imports they view as unfair competition. It was the very argument Devine advanced before he did a complete turnaround and, given the tide of protectionist fever in the U.S., it becomes a very real possibility.

A premier of one of Canada's provinces is working on both sides of the street, as is the Conservative Government which ranted and raved about an export tax on oil and gas when the Liberals were in power but is doing exactly the same thing now. That will not wash. The motion that the question now be put will not wash even if the Government wins the vote because there are other stages of the Bill that must yet be debated.

This country must earn the respect and regard of other nations about our sovereignty and independence. We will not do so through this supine sell-out. We must stand up for our country. Regardless of what 10 premiers might do in 10 different ways, a national Government must act in the national interest when it comes to sovereignty even if there is a price to pay. The price is worth paying and we do not agree that the question should now be put. This is the last and only chance Parliament has to debate this issue. We cannot debate an international treaty or agreement, we must do it under the guise of debating an export tax Bill. That is what we are darn well doing right now.

[*Translation*]

Ms. Sheila Copps (Hamilton East): As several of our colleagues have just pointed out, Madam Speaker, it is rather strange—considering that the Conservative Government should be so intent on pushing through this 15 per cent tax on softwood lumber exports—and I wonder why not one of the Conservatives wants to take part in the debate this evening. They probably show interest when they have meetings with Mr. Bush, with the president—

An Hon. Member: It is only today, and you were not here.

Ms. Copps: But I was here all day, I even took the floor yesterday. This is the second time in two days that I speak to this issue because it is of great interest to all Canadian men and women. But now the Progressive Conservative Party wants to impose a tax on Canadian lumber and give the Americans the right to get directly involved in this nation's business.

It seems to me— We have all heard the words "Masters in our own home". So why here, in the Parliament of Canada, are we not masters in our own home? Why should the United States, the President and the Vice-president who are talking about the export situation and who, as a result of this Bill, now be given the right to come to Canada at the invitation of our Minister for International Trade (Miss Carney)? They are allowed to come to Canada, snoop in our revenue ledgers, and dictate our forest policies at both federal and provincial levels.

If we now conclude forestry agreements for instance to try and help small lumber companies in Northern Ontario, where I happen to be going tomorrow, in North Bay, and I know that many people in Northern Ontario are wondering why this Government is now pushing forward with this Bill that probably will destroy thousands of jobs held by Canadian men and women. Why do they do that? Because they crave for a free trade agreement at any cost. Madam Speaker, earlier in the week we heard the Prime Minister (Mr. Mulroney) make this promise as he said:

[*English*]

"I'm going to put my political career on the line because of the free trade question". We heard the Prime Minister (Mr. Mulroney) make that bold statement last week. It is not the Prime Minister who is putting his career on the line, it is the taxpayers and the workers of Canada who are paying very dearly for an agreement which, for the first time in Canadian history, sets a precedent allowing the American Government to check this country's books and tell us how to run our affairs.

If the Province of Ontario wants to come up with a forest management agreement to assist the northern forestry and lumber workers, why must we look to the United States to get

permission to do so? What happened to the notion of Canada governing its own affairs?

I understand why Members on the Conservative side have been speaking from their seats. I do not understand why these same Members are not speaking out on every aspect of this insidious and odious legislation which is a forerunner of things to come. It is a harbinger of the kind of maladministration that was begun on March 17, 1985, when, in all his blarney, the Prime Minister, at the shamrock summit in Quebec City, put "sham" back into the word "shamrock" and "con" back into the word "Conservative". That was the beginning and we have been singing for our supper ever since.

• (2020)

There are many Canadians involved not only in the softwood lumber industry but in the steel industry or automotive industry or the agricultural industry who want to know just where the Government stands on the question of Canadian sovereignty. The Prime Minister (Mr. Mulroney), the Minister for International Trade (Miss Carney) and the Secretary of State for External Affairs (Mr. Clark) promised the Auto Pact would not be on the table. We now see their American counterparts intend to extract a price from us.

Marketing boards have led to at least some measure of supply and management and some measure of an evenly-balanced price for certain products in Canada. If we have to give up marketing boards in order to obtain a free trade agreement, in the same way the Government was prepared to sacrifice the softwood lumber industry, then we will see the demise of the family farm as we know it. That is why people are watching this Bill with much interest. It speaks to the heart and soul of what a Government is supposed to do.

Unlike the Conservative Government, when the Liberal Government was confronted with a similar crisis in 1983 we did not capitulate. We did not go to the Americans on bended knee and say please, we will pay 15 per cent, we are guilty, please let us have our trade with you. What we said, and what we in the Liberal Party still believe notwithstanding the sell-out by the Conservative Government, is that we are fair trading partners. Whether it be in the forest industry or the steel industry, we are fair trading partners and we will fight to prove how fair we are in any international court and we will win our case.

We took that to an international court and we won. We had the courage of our convictions and the guts to stick through to the very end. Compare that with the Conservative Government which literally days before the preliminary judgment was expected went to the Americans and said we are not guilty but we are going to make you a final offer; *mea culpa, mea culpa, mea culpa*. We will pay 10 per cent. That is our final offer. We heard that from our Minister for International Trade. She was carrying the ball. She carried it about as well as the Edmonton Eskimos carried it in the last Grey Cup. She dropped it. She said 10 per cent is our final offer. A few weeks later she comes back in a panic. Oh, my goodness, Christmas is coming and we have to get an agreement. We will give you 15 per cent and a few other concessions.

The Americans would not go along with that. They wanted more. What they wanted and what this Bill and the Memorandum of Understanding will give is not only the 15 per cent but give the Americans the right to come in and go through the books and the companies in the lumber industry to make sure that, according to their standards, we are living up to the agreement.

Mr. McDermid: That is not true.

Ms. Copps: It also makes clear that the U.S. Government will have a say in what kind of agreements we want to make at the provincial or federal level in the forest industry. Whether it relates to forest management agreements, stumpage fees or specific subsidies, we cannot do anything. Our hands are tied until we get the express permission of the U.S.

The Minister said 10 per cent is our final offer. Would you trust her? She is now asking the Parliament of Canada to pass a Bill to give her the right to open the books at her discretion to whomever comes in from the U.S. and wants to go through them. That very same Minister negotiated herself into a corner. She gave up a good and solid Canadian case which would have endorsed the principle that we are fair trading partners. She cannot be trusted. This Bill cannot be trusted. If any Conservative Party Member really believes this Bill could be trusted then I challenge them to speak out tonight. We have not heard from the silent masses and we would like to hear where they stand on this issue, or are they hiding behind the coat-tails of the incompetent Minister for International Trade.

Mr. Ray Skelly (Comox—Powell River): Mr. Speaker—Madam Speaker! As my time draws nigh, my eyesight weakens and the chair becomes farther and farther away. My apologies.

A lot of the problems the Government faced in choosing the solution it did were based on the actions of the Premier of British Columbia. He did not consider himself a Canadian at that time, he simply acted alone in an unthinking manner and precipitated a situation which created a great dilemma for this country. I must comment on a few of the submissions made tonight by the previous speaker from the Liberal Party. I wonder if my Conservative friends might concur when I say that we have seen a presentation of just incredible proportions tonight. The Liberal Party of Canada is one of the great sell-out organizations in this country. The Conservatives are rank amateurs compared to them but they are racing to try and catch up.

Mr. Comeau: You are rank.

Mr. Skelly: I see my friend from South West Nova (Mr. Comeau) agrees entirely.

Mr. Comeau: I said you are rank.

Mr. Skelly: The presentation by the Liberal Member for Hamilton East (Ms. Copps) was incredible. She forgets that the Liberal Party and the Liberal Government in 1983 did virtually nothing when this tariff problem confronted us. Absolutely nothing. It was the Canadian forest industry, organized labour, and many individuals involved in the industry and not the Liberals. The Liberals sat on their hands and did nothing. When invited to do something they refused to become involved. That was a very serious matter at that time and that Government would have seen us sold out.

Mr. Axworthy: You are almost stupid enough to be a Tory.

Mr. Skelly: The Hon. Member said it was the Conservatives who put the sham in the shamrock. That is interesting. One of the things that was sold out without a Quebec City meeting was the West Coast salmon interception treaty. It was the Liberal Government that set the format for that sell-out. The Prime Minister of Canada showed up with a document which the Liberals had drafted and signed it just to have something to sign with Ronald Reagan.

The Hon. Member might have made some errors because she was not a Member of this House when those things happened. She can probably be forgiven for her ignorance and her lack of understanding of the process. However, she certainly should take a long hard look at the Party she represents and its record of selling out this country. Most of the ills forming the foundation of the problems of the present Conservative Government were formulated by Liberal Governments in previous years.

We should remember that those 211 Conservative Members were not elected on their own, they were elected in order to throw the Liberals out of Government. They were put in those chairs to get rid of the Liberals. That was a disaster of international proportions. However, it is really and truly something to sit here and listen to the distortions expressed by members of the Liberal Party. I guess all we can say is how soon they forget. They have cast off the robes of the old corrupt organization and are trying to present new clothing to the public. Yet they have really done nothing.

• (2030)

They have inherited the misfortune of the Conservative Government without making one constructive proposal in this House. They are feeding on the misfortune of others. The Canadian public will not forget how disastrous the previous Liberal Government was. They will not forget that the country was sold out and they will not forgive. When the next election comes around it will be a sad day of reckoning. That tour of the horizon should be sufficient to ensure that the previous speaker is more aware of the disastrous nature of the previous Government and is more cautious and humble in her presentations in the House.

This is a serious matter, Madam Speaker. The Government has committed a very serious error.

Mr. Axworthy: Who is this clown?

Mr. Skelly: The former Minister of Transport in the Liberal Government is talking about clowns. He is a prime example of Liberal disaster in this country.

The Conservative Government has created a very serious problem. It had many options available which it did not choose to exercise. Grant Devine, the Premier of Saskatchewan, and his counterpart in British Columbia, Bill Vander Zalm, undercut the efforts of the forest industry, the federal Government, and organized labour to put forward a united national face against the very wrong position of the United States. Their breaking away undermined our unity and made it impossible for the federal Government to put forward a solid presentation.

Bill Vander Zalm admitted guilt on the stumpage issue. He said that the Americans had a point and that we would examine our stumpage. By saying that he condemned Canada and ruined the argument put forward in the 1983 hearings. He put us in a position of great difficulty. Instead of co-operating with the national position, Vander Zalm said that if the federal Government did not see it his way, he would go it alone. One can only speculate upon what kind of proposal British Columbia would have made and upon the depth of the sell-out which would have occurred. I believe that individual made a very embarrassing, sad and tragic mistake in trying to fulfil his responsibility as the premier of a province by breaking ranks and failing to co-operate with sister provinces and the federal Government in the face of American threats.

The Government has essentially imposed closure on this debate. I believe the Government has recognized that it has made a very serious error and is attempting to limit the political damage which will be done. This is so reminiscent of the previous Liberal Government which treated the House to closure nearly once a week.

Mr. Nunziata: That's not true.

Mr. Skelly: My colleague from the Liberal Party says that that is not true. The previous Liberal Government used closure extremely frequently. It had a studied comtempt for the democratic process. That cynical Liberal Government used closure time after time, not caring about the political consequences or the odious legislation put forward. It continually smashed this place with its majority hammer.

Unfortunately, the present Conservative Government, which threw that Liberal Government out, learned all of its bad habits, its contempt for this House, the Opposition, and democracy. It is sad that the Government is falling into the habit of invoking closure.

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Madam Speaker, Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, is enough to make the Fathers of Confederation roll over in

their graves. One hundred and twenty years after Confederation the Conservative Government is giving away the Canadian sovereignty for which they built this nation. Sir John A. Macdonald would not be very proud of the gang which now occupies the seats of Government.

Yesterday or the day before the Prime Minister (Mr. Mulroney) had the nerve to stand in this House and brag about the Conservatives having started Canada. Can you imagine? What a tradition. They should be ashamed of themselves. They gave up the law process. They could have gone the route of the process of law, but they refused to do that. They went the political route and look where we are today. We know that politics is everything to the Government. Politics covers everything from forestry to patronage to contracts to the destruction of the fair bidding system in our country. The day of judgment by the Canadian people will arrive very shortly.

Some Hon. Members: Hear, hear!

Mr. Hopkins: We hear great statements that trees are beautiful, and they are, that trees are useful, and they are. We hear all kinds of things about conservation and the wealth of our forests, one of the greatest assets of our nation, and jobs. How often have we heard the term "jobs"? The forest industry of Canada has traditionally represented 11 per cent of our labour force. The three staple crops in Canada before and since Confederation have been forestry, fish and agriculture.

Mr. Nickerson: Since when is fish a crop?

Mr. Hopkins: The Hon. Member asks since when fish has been a crop. Fish are a crop. People grow fish today. Why are trees a crop? People thought it was foolish to speak of trees as a crop. Forests are located on private lands, Crown lands and parklands. We are not just talking about forestry costs in this agreement. We are not just talking about stumpage fees because that 15 per cent goes on the initial cost of the timber, its milling, the wages, compensation costs, equipment costs and the trucking costs, until it reaches the border at 15 per cent. That 15 per cent tax does not increase our stumpage fees in Canada but taxes labour, our sawmills and processing mills in Canada.

• (2040)

There is a large lumber mill in my area that sells to a wholesaler in Ottawa, which also sells to an Alexandria moulding company in eastern Ontario. When it sells its product it is still paying 15 per cent. Let us assume that the cost to the moulding company is 30 per cent for its equipment and wages to produce the moulding. The 15 per cent tax will not be on the lumber or moulding the wood, it will be on wages and equipment that the manufacturer purchases. The effects of this tax should be put into proper perspective.

At the turn of the century there was much discussion about commercial union between Canada and the United States, but it was overwhelmingly rejected by Canadians at that time. The fact that the Government is proposing a 15 per cent duty on our wood products in Canada at the request of the United States is evidence of internal interference and the practical beginning of commercial union. Adam Zimmerman was right when he said that the Government sold out.

The Government has talked about "jobs, jobs, jobs" but the jobs are gone. We recall when the Government told us that there would be no problems as a result of removing protection for the shoe industry. Today, over half those employees are gone.

Mr. McDermid: You are kidding yourself.

Mr. Hopkins: Just listen. I know that the forests are not too thick around Brampton, but there is a lot up the Valley where your wife comes from.

Many of my constituents are already paying market prices for wood that they buy on private woodlots and they also pay market prices for products from the Algonquin Park Authority. They will be paying an additional 15 per cent.

In the Province of Quebec they will pay market costs for timber they take from private property and they will pay the Province of Quebec the timber fees on Crown land. There will be an additional 15 per cent to pay, even after the milling costs. These operators are faced with those costs whether or not they are paying the market price.

I suggest that the larger companies will move in and buy the smaller manufacturers of lumber products in Canada. Those larger companies will not continue those small industries in the towns and villages across Canada but will simply close them down and take the resources to be manufactured elsewhere. The regions of this country will suffer the great loss of jobs in the basic forest industry.

In many ways, this Bill is a gift to the major corporations because the smaller competitors will be eliminated. I predict that we will soon hear a request to curtail the production of pulp and paper.

The Government should have taken this issue to the courts. There was opportunity to appeal if we lost, even though the chances of winning in the courts were much greater than they were with the person whom the Prime Minister appointed to carry the ball in the wrong direction.

The American industry is getting everything it wanted. We are paying market prices in many of our industries plus a 15 per cent tax while they have no tax. Some of our manufacturers produce half of their products for Canadian use. One company produces 60 million feet of softwood per year, 30 million feet of which goes to the United States. Yet that company pays a total of 15 per cent tax, including labour and manufacturing costs.

Let us consider the cost of wood, for example. Because of the great demand for pine, it costs far more for the additional work in producing the various sizes in lumber than it does to produce hemlock which has a very small profit margin. A 15

per cent tax on hemlock will result in a smaller demand that will result in less product in the sawmills. The Government that talked so much about jobs in the last election is, in effect, taxing the very jobs that exist.

Some timber rights in Ontario are more than 100 years old. People who own those timber rights spend a lot of money on reforestation and road maintenance. Yet they are being taxed for managing that forest.

The Acting Speaker (Mrs. Champagne): I regret that I must advise the Hon. Member that his time has expired.

[*Translation*]

The Hon. Member for Chicoutimi (Mr. Harvey).

Mr. Gauthier: Madam Speaker, on a point of order.

The Acting Speaker (Mrs. Champagne): The Hon. Member for Ottawa—Vanier (Mr. Gauthier) on a point of order.

[*English*]

Mr. Gauthier: I move:

That the Member for Vancouver East be now heard.

[*Translation*]

The Acting Speaker (Mrs. Champagne): The Hon. Member for Vancouver East (Ms. Mitchell) did not rise at that point.

An Hon. Member: Yes.

The Acting Speaker (Mrs. Champagne): No, she had not risen when I recognized the Hon. Member for Chicoutimi (Mr. Harvey). The Hon. Member has the floor.

Mr. Gauthier: He had not said a word. I rose before him—

An Hon. Member: Let him be.

[*English*]

Stick to your toys, Paul.

[*Translation*]

The Acting Speaker (Mrs. Champagne): It is true the Hon. Member for Chicoutimi had not started to speak. I must then ask the Hon. Member for Vancouver East (Ms. Mitchell) if she assures me she had risen. As far as I am concerned, I did not see her rise and ask to speak. If she assures me that she did so, as two Hon. Members at this point are seeking the floor, I will have to recognize the Hon. Member for Vancouver East.

• (2050)

[*English*]

Ms. Margaret Mitchell (Vancouver East): Madam Speaker, I am really glad I have a chance to make a few remarks on this very important Bill which has extreme implications for many people in Canada, particularly for the one million forest workers. I would like to say that I meet from time to time with many of the forestry workers and those people who are related to the forest industry in my riding of Vancouver East. For a long time we have been very concerned about the forestry policy in British Columbia, or the lack of policy, I should say. I mention this because I think the background is quite important to this Bill.

I think the Hon. Member for Skeena (Mr. Fulton) outlined from a historical perspective that for many years the Social Credit Government has really refused to look at what was happening to our forests in British Columbia. I think most Hon. Members would agree that we have the most beautiful forests in the world. Yet we have had our hillsides stripped and there has been really no government policy which has been effective in replacing those trees. This means that we are really selling out our future. The federal and provincial Governments from time to time have talked about reforestation and silviculture but they have done very little in this respect. We had hoped when the Conservative Government came into office it would appoint a senior Minister of Forestry and perhaps that person would mean we were finally going to get some real action in developing a sound forestry and reforestation policy. However, we have a very junior Minister and one from whom we have heard only a little, I am sad to say.

As to the lumber export tax, I think it is such a complicated process and policy that it is unfortunate the Government has chosen to try to stifle debate. I was astounded to hear from my colleagues that once again the Government is really trying to push this Bill through and in effect impose closure. It is important that we get all the facts. I would like to have a chance to do much more research and get more views as to the projected effects not just of the lumber export tax but of the whole precedence which has been set in place in the way this international incident, if you like, has been handled.

I think most of us on this side of the House, and I hope I can include the Hon. Members at either end when I say this, would agree that there has been really a lousy process of negotiation with the United States on this issue from beginning to end. We have been intimidated and have fluctuated back and forth. We have not been consistent. I can tell you, Madam Speaker, that the negotiations are not over yet. I would be very interested to see how the Government and the Minister makes out in trying to resolve many of the interprovincial policies with which she will be faced when this Bill goes through.

I am sure, as my colleagues have been saying tonight, that we negotiated from a position of weakness. That is very unfortunate. As I was coming out of my office this evening, I overheard one of the speakers saying it is absolutely appalling that the Minister could not take a sound and strong position. She probably should not have got involved in the first place. There are those who feel this should have been left to the courts. However, once she did get involved, the kind of inconsistency, which really weakened her whole position, and in turn weakened Canada's negotiating position, is well known and well documented. She offered 10 per cent as a final offer. I think she said two or three times she was making a final offer. Then, of course, she backed down and went up to 15 per cent.

I must say, I feel a little sorry for the Minister because I am sure during this process she was not assisted at all by the interference of our Premier of British Columbia. He just could not keep his nose out of it. It was not at that stage a provincial question. It was part of federal negotiations. I think it was most important that he be sensitive to the whole free trade negotiations. The role of the provinces is to work in collaboration through the federal Government, not to intervene, compete and grandstand and try to take over in place of the federal Government. There was an election and a post-election period and the Premier of British Columbia wanted to be a hero. I wonder what kind of a hero he has turned out to be? What he did was create a situation where he is an embarrassment to us. I understand he was in the United States in this last week or so. I hate to think of what kind of things are now being negotiated behind our backs.

We have heard about a lot of the issues. I know I will be repeating some of them but I would like to put some of them on the record. The first and probably the most important issue, aside from the process I have already mentioned, is the implications that this whole incident has had, and will continue to have, on Canada's sovereignty. The United States now has the power to intervene and influence the forest policy of Canada. That is a very bad precedent for free trade negotiations generally.

I want to mention again what my Hon. Leader said when he spoke on this issue. He said with reference to the issue of sovereignty that the agreement contains the following words: Calculation of the value of any replacement measures in relation to the export charge will be subject to further consultations and agreement between the two Governments. Canada's fiscal and forestry policies will be subject to further consultations and agreement between the two Governments.

The word "agreement" is not an ambiguous word. If a provincial Government replaces the export tax with increased stumpage or other charges, it will have to obtain the agreement of the United States Government. I agree with our Leader. Certainly that would appear to be the case. He goes on to say that we are now involved in any change in implementing the replacement of the 15 per cent at the provincial level with the provinces having to go to the federal Government, and the federal Government having to trot down to Washington to say: "Will you please agree with us because if you do not, we cannot do it".

I think that any way one looks at it, it is a deplorable situation that we are losing such face and such control over our own forest industry. It is even more important that this is a precedent which will affect our total negotiations and our relationship with the United States, not to mention with other countries. If this example is effective with the United States, what are our friends in GATT and the European Market going to say to us?

We know that sovereignty is one of the very major concerns and sovereignty is a federal responsibility. Some of my colleagues in British Columbia do not care as much about the sovereignty issue. They are concerned with the forest industry primarily. As federal politicians that is our responsibility. We are Members of Parliament. We have a Government that is in charge of all the external relationships of Canada. It is responsible for protecting our sovereignty. I do not think it has done a good job at all in this case.

• (2100)

The Acting Speaker (Mrs. Champagne): Order, please.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

AIR CANADA—EMPLOYEES' PENSION PLAN—REQUEST FOR FULL ANNUAL REPORTS

Mr. Ross Belsher (Fraser Valley East): Madam Speaker, late in November I had the opportunity to ask the Minister of Transport (Mr. Crosbie) a question concerning the availability of pension fund information for Air Canada employees. I had received some inquiries from a few constituents of Fraser Valley East who were worried that excess pension funds may be used incorrectly.

After examining the issue and after having the opportunity to question officials of Air Canada, I have found that instead of excess funds in the Air Canada pension fund there is actually an unfunded liability of some $248 million. This figure is readily available from the Public Accounts, 1985-86, which is published by the Receiver General.

This unfunded liability is not a problem, however, since it is very closely monitored by actuaries. The actuarial studies are done over a 30-year period and the funding is being handled by annual payments over various periods ending in 2003. The actuaries ensure that a stream of payments exists that will eventually eradicate the unfunded liability and change the payments to meet the needs of the fund. The apparent lack of information about the pension fund experienced by some pensioners could be a result of misinterpretation of the actual details.

The Air Canada pension fund is based on a final earnings plan which means that the employees' pensions are guaranteed to the maximum, regardless of anything. The employer must meet that obligation. Since 1973, Air Canada has increased the pensions yearly, but this is done on an *ad hoc* basis, not by indexation. *Ad hoc* calculations include many important factors such as review of inflation, an examination of other large pension funds, ability to pay and community influences. In many cases this method actually gives the pensioner a higher increase than an indexed pension.

The Pension Benefits Standards Act, 1985, which came into effect on January 1, 1987, includes a number of measures to try to further ensure the financial solvency of federally-regulated pension plans. The PBSA sets minimum standards for pension plans established by companies in federally-regulated industries, such as Air Canada which is a parent Crown corporation.

Because of this Act pension plan administrators will have a statutory obligation to administer the pension fund to protect the benefit of plan members.

In his recent report the Auditor General stated that "the viability of pension plans is of vital importance to Canadians". He recommended, to further protect the interests of Canadians, that independent reviews must be carried out by the Department of Insurance, which regulates all federally-registered employee pension plans. At this time the Department supervises some 750 plans, covering 600,000 employees. As can be seen this is a huge workload. According to the Auditor General there is the risk, that the present supervisory procedure of the Pension Benefits Division will not permit it to do an adequate job of monitoring the financial solvency of all employee pension plans.

He recommends that the Department of Insurance should undertake a thorough review of its present supervisory practices for pension plans. In particular, the Auditor General recommends that it should review the adequacy of procedures for monitoring pension plan assets.

The Pension Benefits Standards Act, 1985, will no doubt give the final assurance that federally-regulated pension plans maintain minimum standards. The Public Accounts of the Receiver General continue to provide the public with information on the financial statements of Crown corporations such as Air Canada. The information from the Public Accounts Report is used to write the company's annual report.

On a more local level, Air Canada pensioners are well served by representatives across Canada. These people keep in close contact with Air Canada's head office.

At this time, Air Canada could not do anything with the pension funds, in terms of investing or selling out, because not only is it against the law to take funds out when there is an unfunded liability, but the unfunded liability would increase. Finally, close actuarial control does not allow this to happen in any case.

In closing, I appreciate having this chance to address the House, but particularly to be able to report to the people of Fraser Valley East on this matter. They must not only be reassured that there are not any excess funds in the Air Canada pension fund but that there is not any reason to be concerned about the unfunded liability either.

Mr. David Kilgour (Parliamentary Secretary to Minister of Transport): Madam Speaker, I thank the Hon. Member for Fraser Valley East (Mr. Belsher) for his representations in respect of an important matter. I am certain his concern for retired Air Canada employees is greatly appreciated by them.

• (2105)

Air Canada management has told the Minister that there is an annual report prepared on the pension fund. The report is available to the pension committee, which consists of representatives of employee groups, retired employees, and management. The report is not widely distributed, but the information in it is available to all interested groups through their representatives on the committee. May I remind the Hon. Member, and anyone else who is interested, that the Minister of Transport (Mr. Crosbie) has made it clear that he will "personally see to it" that anyone wanting the information will have it. If they encounter any difficulty in getting it, if he or anyone else will contact the Minister, he will see that they receive a copy of that report.

Air Canada also advises that it has been the company's policy to provide annual *ad hoc* adjustments to its retirees' pensions based on a number of factors, such as the company's financial performance, inflation rate, performance of the pension fund investments. These *ad hoc* payments have been made regularly over the past eight to ten years. The 1986 *ad hoc* adjustment was recently announced to all employees by the Air Canada board of directors.

I hope that these brief comments provide some clarification for the Hon. Member with the concern.

PORTS—VANCOUVER—REQUEST FOR FUNDS TO UPGRADE FACILITIES. (B) REQUEST THAT PORT USERS COMMITTEE BE ESTABLISHED

Ms. Margaret Mitchell (Vancouver East): I wish to speak to the question that I raised in the House on November 17, 1986, relating to the Port of Vancouver. There are some very urgent problems faced at the Port of Vancouver. It desperately needs upgraded facilities in order to be competitive.

The Deputy Prime Minister (Mr. Mazankowski) was asked by me for an assurance that the federal Government would take some positive action that would not just be a reaction to the management-labour crisis at that time, but would really help with the port's long-term development. First was that there would be an upgrading of port facilities, particularly three new cranes that are very badly needed. There should also be improved rail facilities in order to be competitive with the American rail facilities which largely accommodate container traffic.

Second, we asked that they establish a port users committee, or that they work with the Vancouver group to establish a committee to seriously assess the problems, the solutions, and the priorities to ensure the long-term viability and competitiveness of the Port of Vancouver. I asked this question when the labour dispute was at a peak when the Maritime Employers' Council had locked out the ILWU from the Port of Vancouver. Unfortunately, this ended with some very harsh legislation brought down by the federal Government, which we are still

very concerned about because it threatened the collective bargaining rights in that jurisdiction.

Unfortunately, the Deputy Prime Minister was so absorbed with the labour dispute that he failed to provide an adequate answer to my question. This is very typical of both Liberal and Conservative Governments. They only seem to become interested in the Port of Vancouver, which is away out on the Pacific West Coast, when there is a crisis, and when that crisis usually involves labour troubles. In this case it was management that had imposed the lock-out. They ignore the long-term problems.

• (2110)

The dispute in the port at that time was a symptom of much greater problems facing the port. We must find a way of dealing with those. Unfortunately the labour dispute drew much attention from the media and the Government. It was based upon the so-called container clause which allows union members to unpack containers and load their contents on to trucks or railway cars, if the contents are consigned to more than one owner within a certain radius of the port. It is designed to protect jobs for a certain number of longshore workers.

However, it is important to note that it affects only 12.6 per cent of inbound containers through the port, a relatively small amount of port traffic. Yet the powers that be, and even the port administration, treated the issue as the primary problem facing the port.

Years of neglect under both Liberal and Conservative Governments have helped to erode the viability of the Port of Vancouver. It should be developed. It has the potential to be developed into a competitive world-class port. It is a wonderful location. We have the needed skilled workers, industries and so on, but we need a method of bringing together all these parts in a comprehensive way to do some long-term planning and improvements.

This is why I supported the port awareness campaign sponsored by the longshoremen's union, the ILWU. It is called "a world-class port for a world-class city". It offers positive solutions to the port's serious problems. It is important to congratulate such groups when they are working on the positive, long range side of things.

First and foremost, the Port of Vancouver needs genuine local autonomy. The Ports Corporation Act, in which I recall being very involved a few years ago, was passed by the Liberals. It was supposed to develop autonomy in ports, particularly in the Port of Vancouver. However, there are still far too many "made in Ottawa" decisions.

The Board of Directors of the Vancouver Port Corporation is comprised of political appointees. It was the Liberal Government which set up that structure, so it is not surprising that the present Government has carried through on it. Although these members undoubtedly work hard and are genuinely concerned about the affairs of the port, they are influenced by Ottawa and by the agenda of the Conservative Government. It is difficult for them to be concerned about all the various factions involved in the entire operation and the future of the port. It is not their fault; as I say, it is the structure.

The first step on the road to a more responsive and autonomous management of the port would be to establish a port users committee as was outlined. This committee should include shippers, key users of the port, railways, unions, surrounding communities, local levels of Government, the grain industry, and so on. It should help to study the Port of Vancouver and to develop a long-range plan as well as deal with immediate problems.

We have a serious problem competing with the Pacific northwest. If we do not have a better, improved railway system, we will not be able to take the container traffic eastward or back and forth across Canada. It will continue to go through the American routes.

I am sorry that my time is almost up, but again I urge the Deputy Prime Minister to take another look at the matter. He has a good background in the whole transportation field. We urge both him and the Minister of Transport (Mr. Crosbie) to support strongly the establishment of a port users committee, to ensure that funds are available for at least three more cranes, and to bring all parties together to see whether we can have an improved Port of Vancouver.

Mr. David Kilgour (Parliamentary Secretary to Minister of Transport): Madam Speaker, with respect to the establishment of a port users committee for the Port of Vancouver, I point out to the Hon. Member for Vancouver East (Ms. Mitchell) that a regional advisory council was established for ports on the West Coast in April, 1983. As I am sure the Hon. Member knows, the council advises and makes recommendations to the Minister of Transport (Mr. Crosbie) on matters related to ports in the region. These involve regional interests and concerns relative to port development, land-use planning, transportation, economic and environmental issues.

• (2115)

The membership of the Western Regional Advisory Council, I am told, includes the chairmen of harbour commissions in the region, the chairmen of the local port corporations in the region, including Vancouver and Prince Rupert, a representative of the Department of Transport, two representatives of the Province of British Columbia, a representative from each of the provinces of Alberta, Saskatchewan and Manitoba and various industry representatives.

Over and above the requirements of the legislation, the Vancouver Port Corporation itself has established continuous communication with the Western Transportation Advisory Council, which include governments, producers and shippers, ports, labour, carriers and trade associations; the Vancouver Board of Trade, the Longshoremen's Union, the Maritime Employers' Association, each of the adjacent municipalities,

the Chamber of Shipping, the Council of Forest Industries, the Wharf Operators' Association, the Canadian International Freight Forwarders Association and the Economic Development Ministers of the four western provinces.

In addition, the Vancouver Port Corporation Board has always included a senior representative from labour. Currently, Mr. Jack Munro of the International Woodworkers' of America serves on the board as successor to Mr. Don Garcia who is currently President of the Canadian area of the ILWU representing the longshoremen on the West Coast.

Second, with respect to facilities at the Port of Vancouver, I am pleased to advise this House and the Member that the Port of Vancouver has invested in excess of $75 million since 1983, including approximately $33 million directly and indirectly related to container handling and distribution.

Present operational container crane and shore-side equipment has the capacity to handle an estimated 325,000, 20-foot equivalent units per year. This will be substantially increased when terminally handling equipment now on order by the terminal contractors becomes operational in mid-1987. The through-put in 1986 was 222,781 20-foot equivalent units, thus indicating that Vancouver already has additional capacity in excess of 100,000 20-foot equivalent units annually.

Finally, the Vancouver Port Corporation has estimated its capital requirements over the next five years to be $75 million, which will be funded from port operations. This includes provision for additional container handling equipment as demand develops.

REFUGEES—DEPORTATION OF IRANIAN FROM UNITED STATES. (B) REQUEST FOR ISSUANCE OF MINISTERIAL PERMIT

Mr. Sergio Marchi (York West): Madam Speaker, I am pleased to rise this evening to review a question that I asked the Minister of State for Immigration (Mr. Weiner) in the House last December, 1986. The question involves the case of one Mr. Moatanedi, a 25 year-old Iranian student who is presently in the United States pending deportation to Iran.

The question of the matter revolves around the issue that the Canadian Government does not wish to extend a hand of humanity to this one individual who faces certain persecution and probably death as soon as he touches the tarmac in Iran.

There is a community in eastern Canada in the Province of Nova Scotia that is willing to sponsor this individual. There are individuals across Canada who have written and phoned the Minister over the course of the last two months. We have a policy where we recruit some 12,000 refugees from around the world. We have 6,000 additional refugees who are supported and sponsored by communities in Canada. We have ministerial permits that are granted to individuals who merit special consideration because of their special circumstances, and yet we have this one individual who is looking to Canada for assistance and looking to Canada to stay his eventual departure from the United States, a deportation that was already attempted once. En route to Iran the plane stopped in Paris and Mr. Moatanedi tried to commit suicide as opposed to facing death in Iran. The French returned him to the United States, the Americans did not even blink and are prepared to put him on a plane for the second time in under a year.

My questions to the Minister were simply why the Government was not allowing Canadians and the community of Yarmouth to sponsor this individual and give the green light. If the Government did not wish to allow a community or a group of individuals to sponsor this man why could the Minister not find something within his department to extend a special ministerial permit, given the very special circumstances of this 25 year-old.

• (2120)

My office was in touch with this individual's lawyer in Washington today and she confirmed for the record once again that this individual is still in hospital in Washington waiting for Canada to extend its arms to him if the United States maintains its original position.

At the time I asked the Minister the question, he gave me a number of reasons why he could not do it, why the individual was not a bona fide refugee and why his papers were not in order. The answers to those questions were certainly inadequate. I look forward to hearing the Parliamentary Secretary provide Canadians, and particularly the sponsors in eastern Canada, with an update as to where the Government stands *vis-à-vis* Mr. Moatanedi's case and what he can look forward to if anything at all from Canadians.

[*Translation*]

Mr. Jean-Guy Hudon (Parliamentary Secretary to Secretary of State for External Affairs): Madam Speaker, I am happy to add to the reply given by the Minister of Employment and Immigration (Mr. Bouchard) to the Hon. Member for York West (Mr. Marchi) on December 1.

As the Hon. Member is aware, Mr. Moatamedi was admitted to the United States in 1978 at the age of 17 as a foreign student. In 1981, he married an American citizen and held a job in that country until his student visa expired in the summer of 1984. On his return from Mexico in the fall of 1984, he was apprehended by the United States Immigration Services and he asked for asylum in that country at the hearing to review his deportation order. He was later refused asylum in the United States and a deportation order against him was maintained in April 1986 to force him to return to Iran.

His desperate act during a stopover in Paris postponed his return to Iran since the French authorities decided to send him back to the United States where he has since been detained in a psychiatric centre.

As the Hon. Member already knows, the case of this man has been reviewed in depth by Canadian visa officers in Washington to determine whether he could be admitted to Canada as a refugee under the terms of the convention. For the information of the House, both Canada and the United

States are signatory countries of the 1951 Geneva Convention on refugee status and the related 1967 Protocol. The visa officers evaluated the request of Mr. Moatamedi, but based on the individual merits of this case, it was established that his claim for refugee status was unfounded.

As you already know, the Minister of State for Immigration subsequently refused Mr. Moatamedi a ministerial permit which would have admitted him to Canada since there were not sufficient humanitarian reasons to justify such a claim as this case was under the jurisdiction of the American authorities. The United States Immigration Services have continued to pressure for the deportation of Mr. Moatamedi and had been expecting to expel him from the United States as early as January 7, 1987. However, in the meantime, there have been two major developments which could allow the American authorities to reverse their stand in favour of Mr. Moatamedi. First, the representative in Canada of the United States High Commission for Refugees advised Mr. Weiner on December 31, 1986, that his organization had decided to grant Mr. Moatamedi refugee status under the terms of the Convention because of all the publicity his case had received in Canada. The representative of this organization in the United States confirmed his agreement with this decision and so informed the lawyer of the claimant who then requested that United States Immigration Appeal Commission defer execution of the deportation order of her client.

Mr. Moatamedi's lawyer is expected to submit to this Board an application for review in order for this applicant's case to be presented again to the U.S. Immigration and, for this purpose, she will advise the board members of the decision rendered by the United Nations High Commissioner for Refugees that Mr. Moatamedi is now deemed by the representatives of this organization in the United States to be a refugee under the convention.

We are waiting for a final decision from the United States Immigration Appeal Board and we hope that the decision rendered by the High Commissioner will bring about a favourable solution to this matter which continues to come under the American authorities.

The Acting Speaker (Mrs. Champagne): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 9:26 p.m.

HOUSE OF COMMONS

Friday, January 23, 1987

The House met at 11 a.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

ENVIRONMENTAL AFFAIRS

DRAFT LEGISLATION—MINISTER'S ACCUSATION AGAINST ENVIRONMENTAL LAWYER

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, the Minister of the Environment (Mr. McMillan) has made an unprecedented attack on a Toronto environmental lawyer who criticized his environmental protection draft Bill. In a letter sent to some environment groups, and some members of the news media, the Minister accused Toby Vigod of the Canadian Environmental Law Association of being "factually wrong" when she criticized his draft law.

In an interview, Ms. Vigod and other environmentalists said that they could not recall a federal Environment Minister launching such a public attack on an environmental figure for criticisms of the Minister's work. "He seems very defensive of a Bill which is only a draft Bill," Ms. Vigod said. "We are willing to sit down with him and suggest changes." A spokesman for the Minister said the Minister had offered to meet with Ms. Vigod and that he wanted "to smooth things out".

This temper tantrum by the Minister is pathetic, considering his Government's promises of openness, consensus-building, and consultation.

* * *

• (1105)

AGRICULTURE

SPECIALITY CROPS—REQUEST THAT GROWERS BE INCLUDED IN AID PACKAGE

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, farmers who grew speciality crops like mustard, peas, lentils, tomatoes, et cetera, received no assistance from the billion dollar aid package this year. Hon. Members should be aware that 900,000 acres were seeded to these crops in Saskatchewan alone last year.

The Government has indicated that speciality crop prices do not follow wheat, corn, and soya bean pricing and therefore were unaffected by the U.S. Farm Bill. However, how does it explain the price declines of more than 30 per cent in virtually all these so-called contract crops? Yellow mustard has fallen from $15 per hundredweight to $9.50 per hundredweight; canary seed from $12 per hundredweight to $8 per hundredweight; and lentils from $22 to $16, all since the decline in grain prices precipitated by the U.S. Farm Bill.

I call upon the Government to include specialty crops in any remaining aid yet to come, the $700 million, to be fair in its allocations from now on, and to include all crops affected by the U.S. Farm Bill.

* * *

[*Translation*]

THE ECONOMY

GOVERNMENT'S PERFORMANCE

Mr. Fernand Jourdenais (La Prairie): Mr. Speaker, I wonder why the New Democrats and the Liberals have set their sights on a single target these past few days. Why are they so intent on conducting a negative opposition campaign against on the RCMP investigation into the Oerlikon affair?

Hopefully, Mr. Speaker, they are not putting up a smoke screen so that Canadians might be blind to the fact that the deficit has been declining steadily since the Conservative Party took office. Our Government has taken the necessary steps and the deficit has already been reduced by $10 billion.

[*English*]

The Opposition does not want Canadians to know that the Bank of Canada rate has fallen to its lowest level in 10 years or that five-year mortgage rates are down 3.5 percentage points to 10.75 per cent, a savings of $116 per month or almost $7,000 over five years on a $50,000 loan.

Employment is up, unemployment is down. The number of Canadians living below the Statistics Canada poverty line declined by over a quarter of a million people, the first such decline since 1981.

[*Translation*]

Mr. Speaker, this Government's avowed objective is to manage the country on a sound economic basis, a fact to which a number of financial institutions have been attesting all along. We have been doing very well until now, so the Opposition Parties may indeed scream and talk rubbish about any issue which strikes their fancy.

S.O. 21

Mr. Speaker, you may rest assured that Canadians are fully aware of the significant issues on which they will cast their ballots at the next election, and we will be re-elected.

Mr. Speaker: I regret to interrupt the Hon. Member but his allotted time has expired.

* * *

[*English*]

DAY CARE

MINISTER'S STATEMENT

Mr. Ross Belsher (Fraser Valley East): Mr. Speaker, last week opposition Members were calling for the resignation of the Minister of National Health and Welfare (Mr. Epp) for a statement which he was supposed to have made in an interview. It is the height of irresponsibility for those opposition Members to mislead the public on this matter.

The Minister, in replying to a question on whether he felt day care was the best stimulation for children, actually said: "nothing is exclusive" and "for some children, day care is the best stimulation, but one should not dismiss that for some other children the best stimulation is the parental home".

Both opposition Parties, with the support of unions, day care advocates, and feminists, are claiming that a universal day care system is needed. Yet, all across the country in our hearings many other people have come forward and said that universal day care was not the answer but that there was a need for day care and that the Government should help those who need help.

Let us not fall into the trap set by the socialists on the other side of the House who see universal day care as the cure-all for all problems. I, for one, am hopeful that the parliamentary committee, which will report at the end of March, can give the Government the necessary direction on how to treat this very crucial issue.

* * *

HOLLAND COLLEGE MARINE CENTRE

IMPORTANCE OF NAVIGATION COURSES

Mr. George Henderson (Egmont): Mr. Speaker, the future of the Holland College Marine Centre in Summerside, Prince Edward Island, is in jeopardy because of the Government's plan to remove deck officers from the list of CEIC designated occupations for 1987-88.

This Marine Centre was built with CEIC funding some 17 years ago. Over the years it has acquired an excellent reputation with its highly qualified instructors and its up to date equipment. In 1985, 90 per cent of the students who took navigation courses obtained employment.

If accepted, the proposal would force the Marine Centre to close. This is completely unacceptable to the citizens of Prince Edward Island.

I call upon, in fact I demand the Minister to reject this misguided plan and reinstate navigation courses on the list of designated occupations for training at the institution.

* * *

THE ECONOMY

REDUCTION IN INTEREST RATES—EFFECT ON SENIORS' SAVINGS

Mr. Alan Redway (York East): Mr. Speaker, interest rates are falling again. The prime lending rate of chartered banks is now down to 9.25 per cent as compared with a high of 22 per cent under the former Liberal Government. That is good news because it means more people can afford to buy homes, more people can afford to buy cars, more businesses can afford to invest, and more jobs will be created.

However, for some Canadians, especially senior citizens living on their savings, falling interest rates are a worry. For them it means lower incomes at a time when taxes are increasing and the cost of living, albeit more modestly than before, is still increasing.

Seniors are worried as well by rumours that their incomes will be reduced even further by the elimination of the $1,000 investment income tax deduction. I hope the Minister of Finance (Mr. Wilson) will bear their concerns in mind as he prepares his 1987 Budget.

* * *

• (1110)

CROWN CORPORATIONS

SALE OF CANADAIR TO BOMBARDIER—FORMER SENIOR OFFICIAL'S EMPLOYMENT BY BOMBARDIER

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, our Party believes that Canadian taxpayers received far too little for the sell-out of Canadair to Bombardier. Now suspicion over the sale must be increased by one of the senior officials dealing with the sale, the Associate Deputy Minister of DRIE, moving to a senior position with Bombardier. I call on the Minister responsible for DRIE to give the House a full report as urgently as possible of all dealings this official had with the Canadair sale through all its stages. I also call on the Government to stop such direct moves of senior officials to private firms that have benefited from the Government, as in the Oerlikon case and now with Bombardier.

[*Translation*]

THE ECONOMY

GOVERNMENT'S PERFORMANCE

Mr. Gabriel Fontaine (Lévis): As a result of our sound administration, Mr. Speaker, the Bank of Canada prime rate is now down to 7.75 per cent.

Interest rates soared as high as 22.75 per cent under the Liberal administration. Through endless borrowings the Liberals created such a strong monetary demand that they pushed interest rates to unprecedented levels.

It is not as if the funds they siphoned off to the detriment of Canadian developers, businessmen and others anxious to build houses had been directed towards economic expansion. No, Sir, they used the money to bribe the electors and create such as hoc employment programs as "Canada Works".

The socialists are just as guilty. In their quest for power—like the Liberals—they did not hesitate to shift our national debt of more than $250 billion onto the shoulders of our children and grandchildren.

Mr. Speaker, we are putting Canada's economy back on an even keel. Interest rates are acceptable, mortgage payments are manageable, and developers are launching new businesses which create jobs: 600,000 of them.

Mr. Speaker, we have every intention of steering this course despite the efforts of the Opposition to belittle such concrete results.

* * *

[*English*]

EXTERNAL AFFAIRS

CLOSING OF CANADIAN EMBASSY IN HELSINKI

Mr. Maurice Foster (Algoma): Mr. Speaker, the Government's recent decision to close the Canadian embassy in Helsinki, Finland, is a terrible blow to Finnish Canadians and a backward step for our country. It is especially unacceptable when it is being done to save money at a time when the Prime Minister (Mr. Mulroney) spends millions of dollars for foreign junkets with huge entourages of his friends and cronies.

Sault Ste Marie has a large population of over 4,000 Finnish Canadians who have made a tremendous contribution to the city and to Canada. The Finnish Rest Home Association, for example, has built two excellent senior citizen housing facilities for 170 people. These Canadians are concerned about how consular services will be maintained for them with their families in Finland. Cultural ties between our two countries will be damaged by this move. Tourism will be hindered by this ill-conceived plan of the Government. Who will look after families who visit Finland in the future?

S.O. 21

I call on the Government to rescind this order to close our Canadian embassy in Helsinki, Finland, which order is an insult to every Finnish Canadian.

* * *

AEROSPACE INDUSTRY

AWARD OF CF-5 FIGHTER AIRCRAFT MAINTENANCE CONTRACT TO BRISTOL AEROSPACE

Mr. Felix Holtmann (Selkirk—Interlake): Mr. Speaker, Wednesday was a great day for Manitoba. It was announced in Winnipeg that Bristol Aerospace was awarded a $300 million contract to service a CF-5 fighter aircraft.

Speaking about the CF-5 contract, the company president of Bristol said:

> It creates more business, it creates more jobs in the long haul.

More jobs and more business are important to every area of Canada. As the president of Bristol has stated, Manitoba will receive more jobs and more business as a result of the CF-5 contract. The president is confident that Bristol can win additional foreign contracts on CF-5 aircraft with the capabilities developed by his company under this contract. It is looking more and more that this contract could have a far greater benefit to Manitoba than the CF-18 contract which went to Canadair. Why all the fuss?

* * *

INDUSTRY

CLOSURE OF LUMBER MILL AT HAZELTON, B.C.

Mr. Jim Fulton (Skeena): Mr. Speaker, the workers and residents of the Hazelton area share my outrage about the enormous job loss proposed by Westar in closing the existing mill and opening a new mill at Carnaby this fall. According to federal government figures, the project will reduce direct mill jobs from 197 to 85. While the new mill will produce 200 million board feet to be sold to customers in Japan and the United Kingdom, thus avoiding the murderous 15 per cent Tory export tax, the hard-pressed Hazelton area will lose 112 vitally important mill jobs.

• (1115)

Since the federal Government is heavily involved in this project through a $4.5 million interest-free loan, I call on the Prime Minister (Mr. Mulroney) and all cabinet Ministers to take the necessary steps along with Westar to put together a plan to keep those 112 mill workers working after the closure of the old mill and opening of the new Carnaby mill.

These families, 75 per cent of whom are native, have built their economic lives around the forest industry and have paid mightily to the federal treasury and the profits of Westar. Let

there be no misunderstanding. Westar and the Government had best take prompt action now because Hazelton and this Member will not take these kinds of job losses lying down.

* * *

CANADIAN SPACE AGENCY

ESTABLISHMENT IN OTTAWA-HULL AREA ADVOCATED

Mr. David Daubney (Ottawa West): Mr. Speaker, as a member of the Standing Committee on Research, Science and Technology, I applaud the Government's announcement in the Speech from the Throne of the creation of a Canadian space agency. The space agency will essentially be a consolidation of personnel and facilities now existing in several government Departments and agencies all of which are located in the National Capital region. Accordingly, I urge the Government to establish the space agency in the Ottawa-Hull area.

It would be costly and counterproductive to move the approximately 200 people now working here in this field to another part of the country. Hon. Members should also be aware that the Canadian space industry is located in virtually all regions of the country. A neutral management centre here in the nation's capital, free of regional favouritism, is essential to the future development and growth of a cost-effective space industry. Much of Canada's space program activity also involves participation with other countries. In my view the nation's capital is clearly the natural and most cost-effective area in which to locate the head office of the new Canadian space agency.

* * *

INDUSTRY

EFFICIENCY OF CANADIAN SAWMILLING INDUSTRY—EFFECT OF EXPORT TAX

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Mr. Speaker, Canadians are being punished by the Government. Canadians are paying a 15 per cent tax on Canadian wood products because Washington wants it, and what Washington wants from this Government, it gets.

Canadians are being punished because of the inefficiency of the American sawmilling and processing industry. In terms of productivity, a Canadian worker in a sawmill in Canada averages 500,000 foot-board measure of lumber per year, but because of the inefficiency of the United States sawmilling industry an American sawmill worker averages only 300,000 foot-board measure per year.

Canadians are being punished because they are being more productive. They are being charged a 15 per cent tax not only on stumpage but on labour costs, sawmilling costs and processing costs, because of the inefficiency of the American industry. This Government should be ashamed of itself for the way it is treating one of the main, staple resources of Canada.

ORAL QUESTION PERIOD

[*English*]

THE ADMINISTRATION

RESIGNATION OF FORMER MINISTER OF STATE (TRANSPORT)—INFORMATION ALLEGEDLY EMANATING FROM PRIME MINISTER'S OFFICE

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I have a question for the Prime Minister. It appears from all media accounts that the Prime Minister's Office is selectively leaking information about the resignation of the former Minister of State for Transport and, indeed, about his wife. Why is this being done? What is its purpose? Does the Prime Minister not feel that that is manipulating justice and interfering with the judicial process and the police inquiry?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, of course I will not comment on any specific news report containing allegations, alleged information, or even straight-forward information. I would only say to my right hon. friend that the police who are conducting this full inquiry will, no doubt, if they feel that any action, alleged or otherwise, by anyone anywhere is inhibiting their investigation, pursue their investigation in that area.

PUBLIC INQUIRY—REQUEST THAT PRIME MINISTER TABLE LEGAL OPINION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, yesterday the Prime Minister insisted that he wanted nothing to interfere with the police investigation. Yet it appears that members of his staff are, for political purposes, interfering with that process by selectively leaking information to the media. Because the Prime Minister read from some document yesterday and referred to a legal opinion from the law officers of the Crown, would he be willing to table that opinion from the law offices to the effect that a public inquiry would interfere with the police investigation? Would he also table the Order in Council, or whatever document was obtained, authorizing the RCMP to delve into this whole matter?

• (1120)

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, with regard to the notes yesterday, when Mr. Tellier visited with me to convey the opinion of law officers of the Crown I made notes of the advice he was conveying to me so I could impart it faithfully to the Right Hon. Leader of the Opposition and other Members of the House. Those were my notes of the advice given us. The information was conveyed to me by the Clerk of the Privy Council and his chief legal adviser verbally and that was the information I conveyed to the

House. I hope that answers the question of my right hon. friend. If there is anything else, I would be happy to answer.

OERLIKON LAND TRANSACTION—REQUEST FOR PUBLIC INQUIRY

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I suspect that after the Prime Minister's statement in the House yesterday the law officers of the Crown and the Privy Council Office are scrambling to get their written documentation in order, but we in this House would very much like to see a copy of that legal opinion to justify the Prime Minister's position yesterday.

[*Translation*]

Mr. Speaker, doesn't the Prime Minister understand that selectively leaking information in the form of rumours may prejudice and harm the chances of anyone involved in legal proceedings? In the interests of the people of Canada and of all those concerned in the Oerlikon affair, wouldn't the best way to clear up this matter be to have a comprehensive public inquiry?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, all the experts we saw this morning seem to be in complete disagreement with what the Leader of the Opposition just said.

[*English*]

It seems in refusing to conduct a public inquiry while the police are investigating the affair the federal Government is probably taking the wisest and fairest legal course, according to academics familiar with public inquiries. "It seems to me to be a sensible decision that takes into account the rights of an accused person," said University of Toronto law professor Martin Friedland. That appears to be a widely held view in legal circles which is not inconsistent with the view expressed by the law officers of the Crown.

I regret the derogatory insinuations in regard to the public servants made by my right hon. friend. They conveyed straightforward legal advice which I conveyed to Members of the House. I know we saw the position of the Liberal Party set out yesterday by the Hon. Member for Sudbury. You do not want the facts, you want a circus. We are here to tell you that the RCMP will conduct a full inquiry and justice will be done.

Some Hon. Members: Hear, hear!

[*Translation*]

OERLIKON AFFAIR—ROLE OF MR. JEAN BAZIN

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is also directed to the Prime Minister and concerns the "land flip" at Saint-Jean-sur-Richelieu. Could the Prime Minister explain to the House why, in his statement on January 18, his friend Jean Bazin failed to indicate that he had been doing work for Oerlikon since last February and had been on the management board since April, and only said that he had been involved with Gestion Farillon since last August?

Why did Mr. Bazin make his statement the way he did?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, as far as I know in this particular instance, all information requested from Mr. Bazin was made public.

EXTENT OF INFORMATION POSSESSED BY CABINET MINISTERS

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I have a supplementary. Considering that the law firm of Byers, Casgrain started investigating the "land flip" at Saint-Jean-sur-Richelieu last February, almost a year ago, and in view of the articles on the subject that have been appearing in the papers since last spring, does the Prime Minister still maintain that not a single Minister or Minister's office, including his own, had heard about the "land flip" at Saint-Jean-sur-Richelieu until January 13? Does he still maintain that today?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, yesterday and on several occasions I said that the RCMP had received a full mandate to investigate all the facts, and the Commissioner of the RCMP has said that the force will do so vigorously. And if, in the course of a police investigation of criminal charges, the RCMP finds claims that may be of interest to the Solicitor General, these are immediately reported to the Solicitor General.

I can therefore inform my hon. friend that all complaints and concerns and all the issues raised will probably be investigated by the RCMP.

APPARENT INFORMATION LEAKS—PRIME MINISTER'S POSITION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Prime Minister. For five days the Prime Minister has refused to answer questions about the possibility of a conflict of interest on the part of one of his former Ministers, the Minister's wife and a number of Conservative friends, while during that same period, people in the Prime Minister's Office have been leaking incriminating information. Why the double standard?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the Hon. Member says that for five days I have been refusing to answer any questions whatsoever about the Minister. That is false. I have given direct answers to all questions put to me.

As for the Hon. Member's specific question, I have said that as the Prime Minister I could not segregate information. I immediately made a value judgment on the information that was brought to my attention. I decided that the facts justified the Minister's dismissal and an immediate policy inquiry. I acted quickly and, I believe, firmly in this matter and I have answered my hon. friend's questions.

• (1125)

[*English*]

CONFLICT OF INTEREST GUIDELINES

Hon. Edward Broadbent (Oshawa): Mr. Speaker, the Prime Minister knows very well that he has refused to answer directly questions about a conflict of interest. They are the questions he has refused to answer.

The Prime Minister has indicated for the first time that perhaps he is willing to answer such questions. I would, therefore, like to read to him what he said when he announced his conflict of interest guidelines. He said:

We have taken great pains to ensure that the new Code leaves no doubt that the ultimate responsibility for the ethical standards of the federal government rests with the Cabinet and, more particularly, with me.

I have a very direct question for the Prime Minister. When he had the conversations which he did have on Sunday morning about the former Minister he knew of the conflict of interest guidelines. Will he now accept his responsibility and tell the House whether he concluded at that time that the Minister was in a conflict of interest?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the information which was imparted to me was of sufficient importance for me to exercise immediately my right and duty in the circumstances to relieve the Minister of his responsibility, and to call in the Royal Canadian Mounted Police and ask them to conduct a complete inquiry, irrespective of where it led. To me that is a Prime Minister fulfilling his responsibilities.

Some Hon. Members: Hear, hear!

PRIME MINISTER'S POSITION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, the Prime Minister knows that that is not the case. He knows that the RCMP deal with legal matters. Does he think it is proper for him, as the Prime Minister, to systematically refuse to accept his responsibility for conflict of interest while, at the same time, having officials in his office systematically leak to the media slanderous information about citizens of Canada on a selective basis? Why this double hypocritical standard by the Prime Minister?

• (1130)

Mr. Speaker: I hesitate to interrupt a lead question, but I would ask even Leaders to be very careful in the use of language in this very difficult situation. The very fact that the Leader of the New Democratic Party prefaced his question with concern about slanderous actions alleged by some people indicates that even the question is concerned about this. I would ask Hon. Members to be very careful.

I must say that during this week, in a very difficult and sensitive area of great importance to the country, Hon. Members have been extremely careful. As I said yesterday, the Chair is very grateful for that, but I would ask that Hon. Members be careful. The Right Hon. Prime Minister.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I will not comment on the obvious unfairness of the statement made by my hon. friend. He has asked me literally dozens of questions this week and I have responded completely to all of them in this regard. As the Speaker points out, it is an extremely sensitive and delicate matter where the rights of individuals are involved. However, the premise of his last question was based on the assumption that he stated that the RCMP only deals with legal or criminal matters. The implication is that because the RCMP only deals with those matters some other kind of inquiry is required. The statement, the premise is false.

The Commissioner of the RCMP says that:

—should we come across activity that might be considered unpropitious to good government, even though short of provable criminal conduct, on the part of senior officials, elected or otherwise, it is our responsibility to make our concerns known to—the Solicitor General.

The RCMP do not go in wearing blinkers; they go in to look after the possible prosecution of offences. If they find other violations en route they act upon those as well. That is why we have acted with the RCMP to ensure that justice is done.

REQUEST THAT RCMP QUESTION ALL MINISTERS

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, my question is directed to the Prime Minister. As part of the RCMP investigation will the Prime Minister instruct the Commissioner of the RCMP to ask every Minister of the Crown and their staff when they first learned of any irregularities concerning the Oerlikon affair and what the Ministers of the Crown and their staff knew about those irregularities concerning the Oerlikon affair?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, when a matter is turned over to the Royal Canadian Mounted Police, the Commissioner and his colleagues, who command the respect of the country, investigate and set the parameters of their own inquiry. They react to events and they investigate fully. When they are satisfied that they have exhaustively analysed a matter in the interests of Canadian justice, I suppose they either report to a Crown prosecutor and lay charges or report back to the Solicitor General. It is not for me or any member of the Government to interfere in any way with the conduct of that inquiry. I allow, quite properly, the Commissioner of the RCMP to exercise his judgment, as he should. He does not need any advice from any Member of the House of Commons as to how to conduct a police inquiry.

REQUEST THAT PRIME MINISTER ADVISE MINISTERS TO BE AVAILABLE FOR QUESTIONING

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, will the Prime Minister then advise every Minister of the Crown in his Government, and their staff, to be available to the RCMP to answer questions as to when they first learned of the

irregularities concerning the Oerlikon affair and what they knew of those irregularities?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, that goes without saying. That is exactly consistent with the clarity and celerity with which I and the Government approached this matter. I submit that is the position of the Government.

It is interesting to note that yesterday the Member for Sudbury stated the position of the Liberal opposition. He said, as reported at page 2569 of *Hansard*:

> Mr. Speaker, our opinion is that the judicial inquiry should precede the criminal investigation.

Our position is that if there is any possibility of a crime having been committed, we must proceed immediately with an inquiry by the police in Canada.

CONFLICT OF INTEREST GUIDELINES—PRIME MINISTER'S POSITION

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, my question is directed to the Prime Minister. I am holding a copy of the statement on conflict of interest made by the Prime Minister in October, 1985. Since these are the Prime Minister's guidelines on conflict of interest, does he believe, regardless of any RCMP investigation or other inquiry, that it is within his responsibility to tell us whether the former Minister was in conflict of interest?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, it is my responsibility when apprised of the facts that possibly affect the public interest to decide immediately the best manner in which it ought to be dealt with. It was my judgment, when presented with certain information, that the public interest of Canada could best be served by my immediately turning that information over to the RCMP and asking for a full investigation.

PUBLIC'S RIGHT TO KNOW

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, my supplementary question will be slightly different. Does the Prime Minister not agree that since these are the Prime Minister's guidelines and the Government of Canada's guidelines, the public has the right to know whether the Prime Minister feels that one of his Ministers has broken his guidelines? Does the public not have the right to know that from the leader of the country and their Prime Minister, apart from an RCMP investigation?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, there is nothing at all in what I have done or what we have stated in the House that would inhibit the police or anyone else from making a determination in regard to whether guidelines have been infringed. The more important question right now is whether there have been any violations of law. That is where we differ from others in the House. I believe it is my responsibility and that of other Members of the House to act consistent with the laws of Canada in this matter.

INFORMATION ALLEGEDLY EMANATING FROM PRIME MINISTER'S OFFICE

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, my question is directed to the Prime Minister. Both the Leader of the Opposition and the Leader of the New Democratic Party have been unable to receive direct answers from the Prime Minister with respect to leaks that have been coming from his office. Members of the Opposition are concerned that the Prime Minister's Office may be attempting by way of selective leaks from his office to prevent the possibility of potential criminal charges ever going to court because of an inability to conduct a fair trial. Is the Prime Minister concerned about the selective leaks that are coming from his office?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my hon. friend has just contradicted completely the arguments made all week by his Leader in favour of the other side, and the position stated exactly by the Member for Sudbury who said you people want a commission with everything floating around rather than prosecutions. I am telling my hon. friend that there is a profound inconsistency between what the Liberals have been saying all week and what the Member is saying today.

Ms. Copps: No way. Nobody is buying it, Brian.

Mr. Mulroney: The Royal Canadian Mounted Police, empowered with this inquiry, shall make their own determination and, as the days go by and events unfold, they shall take whatever action they deem appropriate.

REQUEST THAT PRIME MINISTER INVESTIGATE SOURCE OF LEAKED INFORMATION

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, I want is to assure the Prime Minister that the Opposition does not want the Prime Minister's or his staff's directly edited version of the story. We do not want selective leaks that we believe may be designed to prevent this matter from ever being brought to court. Is the Prime Minister not concerned about these selective leaks and will he take action now to investigate the source of those leaks in his own office?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, any act that the police judge to be untoward, unacceptable, or unhelpful, will be investigated fully and completely. It is their responsibility.

Mr. Berger: That is not the job of the police.

An Hon. Member: Who is running the country?

Mr. Mulroney: Any action or any statement by anyone, that is inconsistent with the pursuit by the police of a full investigation, should be dealt with by the police. I know that the police

will act promptly, no matter from where the accusation comes, to make sure that there has been no inhibition of their inquiry.

* * *

[*Translation*]

THE ADMINISTRATION

INQUIRY WHY GOVERNMENT DID NOT ACT MORE QUICKLY IN CASE OF MINISTER'S ASSISTANT

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have a question for the Right Hon. Prime Minister about the firing in January of Mr. Frank Majeau, Assistant to the Minister of State (Mr. La Salle).

We have just heard that the RCMP informer in Montreal, Mr. Jean-Pierre Galipeau, informed the authorities of Mr. Majeau's criminal connections last May and that he passed the information on to the Solicitor General last October.

Could the Prime Minister explain why the Government did nothing about Mr. Majeau in May or October and why it did not take any action until *Maclean's* started to investigate?

• (1140)

[*English*]

Mr. Murray Cardiff (Parliamentary Secretary to Solicitor General of Canada): Mr. Speaker, under House rules it is impossible to comment on an individual case, and it is in accordance with established practice. It should be understood that, for investigative reasons, the existence of a confidential source could neither be confirmed nor denied. I would also like to refer the Hon. Member back to the statement made, or point of order, by the Solicitor General on January 20 indicating the timing of all events taking place in that particular case.

WITHDRAWAL OF POLICE PROTECTION FROM INFORMANT

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I would like to direct my supplementary question to the Prime Minister, in view of his statement just made that the police will act promptly if any allegations are made. Can he explain why it took almost a year before action was taken in Mr. Majeu's case, and only when it came to the attention of the press? Is the Prime Minister aware of Mr. Galipeau's statement that he has had his police protection as an informant withdrawn because his statements to the press embarrassed the Government? What kind of message is that to people who may have information about the Oerlikon affair that if they bring that information to the police they may too find their rights infringed upon because they embarrassed the Government?

Mr. Murray Cardiff (Parliamentary Secretary to Solicitor General of Canada): Mr. Speaker, the Hon. Member refers to the press. It is very clear when the Solicitor General received that first information. The Hon. Member also mentioned that an individual had his protection withdrawn. It has to be understood that if the RCMP has a confidential source, and if there is a legitimate threat, protection has to be given—if there is a legitimate threat made against any individual.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF BRITISH COLUMBIA MINISTER OF INTERGOVERNMENTAL RELATIONS

Mr. Speaker: I wish to draw to the attention of Hon. Members the presence in the gallery of the Hon. Bruce Strachan, Minister of Intergovernmental Relations for the Province of British Columbia.

Some Hon. Members: Hear, hear!

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MEDICAL CARE

TREATMENT OF VICTIMS OF BRAIN DAMAGE

Mr. Bob Brisco (Kootenay West): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. There are 400 centres in the United States which specialize in the rehabilitation of victims of brain damage. There are none in Canada.

People are aware of the progress of policeman Robin Easey who suffered brain damage in a shooting here in Ottawa, but that help came from the neurological centre in Cortland, New York. Some provincial government health insurance plans, including Ontario's, do not recognize these treatment facilities as *bona fide* hospitals. For that reason, Sergeant Dan Duggan of the Ottawa Police Department must pay his own way for his brain damage condition. Will the Minister encourage provincial health insurance plans to cover the cost of treatment of brain damaged victims? Will he take the lead in seeing to the establishment of at least one such centre in Canada, rather than relying on the 400 centres in the United States?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, I thank the Hon. Member for bringing that matter to the attention of the House. I will investigate. I think all of us have been following the case of Constable Duggan with interest. I cannot confirm to the Hon. Member some of the points he makes as to the manner in which the provinces which have responsibility for the delivery of health care, have dealt with this issue, but I would be very pleased to discuss this with the provinces and find out what the exact action is.

I should point out to the Hon. Member that in issues of health care where the service is not available but is covered under the insurance services, the provinces do pay not only out

of province rates but also pay for the service out of country. That would have to be investigated as well.

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ROYAL CANADIAN MOUNTED POLICE

WITHDRAWAL OF PROTECTION FOR INFORMANT

Mr. John Nunziata (York South—Weston): Mr. Speaker, I have given notice of my question to the Deputy Prime Minister. It concerns Jean Pierre Galipeau of Montreal who is the individual who made public the fact that there was a security breach involving Mr. Frank Majeau. According to Mr. Galipeau, he is or was an RCMP informer and he now fears for his life.

Would the Deputy Prime Minister confirm that in fact he was an RCMP informer and that his protection code was withdrawn on January 5, 1987? And can he explain why the RCMP found it necessary to withdraw his protection code and thereby put his life in danger?

Mr. Murray Cardiff (Parliamentary Secretary to Solicitor General of Canada): Mr. Speaker, as I indicated earlier, it is impossible to identify any source regardless of whether they be an informant or not. As far as the withdrawing of protection is concerned, if there is a legitimate threat against any individual—a legitimate threat—protection should and would be there.

REQUEST THAT POLICE PROTECTION BE OFFERED

Mr. John Nunziata (York South—Weston): Mr. Speaker, Mr. Galipeau is going public because he fears for his life. He is admitting to being an informer and the Government refuses to offer him that protection. Will the Deputy Prime Minister admit that the real reason why Mr. Galipeau's protection code was withdrawn was because he embarrassed the Government? And will he immediately instruct the RCMP to offer Mr. Galipeau police protection?

Mr. Murray Cardiff (Parliamentary Secretary to Solicitor General of Canada): Mr. Speaker, I do not think direction has to be given to the RCMP, or to anyone, because if there was an informant, no matter who it would be who was being threatened, I do not believe that would be the case.

Mr. de Corneille: What would be the case?

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THE ADMINISTRATION

RESIGNATION OF MINISTER OF LABOUR'S CHIEF OF STAFF

Mr. Rod Murphy (Churchill): Mr. Speaker, my question is directed to the Minister of Labour. The Minister of Labour is one of many Ministers who is now living in interesting times. Could he explain to the House, and more importantly to the public, considering his former Chief of Staff had access to all sorts of confidential information, what discrepancy forced the Minister of Labour to fire his Chief of Staff?

Hon. Pierre H. Cadieux (Minister of Labour): Mr. Speaker, as I indicated already, on January 19, 1987, I was informed of a discrepancy between the information submitted to the RCMP by Mr. Hennessey and the information obtained by the RCMP through a preliminary security check. After advising him it would take some time for the RCMP to complete its full investigation, Mr. Hennessey resigned.

REQUEST FOR DISCLOSURE OF INFORMATION

Mr. Rod Murphy (Churchill): Mr. Speaker, my supplementary question is directed to the Prime Minister. When does the public have the right to know when something is going wrong in a cabinet Minister's office? Can the Prime Minister tell us, and the public, when we are going to find out information such as in the case of the Chief of Staff of the Minister of Labour? Why is the public not being told the truth?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I dealt with this matter completely yesterday. I indicated to my hon. friend, and all Hon. Members of the House, exactly what the Government planned to do about it. I share the Hon. Member's concern which is why we have acted as quickly as we have.

Mr. Murphy: What is the discrepancy?

An Hon. Member: Read *Hansard*.

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THE ADMINISTRATION

RESIGNATION OF FORMER MINISTER OF STATE (TRANSPORT)—REPORTED INFORMATION LEAKS FROM PRIME MINISTER'S OFFICE

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my question is directed to the Prime Minister. All week the Prime Minister has been telling the House that justice must be done in this most sensitive matter and nothing should be done to prejudice the rights of any individuals unduly. Is the Prime Minister now telling the House today that he will not undertake to investigate those selective leaks from his office which could have the potential to affect unduly those individuals whom he says he wishes to have protection?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, if the Hon. Member is asking me, as he says, will I not undertake to investigate such and such, the answer is no. I will not undertake to investigate—

Mr. Broadbent: Why?

Mr. Mulroney: —because the police are going to investigate it fully—

Mr. Broadbent: How about leaks in your office?

An Hon. Member: Did you initiate the leaks?

Mr. Mulroney: —if this is their determination. Any allegations of any kind, if they are deemed to be serious, will be dealt with by the police in their assessment of the requirements for them to secure justice.

Mr. Dingwall: Mr. Speaker, I suggest that the Prime Minister is abandoning his responsibilties.

An Hon. Member: Question.

Mr. Dingwall: As the First Minister of this country he ought to undertake—

Mr. Crosbie: Question.

Mr. Dingwall: —an immediate investigation and then to convey those investigations—

Mr. Speaker: Order, please. The Hon. Member is forcefully putting his point but it was getting very argumentative. I would ask the Hon. Member to put his question.

REQUEST THAT PRIME MINISTER CONDUCT INVESTIGATION

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my question is directed to the Prime Minister. Why does he refuse to exercise his responsibilities, investigate these selective leaks which are prejudicing individuals unduly, and then give that information to the RCMP? Or is there a cover-up, a sleezy operation, by the Prime Minister?

• (1150)

Right Hon. Brian Mulroney (Prime Minister): What a pathetic—

Mr. Speaker: The Chair would prefer, as the Chair has indicated, that some care is used with words. The word "sleazy" was originally used to describe garments or clothing of a low quality. Perhaps it is not completely unparliamentary, but I would ask that all Hon. Members be very careful in the use of words describing less than high quality clothes in a context which might be taken as offensive.

Mr. Mulroney: All Members understand the need for the little theatrics of the Hon. Member to make the clip tonight on the news.

The Liberal Party is already in up to here with regard to their statement of principle by the defence critic that they are not interested in the police prosecuting this matter, they are interested in a circus from which they can profit politically. This is not a partisan issue.

Mr. Speaker: Order, please. The Hon. Member for Oshawa is rising.

ATTRIBUTION OF LEAKS TO PRIME MINISTER'S OFFICE

Hon. Edward Broadbent (Oshawa): Mr. Speaker, the Prime Minister has referred to the need for justice for everyone. Earlier this week the Prime Minister described the former Minister as a good Canadian, and subsequent to that he quite correctly said that there should not be prejudging of the individual. In the last 48 hours there have been leaks, directly attributed to his office, on the radio, television, and in the newspapers, that can only be described as slanderous in their content about the Minister, his wife, and former associates. Will the Prime Minister now commit himself to undertaking an investigation of this terrible, damaging information in pursuit of the very justice for which he is calling?

Right Hon. Brian Mulroney (Prime Minister): My hon. friend has said there have been leaks in the last 48 hours that are slanderous, damaging, and unfair. Think of the statements made by members of the Opposition in their prefatory remarks that have been slanderous, damaging, and unfair to a number of people in regard to the serenity and the fairness of this particular inquiry.

Mr. Broadbent: Which ones?

Mr. Speaker: Order, please. The Right Hon. Prime Minister will answer the question and, as I have asked other Hon. Members, try to refrain from getting into a debate. I must point out that some questions are more provocative than others, and it is only natural that the response will end up in much the same vein.

Mr. Mulroney: I wish to say to my hon. friend that if he is seeking the truth via a fair and impartial way when confronted with serious allegations, I hope he will agree that the most important and proper way to do this is through an unfettered police inquiry, which in no way prohibits or inhibits the possibility of any further action at an appropriate time. Nothing should be done that would in any way inhibit the fairness of that. I agree with my hon. friend in that regard. That is why any suggestion to the contrary should and no doubt will be investigated immediately by the police. It is important that they maintain that authority over the inquiry.

REQUEST THAT PRIME MINISTER SPEAK TO STAFF MEMBERS

Hon. Edward Broadbent (Oshawa): The Prime Minister has said publicly that he wants a fair and impartial assessment to take place of the Minister, and all those associated with him, and not have a slanderous approach. Will the Prime Minister undertake to speak with the people in his office and find out who is leaking these stories that can only have a slanderous and negative effect on the personalities in question? In other words, would the Prime Minister make sure that there is no self-serving activity by the people in his office, and instead

assure justice for those who are subject to very serious accusations?

Right Hon. Brian Mulroney (Prime Minister): Given the police inquiry, what my hon. friend is suggesting has some serious implications. It will not astound anybody in the press gallery to learn that from time to time they have had leaks from the NDP and the Liberal research offices.

Mr. Gauthier: On a criminal matter? Come on!

Mr. Mulroney: Precisely. There the point is made. In this matter there is an allegation of sufficient importance for us to have called in the Royal Canadian Mounted Police. The police are presently investigating this matter. If the police believe, in reading the newspapers in the morning or watching television at night, or given any allegation made by a member of the press inadvertently or otherwise, that the matter ought to be pursued, or an individual ought to be pursued, then no matter where that individual is, either on my staff or the staff of the Leader of the NDP, the police will exercise their usual vigilance and good judgment and pursue it to the end.

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INVESTMENT CANADA

WEST KOOTENAY POWER AND LIGHT COMPANY—APPROVAL OF SALE TO FOREIGN OWNER

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, my question is directed to the Prime Minister on an equally serious but different subject.

On December 24 Investment Canada made a decision to approve the sale of West Kootenay Power & Light Co. Limited to an American utility; for the first time in the history of this country we are approving the sale of a public utility to a foreign owner, without reference to any of the transcripts or material that was gathered by the B.C. Utilities Commission. Considering the dangerous precedent that this sets in terms of the control of our natural resources, and the impact it has on our international treaties, and the erosion of our sovereignty, will the Prime Minister take action to overturn this Investment Canada decision?

Mr. J. M. Forrestall (Parliamentary Secretary to Minister of Regional Industrial Expansion): Investment Canada has reviewed this matter and is satisfied as to its propriety. The Public Utilities Board of the Province of British Columbia is now examining it very closely with a view to ensuring protection of the customers. That review should be concluded shortly.

REQUEST THAT DECISION BE SET ASIDE

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): The Investment Canada decision was taken without any reference to the evidence that had been gathered by the B.C. Utilities Commission. It did not even bother to obtain the transcripts of the hearings held. The B.C. Utilities Commission was holding hearings after the Investment Canada decision had been made. Under these circumstances with the incredible consequences it has for our natural resources and for the impact upon our sovereignty, will the Prime Minister, as Leader of the Government, not take the decision to set aside that Investment Canada decision until all these important questions can be answered, and the interests of the country can be protected?

Mr. J. M. Forrestall (Parliamentary Secretary to Minister of Regional Industrial Expansion): Very briefly, I think that is what I have just indicated. The Government of Canada is awaiting the outcome of the further review by the Public Utilities Board of British Columbia. Investment Canada is satisfied that it meets the criteria. I need not remind the Hon. Member that this government agency or board is charged with the responsibility of ensuring the protection of sovereignty with respect to the manner in which he raises it.

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CHILD CARE

REQUEST FOR FUNDING TO EXTEND SERVICES

Ms. Margaret Mitchell (Vancouver East): My question is directed to the Prime Minister on another important question. The Prime Minister knows that the crisis in child care is urgent, and that children are at risk in many care arrangements. This has been substantiated by researchers, many witnesses and experts.

Will the Prime Minister seriously consider allocating up to $320 million as a budgeted amount in the upcoming Budget to help stabilize and extend quality child care? As I indicated to him last December in a copy of a letter to the Minister of Finance, will the Prime Minister intervene in this matter?

Hon. Jake Epp (Minister of National Health and Welfare): I am glad to report to the House that the federal-provincial meeting has concluded and quality child care was the first item on the agenda. Agreement has been reached on a fast-track work plan between the federal Government and the provinces to put forward the solution and a proposal on a national basis for child care, as the Prime Minister when he was in Vancouver had indicated he would be instructing us to do. I am pleased to report to the House that the work is proceeding very quickly, and all provinces agree that a good plan has been put into place.

Mr. Speaker: The Hon. Member for Vancouver East on a short supplementary, please.

• (1200)

REQUEST FOR FUNDS IN FORTHCOMING BUDGET

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, my question is directed to the Prime Minister. Will he or will he

not allocate money in the upcoming Budget for child care? He found emergency funds for the banks. Will he find them for children?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, the Government of Canada found money for pensioners whose pension funds were in jeopardy in the banks; that is what it found money for. The Government of Canada found money for grain farmers, principally in western Canada. In respect to the individual point which the Hon. Member makes, some provinces put forward a request. By the way, her numbers change. A few weeks ago it was $150 million; this week it is over $300 million. I wonder what it will be next week. That is how consistent she is. I would suggest to her that she start getting her—

Mr. Speaker: Order, please. The Hon. Member for Cape Breton—The Sydneys on just one question.

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INVESTMENT CANADA

SALE OF WEST KOOTENAY POWER AND LIGHT COMPANY

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, my question is directed to the Prime Minister. On November 6 the Minister of Energy, Mines and Resources stated in a speech in Toronto that it was not the policy of the Government to approve acquisitions by non-Canadians of Canadian companies valued in excess of $5 million and in a healthy state. The Minister of Regional Industrial Expansion now says that that applies only to oil and gas companies and does not apply to West Kootenay Power and Light Company. Why is the Government abandoning its own policies in its rush to give away to foreigners our natural resources and our public utilities?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I should like to respond to the Hon. Member. It is a very important question. Given the specifics of it, I would ask the Hon. Member if he might be so patient as to wait until the Minister of Regional Industrial Expansion returns to the House on Monday.

Mr. Speaker: This will be the last question. The Hon. Member for St. Catharines.

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CANADA SHIPPING ACT

AMENDING LEGISLATION—REQUEST FOR WITHDRAWAL OF COST RECOVERY CLAUSE

Mr. Joe Reid (St. Catharines): Mr. Speaker, my question is directed to the Minister of Transport. He will know that Bill C-75, respecting the former revised Canada Shipping Act, was generally well received by all except for Clause 4, the cost recovery clause. Will the Minister introduce new legislation containing safety and the other beneficial provisions contained in the former Bill C-75, without the inclusion of the offensive cost recovery clause?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I am pleased the Hon. Member asked that question because the provisions of Bill C-75 are extremely important in connection with the safety of shipping and other matters dealt with in the Bill. I have decided—and it has been concurred in by my colleagues in Cabinet—that we should reintroduce the legislation without Clause 4. We will go forward with consultation with all interested parties in the shipping industry to see how the cost recovery provisions can best be formulated. After this period of consultation we will introduce new legislation. This is as a result of the representations made to me by Conservative Members of the House of Commons Transport Committee.

* * *

Mr. Speaker: The Hon. Member for Davenport on a question of privilege. I see the Hon. Member for Yorkton—Melville seeking the floor. I will recognize him in a moment.

* * *

PRIVILEGE

OMISSION FROM QUOTATION

Hon. Chas. L. Caccia (Davenport): Your Honour, this is my first opportunity to make this point relating to an exchange in Question Period two days ago.

Mr. Speaker: I should advise the Hon. Member that I find his application completely in order. I am not concerned about notice.

Mr. Caccia: I was saddened and upset yesterday to discover in the evidence a serious and fundamental discrepancy between the oral reply, as registered in the electronic record, given by the Minister of the Environment (Mr. McMillan), when we exchanged questions and answers on acid rain, and the printed record in *Hansard*.

There is a word of fundamental importance, I submit to you, which the Minister chose to omit after having identified a document, the Envoy's Report on Acid Rain, and after having identified a specific page. Having done so, the Minister quoted from the document and decided, in my submission, deliberately, to omit the word "research", which was fundamental in that particular exchange, thus distorting the dynamics of that question and answer.

Having done so, Mr. Speaker, I have to raise this point because I find that behaviour unacceptable and affecting the privilege of Members, because that is not the way of quoting, in a selective manner. By omitting a specific key word, namely, "research", which is the essence of that particular Envoy's

Report and the policy inherent in that particular document, it gave, therefore, an impression to the House that is not consistent with what, a few hours later, was printed in *Hansard* correctly, as it should also have been in the oral quotation recorded electronically.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I appreciate that the Chair has allowed the submission. In the interest of fairness on all sides, surely we should not be dealing two days later with something which is alleged to have happened both electronically and in *Hansard*. Had this matter been raised when it should have properly been raised yesterday, the Hon. Minister would have been here to defend himself.

I submit to you, Mr. Speaker, that that is the reason for the rule, that one should bring it to the attention of the House as quickly as possible. Now we have a day when the Minister is not here and this point has been made.

Second, I submit that the operative words of my colleague which make this a matter of debate and not privilege are the words "decided, in my submission". That is debate. He is alleging that the Minister decided something.

When somebody brings forward what he calls "a serious and fundamental discrepancy" between *Hansard* and the electronic record, if we are to deal with it as a House, if we are to bring the issue to the floor, surely it ought to be something where the Minister is given a chance to defend himself and where we can examine the record and take a good look at it.

Mr. Speaker: The Chair is very appreciative of the comments of both the Hon. Member for Davenport (Mr. Caccia) and the Hon. Parliamentary Secretary, but I want to comment upon the remarks of the Hon. Parliamentary Secretary.

The point the Hon. Parliamentary Secretary makes is that this is a couple of days late. I want to advise the House that the notice was dated yesterday, and it may well have gone awry in the Speaker's office. That is why I indicated immediately to the Hon. Member for Davenport that I had accepted the notice as legitimate, and I am not concerned about the time.

On the second question, if the Hon. Parliamentary Secretary would prefer that this matter be deferred until a day when the Minister is here, I think that would be acceptable to the House.

I should indicate to the Hon. Member for Davenport that it would seem to the Chair that this is a point of order and not a question of privilege. In any event, there is a complaint here. Unless both Hon. Members want to defer this matter to another day, I think it probably could be settled now by the Chair saying that I will consider the matter. The complaint is on record. If a correction can be made, discussions can be undertaken or had to do that. I think maybe we can leave the matter there. Does the Hon. Member for Davenport want to rise again? The Hon. Member for Yorkton-Melville.

POINT OF ORDER

TABLING OF QUOTED DOCUMENT

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, I rise on a point of order of which I have given you notice. The Prime Minister (Mr. Mulroney) is not here but the Deputy Prime Minister (Mr. Mazankowski) is.

Earlier in Question Period today, in answer to one of the opposition Members, the Prime Minister quoted from a letter from a senior law officer of the Crown or the Commissioner of the RCMP, I am not sure which. I wonder whether, under Citations 327 (6) and (7), the Prime Minister would be willing to table that letter for the House.

In part Citation 327(6) reads:

> If a Minister cites or quotes an official document in debate, he should be prepared to table it.

Citation 327(7) reads:

> When a letter, even though it may have been written originally as a private letter, becomes part of a record of a department, it becomes a public document, and if quoted by a Minister in debate, must be tabled on request.

If possible, I should like to request that the Deputy Prime Minister table the letter so that we can all have a chance to peruse it.

• (1210)

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the point which the Hon. Member makes is correct. The Prime Minister (Mr. Mulroney) did quote from a letter that was sent to the Hon. Member for York Centre (Mr. Kaplan), the former Solicitor General, in response to a letter that he sent to the commissioner. I presume that if it is with the consent of the Hon. Member for York Centre, who is not here but he did, you will recall, Mr. Speaker, raise this issue yesterday, I would have no difficulty tabling the letter. In the interests of proper procedure, perhaps we might make doubly sure that the Hon. Member for York Centre agrees to having it tabled, then we would certainly not have any difficulty with it.

Mr. Speaker: I want to thank the Hon. Deputy Prime Minister (Mr. Mazankowski).

The Hon. Member for Sudbury (Mr. Frith) on a question of privilege?

Mr. Frith: Yes, Mr. Speaker.

* * *

PRIVILEGE

ALLEGED HARASSMENT

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, I want to indicate to the House that yesterday my former secretary during my tenure as chairman of the regional municipality of

Sudbury from 1977 to 1980 received a phone call from the Deputy Prime Minister's (Mr. Mazankowski) office asking for information of a factual nature.

I do not feel personally affronted by the nature of the question asked of my former secretary, but I do believe this is a breach of my privilege as a Member of Parliament. I would suggest, Sir, that this is harassment of my duties as a Member of Parliament and I would suggest, if I can—just one last sentence, Mr. Speaker—that if the Deputy Prime Minister has time to check into the backgrounds of Members of Parliament he might want to start with Members of his own Cabinet.

Mr. Speaker: The Hon. Member for Sudbury (Mr. Frith) has raised a matter which obviously has caused him some concern. It is outside the House. The comments have been made and have, no doubt, been heard.

* * *

POINT OF ORDER

ALLEGED IMPERFECTION—BILL C-37—S.O. 108

Hon. Herb Gray (Windsor West): Mr. Speaker, I will just give you notice of a point of order pertaining to today's Government Orders. We are shortly going to be returning to the debate on second reading of Bill C-37. Clause 2 (3) of the Bill reads as follows:

> In interpreting the schedule, recourse may be had to the Memorandum of Understanding concerning trade in certain softwood lumber products between the Government of Canada and the Government of the United States dated December 30, 1986 and tabled in the House of Commons on January 19, 1987 and recorded as document number—

And there is clearly a blank there, Mr. Speaker. The same words appear in the other official language.

I had inquiries made of the Table. I am informed that the document referred to in Clause 2(3) was not tabled on January 19 or subsequently.

Quite apart from that, Sir, I submit that the words of this paragraph and the fact of their incomplete nature clearly infringe Standing Order 108 which reads:

> No Bill may be introduced either in blank or in an imperfect shape.

Clearly this clause involves a blank. It is clearly imperfect. Therefore, the Bill purports to have been introduced contrary to this very clear rule.

You will recall, Mr. Speaker, that on Monday of this week we agreed, in order to facilitate discussion of this Bill, to abridge greatly the normal procedure for introducing legislation. We allowed first reading of the Bill and, in fact, the beginning of the debate on second reading to come the same day on which the Ways and Means motion was voted.

Mr. Mazankowski: To accommodate you.

Mr. Gray (Windsor West): The Government House Leader has interjected from the sidelines saying to accommodate the Opposition. For days prior to the House opening the Deputy Prime Minister (Mr. Mazankowski) was saying that he intended to call this Bill on Monday. My point, just by way of comment, is that there was very little time to study the Bill as to form. I mention this in the event it is argued that this point should have been raised earlier. Also in that regard, there is nothing in Standing Order 108 limiting the time as to when a point of order can be validly raised and sustained with respect to a breach of Standing Order 108.

I submit that Standing Order 108 has clearly been breached. The rules have been contravened and, therefore, I suggest that the debate until this point on this Bill has been a nullity and the Government must re-introduce the Bill and commence the debate all over again.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I appreciate the point which my colleague has quite properly made. The Memorandum of Understanding, which is referred to in the Bill, could not have had a document number or what might be called a sessional paper number in either the Ways and Means notice of the motion or the first reading version of the Bill which the Government had preprinted before Monday's introduction of the Bill.

The House has accepted from Monday until now both documents in that format, as have the law officers of the Crown and the table officers. There has been full and frank debate on the issue at hand, the substance of the matter approaching, I understand, some 20 hours.

The date of January 19, 1987 was used in both the Ways and Means motion and the first reading version of the Bill debated last Monday because the Minister had intended to table the Memorandum of Understanding in both official languages but, by an oversight, which is admitted, in all the printing preparations for last Monday the Memorandum of Understanding did not get tabled. The Minister is ready to table that Memorandum of Understanding today. We apologize and admit that that should have been done.

We are all in the same boat. We have all debated at length the substance of the Bill. We would all have to say that we have not examined every last clause and the impact of that last clause on the substance of the Bill. We are doing that now, quite rightly, with a procedural discussion.

The Memorandum of Understanding, which was a lengthy document and not necessary to have in both official languages for the purposes of an understanding between the United States Government and the Government of Canada, but necessary for presentation in this House, has now been translated. I am sure that that document was used by Members of the House in preparing their comments. We are now looking at the tabling of the document.

It has been a very busy week for the Minister and for all officers of the House. There was a clerical error made. We are not denying that the responsibility is here. We are not denying that we all share responsibility for it.

As I suggested, Mr. Speaker, the document is going to be tabled. We suggest that it will be in order during the discussion at the committee stage to put forward an amendment which will correct the date of tabling of this Memorandum of Understanding, which is really what we are talking about. Since we share a previous occupation, I suggest, Sir, that this procedure may be viewed in terms of perfecting the record, in that it is not essential to the debate that this actually had been tabled. It is essential that it be in existence and it was in existence. I will get to that, if I may, in a minute.

At committee stage, we would suggest that an amendment be moved to correct the date. We suggest that it would have no impact on the essence of the Bill or on the essence of the debate that has taken place. We all have to ask ourselves if Canadians wish us to get on with the job at hand, which is to perfect the record and get the Bill into committee, or whether Canadians would wish us in the taxpayers interest simply to scrap this week of debate and start again. I think you would find that Canadians would come down on the side of taking the debate as read and going from there.

• (1220)

I would also like to refer to the specific wording in the Bill if I may. You may not have this before you, Mr. Speaker, but I am sure you will have an opportunity to consider it. Clause 2(3) of the Bill includes the words "recourse may be had". I think the operative word there is "may". This means that the Memorandum of Understanding and the interpretation of the Schedule can be dealt with by using other methods. The clause is permissive. It is neither direct nor specific but indicates only that recourse may be had. The Schedule is appended to the Bill and explains in detail the elements of the Memorandum of Understanding. As I have said before, it does not go to the essence of the Ways and Means motion and the Bill. The clause is merely permissive.

If you do some research, Mr. Speaker, and I must admit that I was busy doing that myself last evening, you will find that there is a suggestion in Erskine May that alterations rather than amendments can be made to a Bill. Page 526 of the most recent edition of Erskine May indicates that alterations can be made to correct clerical errors. I submit that this is a clerical error which will be corrected when the Minister tables the document.

I would also submit that the clause in the Bill refers specifically to this Memorandum of Understanding and uses the words: "and tabled". The document is in existence and if the clause used only the word "tabled", I think we would be in trouble. However, it uses the words "and tabled". The document which is in existence is an agreement between two powers, the United States of America and Canada.

I would draw my remarks to a close by saying that no one in this place is suggesting that Standing Order 108 does not exist. I admit that it exists. However, I think it is fair to suggest that the people of Canada would like to see us deal with those Standing Orders in a way that serves democracy and assures that debate takes place. I suggest that we are all in this together, whether it is the Opposition—

Mr. Gauthier: Keep your own troubles. Come on now, wiggle out of that one.

Mr. Lewis: We are dealing with them. We have all debated this matter for a week. There is a clerical error which can be corrected by the Minister tabling the Memorandum of Understanding and that will take place in a minute.

I suggest that the Bill stands on its own. The tabling of this document and the perfecting of it by giving it a number is not something that goes to the essence of the Bill or the principle of the debate at second reading but is something which naturally will be corrected at committee stage.

Mr. Vic Althouse (Humbolt—Lake Centre): Mr. Speaker, on the same point of order, I note that the traditions and practices of this House have been to follow the rules quite strictly and that we vary from those rules only with the agreement of all Parties in the House, and we do that quite regularly. There was no such call by the Government for that sort of agreement from the various Parties in the House when the Government did not table the agreement as the Bill indicated it should have done.

The second point I wish to make is that this agreement that has not yet been tabled has not yet been translated into French. Because it is such an integral part of this particular piece of legislation, I think Francophone Members of the House have every right to expect it to be translated accurately into French before they decide whether to support or not to support this Bill in principle at second reading stage. How can Francophone Members decide on the principle of the Bill and the position they wish to take on it if such documentation is not available to them?

On those two counts, I would urge you, Mr. Speaker, to rule in favour of the point of order put forward by the Hon. Member for Windsor West (Mr. Gray). As well, I would urge you to recall that previous legislation had been delayed in the House simply because certain paperwork had not been done properly. The most recent such Bill I can recall is Bill C-22. Last June, the Government did not get the Bill put through simply because it had not completed the paperwork. I think this case is similar in some ways to that one. I would urge you to pay some attention to the very good arguments made by the Hon. Member for Windsor West and to pay some fair amount of attention to the fact that all of the extremely pertinent documetation on a very important international agreement was not available to Francophone Members of the House.

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I would like to comment briefly on whether Bill C-37 may be debated in the House at this time. Standing Order 108 says clearly that:

No bill may be introduced either in blank or in an imperfect shape.

Point of Order—Mr. Gray (Windsor West)

In Bill C-37, on page 2, clause 2(3), there is a blank in the last line, line 12, which in my view would make the document entirely unacceptable according to our Standing Orders.

[*English*]

I should remind Hon. Members that it is not very difficult to refer to *Hansard* of January 19 to learn of the events that unfolded here. On January 19, a Ways and Means motion was tabled by the Minister and, in order to proceed with the Bill, the Deputy Prime Minister (Mr. Mazankowski) received from us unanimous consent to deal with that motion. We divided on it at the time and a Bill was presented at first-reading stage by unanimous consent. We proceeded to second reading thereafter by unanimous consent because the Government insisted that it wanted the Bill to be studied. However, you will recall, Mr. Speaker, that I rose in my place to draw to your attention the fact that we did not have the Bill and that some of the information pertaining to the Bill was lacking. I was assured that we would have full co-operation from the Table which we eventually got. We finally received the Bill in the afternoon while debate was going on.

Today I rise in my place to draw to your attention that we feel that the Standing Order is clear. There is no interpretation possible other than that the Bill is faulty and must be withdrawn by the Government. The Government has an obligation to present another Bill, amended as it should be with the proper date and the number of the documents in question included. In my opinion, this faulty Bill must not only be withdrawn but must be debated over again at second-reading stage. The Speaker will have to inform the House that a new Bill has been presented to the Table and we will have to proceed with first reading, second reading and subsequent stages of the Bill.

Speaking to the point made by the Parliamentary Secretary on the tabling of the documents, the Minister could have tabled those documents on Monday, Tuesday, Wednesday or Thursday.

[*Translation*]

She could have done so, but she did not.

As far as the translation is concerned, the House will of course recognize that as the Parliament of Canada, we cannot accept that a document be tabled by the Government in one language only.

Of course the Government's problem was that it had to order a translation. The translation must always be tabled by the Minister with the original document, and if they didn't get the translation until today, it is their fault, not mine. They can not do anything right, Mr. Speaker. What do you expect? They're all the same, that bunch. You people don't know what you're doing here in the House.

• (1230)

[*English*]

Mr. Rod Murphy (Churchill): Mr. Speaker, I believe this is an important matter. This is not a court of law, but we are all aware that in a court of law things have to be done in a proper way.

Mr. Speaker: Order, please. With the co-operation of Hon. Members, the suggestion is that because something was not included in a Bill the last number of days of debate should be wiped out as if they never happened. The Chair wants to ask Hon. Members to address the question of what prejudice has the public interest suffered or any Member suffered as a consequence of the fact that the Bill has an error, which is admitted by everyone and which can be quickly and easily remedied. What prejudice has been suffered?

Mr. Gauthier: The rules!

Mr. Murphy: Mr. Speaker, you referred to what I was just about to get into. We have certain accepted, indeed the compulsory, procedures that we follow. As the Hon. Member for Humboldt—Lake Centre (Mr. Althouse) mentioned, we had a similar situation with the first attempt by the Government to change the Patent Act in June of 1986. It was admitted, with some reluctance I suspect, that the Government had not gone through the proper procedures and the debate could not begin.

Regarding what you have asked us specifically, the point is that certain Members of this House, especially those who are Francophones, did not have access to documents in their language. The debate is continuing, and if Government Orders are correct we will continue the debate in a few minutes' time. It is not fair to Members of this House to continue this debate at this time without access to all the information.

I do not suggest that all that has been said is going to be struck from the record. I do believe it is possible for the three House Leaders to get together and discuss how we would reintroduce the Bill, recognizing that certain debate has already taken place. However, I believe that not only on this occasion but on any future occasion we must ensure that legislation is passed in the proper form, starting with the proper introduction, and that all documents referred to in a Bill as being available must indeed be available to all Members of this House.

Mr. Belsher: What do you think committees and third reading are for?

Mr. Murphy: My question is what is second reading for? It is a procedure of this House, a procedure we are in right now, and thanks to a motion made by the Government last night it is now impossible to make any amendments. Even the Government cannot make any amendments. We have to ensure that we go through the proper procedure, and I submit that to continue debate at this time on this Bill would be completely improper and unfair to Francophone Members of this House.

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I would like to address my comments to the question Your Honour has raised regarding how this prejudices the public interest. If one goes through *Hansard* over the last three or four days one would see that a large part of the debate, in fact the core, has centred on the impact that the Memorandum of Understanding, the agreement in effect, will have upon Canadian economic interests, sovereignty and other issues. The specific nature of the undertakings included in that agreement are absolutely essential to the debate.

We have only been able to debate agreements that we informally possessed; they were not part of the Bill. That is of particular importance because in Question Period yesterday, in answer to a question by the Hon. Member for Nanaimo—Alberni (Mr. Schellenberg), the Minister for International Trade (Miss Carney) indicated there was a problem as it related to Schedule B of the agreement. That did not include a list of products to which the primary tax would not apply. A number of secondary manufacturers of lumber products were severely affected by that fact. The only way the problem can be resolved is to renegotiate the agreement and to have it include the list.

The Minister said officials were now meeting in an attempt to resolve the problem. At last count we have 80 or 90 companies who are in a state of limbo. A tax is being collected which is 200 per cent or 300 per cent over and above what they expected, given the countervailing duty. The only way that can be corrected is if the Memorandum of Understanding is tabled so that they and we know what the law is. Not having it tabled, not knowing what is on the list, not knowing if the list is going to be changed, given the answer by the Minister yesterday, means those manufacturers, including several thousand workers and a large part of our value-added manufacturing, are in a state of uncertainty.

It is clear that the only way the Parliament of Canada can properly respond to the interests of those manufacturers is to ensure that we know exactly what is going to be included in that Memorandum of Understanding and the schedules attached to it. They will then know exactly what they are going to be taxed on and there will be no uncertainty.

There is also a much larger issue. There is a large number of people in the industry, as well as provincial Governments, who are asking questions for which there is presently no answer. How does the Memorandum of Understanding apply to them? In contacting various provincial officials to get their response, they say that at the last meeting when they asked to what extent does the $600 million apply, no answers were forthcoming.

Miss Carney: That is not true.

Mr. Axworthy: There was no response. There was still a high level of ambiguity as to the meaning and interpretation and application of the Memorandum of Understanding. I make the case to you that the Memorandum of Understanding is not a clerical error. It is not a bagatelle or a side-show. It is essential to the functioning of this law. Not being part of the law and not having it in both languages means the law we are debating would be not only ambiguous but could also be unfairly applied and would put a number of companies and provincial Governments in a high state of uncertainty.

Mr. de Corneille: Point of privilege.

Mr. Speaker: A point of order has been raised. Unless something has happened to interrupt the orderly debate on that point of order I would like to carry on recognizing Members as they rise. A Member has said "point of privilege" and I would want to defer that unless the Member presses the point. We are on a point of order, but if the Hon. Member for Eglinton—Lawrence (Mr. de Corneille) has a point of privilege which has suddenly arisen and which is of great importance, of course, I will hear him.

Mr. de Corneille: Mr. Speaker, I do not know whether you would interpret it as a point of privilege or a point of order, but my privilege to be able to speak in the House and have access to documents it seems to me is also affected.

Mr. Speaker: I thank the Hon. Member for the intervention. I think it is on the same point of order. Has the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) completed his remarks at this time?

Mr. Axworthy: Yes.

Mr. Lewis: Mr. Speaker, I do not wish to interrupt the flow of debate on this point of order, which is important. However, the question has arisen as to when the document was available in both official languages. That is a key point and I admit it. I am advised by officials in the Minister's office that the document was available in both official languages from the Minister's office on January 5, 1987. I have copies of the Minister's statement and—

Mr. Gray (Windsor West): Was it tabled in the House?

• (1240)

Mr. Lewis: Parliament was not sitting on January 5, 1987. It was available in both official languages from the Minister's office on January 5, 1987. The question one must ask oneself is whether one asked for it.

Mr. Gray (Windsor West): Mr. Speaker, with your permission I would like to address briefly the issue you raised with the House, that is, what prejudice the public would suffer if debate on this imperfect Bill were allowed to continue.

First, I observe that the Parliamentary Secretary to the President of the Privy Council (Mr. Lewis) tried to make a substantial argument to the effect that the gap in the Bill was simply of a clerical nature. I submit that the clerical nature of the error does not relieve in any way the extent of the transgression of the Standing Order.

Second, the Parliamentary Secretary quoted from Erskin May. I submit that, unless it is shown that the words of Erskin May relate to a Standing Order of the British House of Commons in the exact words of our Standing Order, that which the Parliamentary Secretary has cited to the House has no relevance or application here at all.

With regard to the matter of prejudice, I suggest that when the House of Commons, in its wisdom, decides that it should have a Standing Order formed in certain words, you are required to take juducial notice that the House of Commons has decided that, in the absence of that Standing Order being followed, there would be prejudice to the public interest. There is nothing in the rules which permits you to decide that some of these rules will be followed in part, or some not followed at all, on the basis of a determination of the degree to which the public interest would be harmed or supported by the following or lack of following of those rules.

With all due respect, if a principle that it is the degree of prejudice to the public interest that counts in determining whether a rule should be followed is to be enshrined into the precedents of this House, it would be open to you, Sir, or another Speaker to say that it does not prejudice the public interest not to follow the rule requiring a debate and vote on second reading. It would be open to you or another Speaker to say that it does not prejudice the public interest if the Government forgets to allow committee stage proceedings on a Bill.

With the utmost respect, Mr. Speaker, there is nothing in our Standing Orders which permits you or any other Speaker to pick and choose which rules are to be applied in the fullest and which are to be applied only in part, depending upon the circumstances.

Standing Order 108 says:

> No bill may be introduced either in blank or in an imperfect shape.

That Standing Order exists to the same extent as do any of the other Standing Orders. It is not put into a special category headed, "Rules to be followed if it is not important or the public interest is not prejudiced". It is set out in Chapter XX, Proceedings on Public Bills, in exactly the same way as are all the other Standing Orders in that chapter.

Some may wish to argue that there is some vagueness or imprecision which would allow the Speaker to make a ruling apart from the clear wording of the rule. In that case, I respectfully draw to your attention Standing Order 1 which reads:

> In all cases not provided for hereinafter, or by other Order of the House, procedural questions shall be decided by the Speaker or Chairman, whose decisions shall be based on the usages, forms, customs and precedents of the House of Commons of Canada and on parliamentary tradition in Canada and other jurisidictions, so far as they may be applicable to the House.

I have already pointed out that the citation read to us from Erskine May has not been shown to be relevant. However, the real reason I read the Standing Order is to say that the case we are dealing with is provided for exactly as is set out in Standing Order 1. It is "provided for hereinafter" in the very specific words of Standing Order 108.

In conclusion, I submit again that in adopting this rule the House has said that it is contrary to the public interest, that there is a prejudice to the public interest in not following Standing Order 108 to the same extent as any and all other rules of the House are followed. I submit, therefore, Mr. Speaker, that if you do not uphold the very clear words of this rule, which apply very clearly to the defect in the Bill, the public interest, by definition, will be subject to a prejudice, and both In the short and long run the operations of this House and our democratic systems will be harmed.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the points made by both sides are well taken. However, you will recognize, Sir, that there were some rather extraordinary circumstances which allowed us to embark upon debate on Bill C-37. There was a desire by at least two Members in this Chamber to have an emergency debate on the issue under Standing Order 29. There was a great amount of co-operation by all Hon. Members to allow a debate on this issue to take place to the fullest extent. Presumably that is why both opposition Parties, after consideration of the matter, decided to provide the unanimous consent required to allow us to proceed with the tabling of the Ways and Means motion and with the motions for first and second reading, allowing us to begin the debate in an abbreviated length of time. There has been a great deal of co-operation. It was in the interest of all Hon. Members to facilitate the process to allow this piece of legislation to proceed.

Standing Order 108 states:

> No bill may be introduced either in blank or in an imperfect shape.

The decision which you must make, Mr. Speaker, is whether this Bill was imperfect in shape. I am not sure whether there is a clear definition of an imperfect Bill. Certainly a blank Bill would be imperfect. I would submit that failure to outline the principal aspects of the Bill or details pertaining to the principle of the Bill would put the Bill in a position of being void. However, we are dealing here with simply a slight technicality which can quite easily be changed.

The issue is whether Hon. Members opposite had access to the agreement, which is clearly part of the Bill, and to answer your question as to whether any prejudice has been suffered. We are now told that Hon. Members did have access to the agreement. I understand that they quoted from it during the course of debate and they have quoted from it during Question Period. To suggest that it was not available is inaccurate. It was available and was used.

To deal with this issue in its clear technical sense, I refer you to Standing Order 235 which suggests that any Member is bound to bring to the Speaker's notice any incident that he considers a breach of order, and that he should do that at the earliest possible time. It has been suggested that Members

opposite were aware of this so-called imperfection for some time. That is based on the remarks they have made. I suggest that if that was in fact the case, they were duty bound to bring forth the notice of breach of order to the House at the earliest possible opportunity. They failed to do so.

• (1250)

Quite frankly, I believe the Parliamentary Secretary has outlined the background to this issue in fairly succinct form. However, to clearly answer your question about whether prejudice has been suffered, in my humble submission, I believe the answer is no.

Mr. Gray (Windsor West): Mr. Speaker, I rise on another point of order. The Hon. Government House Leader seems to have referred to Standing Order 235. My set of Standing Orders only goes up to Standing Order 158.

Mr. Mazankowski: I am sorry, I was referring to Beauchesne, Citation 235.

Mr. Gray (Windsor West): May I say that a citation of the kind found in Citation 235 cannot override the clear and precise words of a Standing Order. I further submit that, in any event, the breach of order we are complaining of did not happen only on Monday, but began on Monday and continued without a break until this very moment. Even if this precedent has some relevance, which I submit it does not, I think we are consistent with it because the breach in question began on Monday and continued without a break until this very moment, and continues as we speak.

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I believe there are three crucial issues we face on this point of order, and with which you obviously are faced in making a decision. First is the very cogent case that has been made by the House Leader for the Liberal Party which I believe, from my reading of the sections of the rules as a relatively new Member, would appear to be absolutely clear-cut.

I think there is a second, equally important consideration. It is that a great many of the issues which have been debated and discussed before us as Members of Parliament have themselves been questions of fact, and difference of fact, which would indeed have been greatly facilitated by the tabling of the original agreement with the United States. In particular, I recall an exchange between myself and the Minister for International Trade (Miss Carney) in which she made the point that what we believed to be clearly part of the agreement was, to her mind, clearly not part of the agreement. I suggest that the tabling of the document would have been of considerable benefit in facilitating a logical debate.

Third, I believe a logical contradiction has emerged in the Government's defence to this fairly serious charge. First, it has claimed that these documents were not tabled because they were not translated. It has turned around to say that they were translated on January 5. Clearly, the documents could have been tabled in both official languages.

Finally, we would not want to see this week's debate simply disappear and wiped off the record. I believe we feel a sense of grievance about the attempt to cut off debate which was taken last night. I think that is probably part of what underlines what is taking place here today. However, I believe that it should not be beyond the capacity of the Speaker, perhaps with the House Leaders, to work out some compromise by which this period of debate can stand, yet still allow the possibility of more extensive debate next week, making it possible to have full scale consideration of what I believe is one of the most dangerous pieces of legislation that has ever come before the House of Commons.

Mr. John Nunziata (York South—Weston): Mr. Speaker, certain facts are clear. First, a piece of legislation, Bill C-37, was introduced in the House of Commons in an imperfect form.

Mr. Gray (Windsor West): And in a blank form.

Mr. Nunziata: And in a blank form. In my view, the issue is whether the imperfection of Bill C-37 would render the introduction of the Bill and the debate to date void *ab initio*. It is my respectful submission that the imperfection of Bill C-37 renders the proceedings to date void and that the only proper course at this point is for the Government to reintroduce a Bill in perfect form.

To accept a Bill in this form would, first, be in direct breach of Standing Order 108 which is clear and unequivocal. It states:

> No Bill may be introduced either in blank or in an imperfect shape.

In my respectful submission, you ought to ask yourself why did Parliament in its wisdom adopt that particular Standing Order? I think the reason is obvious. A Bill has to be complete. It would be contrary to the principles of natural justice and the rule of law for a Parliament or any legislature or governing body to introduce a Bill that contains some blanks.

The Government argues that it is a clerical error or a minor imperfection. However, how does the Government intend to correct the imperfection? When will the blank be filled in, and how is that done? It seems to me that the only way to correct the imperfection is to either start again or introduce another Bill to fill in the blank.

You indicated in your comments that the standard to be used is whether prejudice has been suffered as a result of the imperfection.

Mr. Speaker: I am listening very carefully to the words of the Hon. Member for York South—Weston (Mr. Nunziata). I would not want any misunderstanding here. The Chair was not saying that that is necessarily the standard. The Chair was trying to get at the common sense of the matter and asking Hon. Members to address that. That is why I asked what prejudice has anyone suffered so far? However, I am listening to all of the arguments and I am not predisposed to making any decision.

• (1300)

Perhaps the Hon. Member may want to rise again after the adjournment.

It being one o'clock, I do now leave the chair until two o'clock this day.

At 1.03 p.m. the House took recess.

AFTER RECESS

[*English*]

The House resumed at 2 p.m.

Mr. Speaker: I wish to advise Hon. Members that at the time of adjournment there was before the House a point of order that had been raised with respect to the agreement referred to in Bill C-37, which has not yet been tabled. In the Bill it refers to the document as having been tabled on January 19 under number, and then there was a blank, because when the Bill was printed no one knew what that number would be.

Debate commenced on Monday by unanimous consent, and after there had been an application for an emergency debate. The Speaker did not have to rule on the application for an emergency debate on the softwood issue, because all Parties agreed to bring this legislation into the House. The Bill was brought into the House and debate commenced. But, for whatever reason, the agreement between Canada and the United States on the softwood issue, was not tabled.

It is my understanding, and I think that this was expressed to the Chamber this morning, that later today the Minister intends to table that document. It is also my understanding that the document is in both languages. I see the Parliamentary Secretary nodding.

The point made by the Hon. Member for Windsor West (Mr. Gray), which has been reiterated by others, is that because the pieces of paper that constitute the Bill did not have printed on them the number of the agreement, and because there was an error in saying that it was tabled on January 19, strictly speaking, under the rules, the Bill ought not to have been accepted in the Chamber.

Some Hon. Members are arguing as a consequence of what various people discovered late yesterday afternoon that the debate of Monday, Tuesday, Wednesday, and Thursday is a nullity, and that it ought to be treated as if it had never happened. Others have said that they do not go quite that far, but in order to remedy the defect the Bill ought to be reintroduced, and Hon. Members be invited to restate the vivid positions they made in the vigorous debate that took place on during Monday, Tuesday, Wednesday, and Thursday.

During the interventions this morning the Speaker did ask Hon. Members to address this question, because I felt it was important in the public interest, and knowing that the public is watching this debate, what prejudice has anybody suffered. I have heard some response to that. One is that if there is any change from the absolute literal legalistic interpretation of a rule, that is a breach of the public interest, because the rules were obviously designed in the public interest.

The Speaker has been considering this matter over noon hour. I have not come to any conclusion. I invite Hon. Members to listen carefully to the debate. I also felt it important, because the public may be wondering what this is all about, that some explanation, as concise as I could make it, and without taking one side or the other, ought to be made at this point.

Before the noon hour the Hon. Member for York South—Weston (Mr. Nunziata) was addressing the Chair. I suggested at that time that he may wish to return to his argument and continue it after the adjournment. I now recognize the Hon. Member for York South—Weston.

Mr. Nunziata: I appreciate your comments, Mr. Speaker. As I indicated before the lunch break, it would be my respectful submission that, as a result of the fatal flaw in Bill C-37, the proceedings to date should be rendered or declared null and void by the Chair, and that the debate should be rendered academic.

• (1410)

I said so for a number of reasons. First, to allow the debate to continue and to recognize the debate over the last four days as—and I use the term loosely—legitimate would be in direct contravention of Standing Order 108, which reads as follows:

> No Bill may be introduced either in blank or in an imperfect shape.

The language in that particular Standing Order is mandatory, I would submit. It is not permissive. It does not give authority to determine the extent of an imperfection in a particular Bill, or to determine the impact or prejudice involving a breach of the particular section, or to ignore the particular section. Our parliamentary system is made up of a lot of jurisprudence. We often refer to different works on the subject such as Erskine May and others. We refer to the law of precedents, rulings made by the Speaker on previous occasions. Parliamentary jurisprudence,the law of Parliament, and therefore the law of Canada, also includes the Standing Orders.

It has been suggested by the Government House Leader that the flaw with regard to Bill C-37 is a slight technicality. With the greatest of respect, I must take issue with the House Leader for the Conservative Party when he says that it is a slight technicality.

Clause 2(3) is the crux; it goes to the very heart of Bill C-37. Bill C-37 was a piece of legislation introduced in the House to give full force and effect to the Memorandum of Understanding which was signed by the Government of Canada and by the Government of the United States. Clause 2(3) reads:

> In interpreting the schedule, recourse may be had to the Memorandum of Understanding concerning trade in certain softwood lumber products between the Government of Canada and the Government of the United States dated

December 30, 1986 and tabled in the House of Commons on January 19, 1987 and recorded as document number—

There are two major problems with this particular section. First, there is a major error. The Bill says that it was tabled in the House on January 19, 1987. It was not. The Memorandum of Understanding was not tabled in the House on that particular day. On that particular day, first reading was given to Bill C-37.

Mr. Speaker: Order, please. The Hon. Member is absolutely accurate in what he says about the Bill where it says tabled January 19, which was the first day of debate; that was Monday. In fact the agreement, that document, was not tabled; he is absolutely correct. However, I think it is important for Hon. Members to remember also that that apparently was not as a consequence of any deliberate neglect.

The argument used by the government side is that the entire situation is a consequence of the arrangements, loose as they may have been, on that day. The Hon. Member's point is exact with regard to January 19 and the blank, which would have been the number of the tabled document; that is how the Bill appears. The Hon. Member's point is that that is enough to fatally flaw the document.

Mr. Nunziata: Mr. Speaker, I was not suggesting that there was deliberate neglect. However, I would submit that there was neglect. It is not my intention this afternoon to lay blame at the doorstep of any individual. Someone erred, someone fell asleep at the switch. If anyone is to assume responsibility for the negligence surrounding this particular incident, it is the Government. However, it is not my intention now to criticize the Government. We are faced with this situation. Your Honour is put in a position where you must make a rather difficult decision.

In my view, as I indicated, there is only one course of action for the Chair to take, that is, to declare the debate which has occurred null and void and thereby require the Government, if it so desires, to reintroduce the Bill, whenever it so decides.

To rule otherwise would not only be in contravention of Standing Order 108, but it would set a very dangerous precedent in the future. It would set a precedent which would say to Governments and Parliaments of the future that they could introduce legislation in the House of Commons which is imperfect, which is in direct contravention to Standing Order 108, and that they could introduce a Bill with blanks in it. That is no way to run a railroad; it is certainly no way to run a Government.

If one considers the public interest—and I submit that your decision, Mr. Speaker, should be based exclusively upon what is in the public interest—I believe you should rule in favour of respect and adherence to the rule of law, including the Standing Orders.

I can draw an analogy to the criminal law. Often arguments are made based upon technicalities surrounding the laying of an information in a criminal court, or surrounding the obtaining of evidence. There are technicalities in criminal law which are considered so basic and important in going to the root of the criminal justice system in Canada that charges are thrown out of court. Judges and courts have said that they must show to the world, or to all citizens of Canada, that they believe in respect for the rule of law. Notwithstanding that an individual may be set free after having likely committed an offence, it is more important that they respect the rule of law and, therefore, based upon a technicality, they declare a certain proceeding null and void.

Similarly, given our democratic system, I believe it important for you, Mr. Speaker, to send a very clear message, not only to the Government but to all parliamentarians and Canadians, that as lawmakers we will respect the laws we pass and that we will follow very strictly rules and regulations in place in Parliament to ensure that democratic principles are followed. They are part of our democracy, these rules which give the Opposition certain rights of debate and reply and give the Government certain rights.

One could argue that there is really no necessity for second reading debate on any particular piece of legislation. One could ask, what prejudice is there to the public if we eliminate a certain portion of the proceedings? In order to pass a piece of legislation in Parliament there are very firm rules and regulations. A Bill must be introduced in the proper form. Second reading debate follows. The Government is given an opportunity to introduce the Bill. The Opposition is permitted to respond. After second reading debate, which is debate in principle, is exhausted or closure is brought in it is referred to a committee, or goes into Committee of the Whole. Committee has the opportunity to amend. It comes back to the House for third reading. Royal Assent is given.

It is very important in our parliamentary system to ensure that democracy is pursued. The moment we start tampering with those very important and crucial rules, the moment we start saying "Well, we made a mistake, but so what; it is technical in nature; it is a slight technicality; it is really not that important", that is the moment the system starts to crumble. That is the moment respect for our parliamentary rules and regulations is adversely affected.

• (1420)

I respectfully request, Mr. Speaker, that you rule in this particular case that the Bill is flawed, that the flaw is fatal, that the proceedings that have taken place were irregular and that the debate cannot proceed on this Bill introduced in the form it was introduced. The only alternative then would be for the Government to re-introduce a Bill that complies with Standing Order 108 and complies with all other rules and regulations of this House. Thank you for the opportunity to speak, Sir.

Mr. David Kilgour (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I will be very brief. The Hon. Member for York South—Weston (Mr. Nunziata) is confusing an indictment in a criminal case where, you will recall, it is

very important that it be worded precisely and contain all the ingredients of an offence. When there is a defect, as Your Honour knows, the court strikes the indictment down. You will know from your own experience in the courts that when no application is made at the beginning of a trial, the trial goes through to completion. There is a rule that if you do not object at the earliest opportunity the defence is taken to have consented to the form of the indictment. With respect, Sir, I think that is the fundamental mistake of the Hon. Member who just spoke.

This Bill can go to committee where it can be perfected, if there is a defect in it.

Mr. Gauthier: No. Standing Order 108; it does not cure it.

Mr. Kilgour: It can be perfected at the committee stage or when it comes back for third reading. Doubtless it will be perfected. The point the Member makes that there has been a prejudice because there has been a fatal flaw is, in my respectful submission, nonsense. Nobody has been prejudiced by this. There has been lengthy debate on the Bill. Members have spoken on and on. But no one raised this point until about two and one half hours ago. The Deputy Prime Minister (Mr. Mazankowski) pointed out from Beauchesne that you must raise the point at the first available opportunity, which was not done in this case.

Mr. Gauthier: That doesn't cure the Bill.

Mr. Kilgour: In short, probably no Bill that comes into this House is perfect. I am told there is no precedent on what this term "imperfect" means in Standing Order 108. I respectfully submit that every Member in this House would look very foolish if we were to try to say that the Bill was void *ab initio* now, an argument by the other side. Bearing in mind the fact that the reputation of Parliament is a factor, and bearing in mind that there is no precedent of which I am aware as to what "imperfect" means or does not mean, I would respectfully ask you to rule that the Bill is sufficiently perfect, that there has been no prejudice and it can go ahead to a vote and committee stage, Mr. Speaker.

Mr. Dan Heap (Spadina): I wish to comment on only one point, Mr. Speaker. A number of other important points have been made, and I know you are taking them into account. You did raise the question for us, Mr. Speaker, as to what prejudice or what harm may have been done by the oversight, if it was an oversight, and we assume that it was. In that connection, I was quite surprised by the Hon. Parliamentary Secretary's argument in connection with the word "may" in Clause 3. He read, as it is:

> In interpreting the schedule, recourse may be had to the Memorandum of Understanding—

The Member says that is permissive. My reading of the English of it—being more versed in the English language than I am in law and what we have to deal is the English text—is that any Member may have recourse to the memorandum. It does not mean in the same permissive sense that the Government may make that recourse available. In other words, permissiveness is one way. Any Member may use that document—quote that document if he has it—have access to that document—that is implied—but it does not mean there is anything permissive on the part of the Government introducing the Bill. Members are not told the Government may or may not make it available. This means the Government shall. That is the clear intent although it is not worded so. The memorandum shall be available and any Member may make use of it.

In fact, in the business of the week after I got here I did not immediately become aware that there was this memorandum supposedly available. We were told, of course, that it was available to us in the Minister's office. That raises a very interesting point. It says here that it shall be tabled and it may be available, or we may use it. That is the rule of law, that it shall be tabled, that it shall be printed and available in a public way.

Not by any means is everything in a Minister's office public. There is a great deal that does not become public until the Prime Minister's (Mr. Mulroney) office or somebody leaks it. In this case, I do not think there is any question that the Minister would have withheld the document if anybody had asked for it or when people did ask for it. I do not think there was any question of withholding it. In fact, that is not the method prescribed by the Standing Orders for making available to all Members of Parliament and the public the basic document upon which this Bill rests.

The only reason for having this Bill was the agreement embodied in that memorandum. Not only the 282 Members of Parliament but a number of interested persons, therefore, have an interest in that memorandum being readily available. To say, "Well, we didn't table it; you could not have got it by asking the Clerk; it would not be distributed in the normal course to Members offices as a tabled document, but if you had thought to ask the Minister for it, she would have given it to you", is not good enough, Mr. Speaker.

It is not only a matter of some potential injury to Members of Parliament who did not have it readily available, as I did not—nobody told me until today to ask the Minister for it—but to members of the public who know the rules even less than anybody here. They do not know that the document is available. They might guess, but they do not know. The Bill says it is available in the sense of a tabled document, which is simply not true. During this week when the matter has been in the newspapers and in other media every day, when a number of people outside this House of Commons were interested, that document has not been as available as the Standing Orders and this section required.

Therefore, I think there has been injury and there could be a great deal of injury in future were you to rule that this oversight makes no difference and the debate we have had is just as valid as if that document had been properly available to all Members of Parliament in both languages and properly available to the public, which it was not. If that were to be the

precedent, Mr. Speaker, then we have not the rule of law but the rule of persons. While one does not need to discuss the personality or character of this or that official or Minister, we obviously do not wish to have a situation in which documents are available only on the action of our Minister. They should be available in an impartial way on the action of the Clerk.

I believe, although it may seem strange or unnecessary, it is necessary to rule that the debate we have heard heretofore was an interesting conversation, but it was not the debate as prescribed by law on second reading, particularly because that ruling would have regard for the possibility of the Government introducing measures to limit the debate. The debate has not been full because the document with all the facts was not fully available.

• (1430)

Mr. Roland de Corneille (Eglinton—Lawrence): Mr. Speaker, when I rose before, I said that I wanted to talk about my privileges as a Member of Parliament simply because there is a Standing Order that states that no Bill may be introduced either in blank or in imperfect shape. That is part of the rules that are given to me by which I as a Member of Parliament operate. The rules guarantee that I have certain rights and privileges on behalf of my constituents. I believe I have a right as a Member of Parliament to say that my rights to represent my constituents are influenced by my ability to depend on the Standing Orders and my knowledge of the rules by which I will operate. It is important for me to know that you will also watch those rules as the Speaker and I know that you have done an excellent job in that respect. No disrespect to you is meant by my point. I am simply bringing up my concern about the debate that took place thus far.

In the debate, I was unable to discuss the text with authority. I would have spoken to Clause 6 of the mutual agreement but, instead, I debated the way in which the agreement was reached rather than the terms of the agreement itself.

The absence of a specific document could be extremely important. If, after the debate had moved along, one were to find that there were changes or differences between what one thought the document was and what it really was, things could become extremely difficult. One would look as if one were quoting from a flawed text.

It seems to me to be an absurd argument to say that we could go to the office of a Minister to get a document. This House is a political place. Could you imagine, Mr. Speaker, from a political point of view, that I would go to the Government for anything accurate these days? Can it be imagined that I would go to the office of a Minister to beg for his documents and then trust those documents? It is the House of Commons to which I must be able to come to get the official text, and not some office of the Government.

If a precedent is set that it is acceptable to go to an office of a Minister if we want information about our Bills, it would be a very serious departure from anything we have done in the past. There is the Table, there is the Speaker's office and there is a way for Members of Parliament to come to you without having to become beholden to the Government for anything. We should be able to come to the House of Commons for documentation, and if such documentation is not tabled, and is part of a Bill, then in fact that Bill is not complete.

When I debated the Bill I spoke to the issue of how the mutual understanding was brought about, but I did not speak to the issue of the text. I have here notes on what I might have said later in this debate. But, in any case, the Government chose to try to strangle the debate. My remarks would have dealt with Clause 6 of the agreement, but I do not yet to this minute have from the Table the access to Clause 6 which I need to be able to debate it. That is why I was talking about privilege. I was referring to my privilege as a Member of Parliament to be able to carry out my functions without being beholden to the Government, or finding it necessary in any way to turn to the Government for anything to do with the text of a Bill to be debated in the House of Commons.

Mr. John McDermid (Parliamentary Secretary to Minister of International Trade): Mr. Speaker, I have been listening with great interest to the debate that has been going on and I would like to make a few points if I may.

The Hon. Member for York South—Weston (Mr. Nunziata) talked about tampering with the rules as if this were being done deliberately. I contend that in fact, we tamper with the rules every day as we did when this Bill was introduced. At the time it was introduced it was not introduced in accordance with the Standing Orders. We tamper with the rules from time to time.

The Hon. Member who just spoke said that he could not discuss the text of the Bill with authority. However, I listened with great interest to the speech he made yesterday and, as found on page 2545 of *Hansard*, he said: "but so are the Canadian people, not only by this agreement," which he had in his hand, "but by other evidence". Then, on page 2546, he said the following:

—Canada caved in and signed a Memorandum of Understanding with the United States that did, indeed, impose a 15 per cent duty—

If he did not have the facts in front of him, how could he have been so emphatic when he said that these things were indeed done?

I agree with my colleagues, including the Deputy Prime Minister (Mr. Mazankowski), who have submitted that the public was not prejudiced. The documentation was in the public domain and was available to anyone on December 31. Members were not prejudiced. The documentation was sent to their offices in both official languages on January 5. There have been 20 hours of debate on this matter so far. Every Member of Parliament, without exception, I believe, had a copy of the agreement, and many of them quoted from it rather—if you will pardon the expression—liberally during the 20 hours of debate. I do not believe that either the public or the Members were prejudiced in this particular instance, and I

feel that we should get on with your ruling, Mr. Speaker, and then move on to Orders of the Day.

Mr. George Baker (Gander—Twillingate): Mr. Speaker, a very exact rule of order is involved here. The rule is Standing Order 108 which indicates that no Bill may be introduced either in blank or in an imperfect shape. What we have here is a Bill that has been introduced in both a blank shape and an imperfect shape. It is not one or the other but both.

Where is the blank? The blank is on page 2, line 12 of the Bill. There is the blank.

Mr. Speaker: I would ask the Hon. Member if he can see the blank.

Some Hon. Members: Oh, oh!

Mr. Baker: Mr. Speaker, I can see the blank because there are dots there. In fact, there are about 15 dots there. That, Mr. Speaker, is a blank.

What is the imperfect shape of the Bill, Mr. Speaker?

Mr. Speaker: The blank?

Mr. Baker: No, Mr. Speaker, the blank is in a perfect shape. It is in a straight line and it is all dots.

What about the imperfect shape of the Bill? We know the Government is imperfect and perhaps that is what led to the introduction of this imperfect Bill.

It is interesting to listen to lawyers discussing issues in this House. Of course, Mr. Speaker, you are a lawyer and you will know the truth of what I am about to say. Two lawyers are arguing back and forth about what should or should not be in a Bill, but they know that a Bill that is not complete cannot be introduced into the House of Commons. As you know, Mr. Speaker, a judge has to make rulings on the basis of the intent of legislation.

In this particular clause, there is the following phrase: "in interpreting the Schedule, you can use a document which is number" blank. What are we coming to in this Chamber? Any logger, anyone in the forest industry, would know what the Schedule is. It talks about dressed lumber, drilled lumber, treated lumber, rough lumber and softwood lumber. That is what the Bill is all about. However, in interpreting the all-important Schedule you have to refer to document number, blank.

• (1440)

We are not blaming the drafters of the legislation. They are trying to do their best. We have some of the best drafters of legislation in the world; overworked, underpaid, but they are the best in the parliamentary system of Government. However, in drafting this particular clause the draftsman had nothing to work with. Not only did he not have the document, he did not have the number. What did he do? He had to leave a blank and he put in 15 or 16 dots. It now comes to the Parliament of Canada. It went to the Minister's office, was ordered to be printed by this House, but we did not know there were blanks in it. We can see there are blanks in it now. How were we to know then that the Government of Canada for the first time, as I understand it, brought a Bill in with blanks in it? We did not know that when it was first being printed. We only noticed it a few hours ago.

Some Hon. Members: Oh, oh!

Mr. Baker: The rule is clear. We ask you to rule on the basis of Standing Order 108. This Bill is both blank and in imperfect shape. It is also certainly a good reflection of the Government of the day.

Mr. Alan Redway (York East): Mr. Speaker, today's debate has revolved around the interpretation of Standing Order 108. As you well know, that says that no Bill may be introduced either in blank or in imperfect shape. That is quite true, but of course the House has the power to change any rule by unanimous consent. You will note that in Beauchesne's Fifth Edition, page 6, Citation 13, there is comment to the effect that within the ambit of its own rules the House may proceed as it chooses. It is a common practice for the House to ignore its own rules by unanimous consent. Thus Bills may be passed through all of their stages in one day, or the House may decide to alter its normal order of business or its adjournment hour as it sees fit. The House is perfectly able to give consent to set aside its Standing Orders and give its unanimous consent to waive procedural requirements and precedents concerning notice and things of that sort. Whenever the House proceeds by way of unanimous consent that procedure does not constitute a precedent.

It is not in order for one Member to ask for unanimous consent to compel another Member to do something.

You will recall, Mr. Speaker, that on January 19, as recorded in *Hansard* at page 2370, when this legislation was introduced, the Minister for International Trade (Miss Carney) moved that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be now read the first time and be printed. The motion was agreed to, the Bill read the first time and ordered to be printed. That was done through unanimous consent. What happened, in my respectful submission, is that the House, in accordance with the provisions of Citation 13 of Beauchesne's Fifth Edition, has by unanimous consent agreed to introduce this Bill. In effect, to introduce it in whatever form it was in.

You will remember that at that time you were being pressed by the Right Hon. Leader of the Opposition (Mr. Turner) to proceed with an emergency debate on this very issue. All sides of the House were most anxious to press on with the debate. It is my submission that *Hansard* indicates there was unanimous consent to the introduction of the Bill. In effect, the House accepted the Bill in the form it was in by unanimous consent and there is no question whatsoever about Standing Order 108

being invoked. In fact, it was unanimous consent, as indicated in Beauchesne's Fifth Edition, whereby the House proceeded on its own to ignore its own rules and proceed with the introduction of the Bill.

Mr. Speaker: The Hon. Member for Ottawa—Vanier (Mr. Gauthier) is rising, but there are other Members who have not yet spoken.

Mr. Gauthier: I just wanted to correct some of the points made by the last speaker. I do not disagree with his argument that we gave unanimous consent for the Bill to be presented on first reading. We never questioned that. What we did not give was unanimous consent to waive Standing Order 108. That is the debate. I am not disagreeing with his reading of *Hansard* of January 19, not at all. I am just telling him that the Bill is imperfect, it is not acceptable, it goes against Standing Order 108 and that is the whole argument.

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, I have listened to this debate this morning and this afternoon and I do not think there is much doubt that if it comes to making a decision you will have to rule that the Bill has been introduced in imperfect form and, therefore, the point of order raised by the Liberal House Leader will have to stand.

I think we should look at this from the point of view of what is best for the people of Canada. We oppose this Bill, but we were willing to co-operate on January 19, as the previous speaker mentioned, in introducing the Bill and waiving the time period between first reading and second reading and so on. We were prepared to have a reasonable debate beginning on January 19 without going through all the technicalities.

The concern of opposition Members is that the Government decided to play hardball on this whole question. Last night the Parliamentary Secretary moved that the question be put. He was interested in stifling debate. He wants to use the rules against us to prevent a full and proper debate of this Bill. We think that debate is necessary. We have issues that have to be raised. His motion means that that kind of debate cannot take place.

Perhaps there is a way out of this impasse. Perhaps you could call for a 15-minute recess and sit down with the House Leaders and see if some kind of deal can be made. Perhaps the Parliamentary Secretary might want to withdraw his motion.

• (1450)

Some Hon. Members: Oh, oh!

Mr. Speaker: Order, order. I hesitate to interrupt the Hon. Member. I will hear him out. However, I just point out that the Hon. Member in inviting all Hon. Members to work out a deal has created instant, mild disorder in the Chamber. That is a most extraordinary result of an Hon. Member making what seems to the Chair to be such an eminently sensible suggestion.

Mr. Manly: In conclusion, Mr. Speaker, I submit that if an agreement cannot be reached among the three Parties, you have no alternative but to rule that the Bill was introduced in an imperfect manner.

Mr. Ross Belsher (Fraser Valley East): Mr. Speaker, I do not think there is any doubt in people's minds that there is an imperfection in the Bill before us which has been debated for the last several days. However, with regard to the suggestion that has been made that people do not have access to the information, on the afternoon of January 8 when I called upon various remanufacturers in my riding who were vitally interested in the contents of the memorandum of understanding, I found that they already had a copy. The information had gone out and had been widely disseminated. It is false to say that the people of Canada and Members of Parliament did not have that information.

I hope that common sense will prevail. As imperfect as we all are, our nation's business should proceed. We should deal with the Bill in its present form after making the necessary corrections. I do not think anyone noticed the imperfection in this Bill until yesterday afternoon. Everyone took part in the debates on the motion to alter this Bill and to delay it for six months. It would be an injustice to the Canadian public to wipe out all that has happened in the last several days.

Mr. Axworthy: Mr. Speaker, since my last intervention several points have been made, particularly by yourself, which I think require a response.

I can sympathize with the interest of the Chair in resolving the matter satisfactorily in order that debate can continue. As our House Leader pointed out in his first statement, there is a very important principle at stake here, that is, the sanctity of the Standing Orders. While we respect the suggestions to "fix a deal", as helpful as they may be, it is vital to resolve this problem correctly. Knowing the weakness of the Government in negotiating deals, knowing that it always gives in to any negotiations, the offer is tempting. However, the Minister for International Trade (Miss Carney) is not in the Chamber and we would certainly want her to be available for those negotiations. I would not like to suggest that perhaps she has left for Hawaii, but we do not know.

This is simply not a matter of trying to work out a minor clerical error. There is a fundamental principle involved, which I am sure Your Honour fully respects. If the last speaker reflected upon the matter more carefully, I am sure he would realize that this matter does not deal only with an export tax. It is a matter which will govern the proceedings of this House in this and future sessions. To compromise our Standing Orders would be to set a very dangerous and serious precedent.

The argument has been made by the Government House Leader and others that the unanimous consent of the Opposition to proceed with the debate on Monday was an acknowledgment that we were prepared to accept the Bill. One can see from reading *Hansard* that that is not accurate. We had moved a motion to have an emergency debate at that time. The Government House Leader said that they would instead introduce a Ways and Means Motion to debate the matter. As

you well know, our preference was to have an emergency debate so that we could debate the issue in principle before the Bill was introduced. We cautioned the Government that its haste in introducing a Bill in an unreflective manner would lead to trouble. However, we conceded to allow debate to be generated in that fashion. It must be remembered that the Ways and Means motion was introduced before the Bill was fully published and we reserved our caution.

The argument has been made that there was opportunity during the last four days of debate to consider the Memorandum of Understanding. The fact is that we were fully aware when we finally saw the Bill that the Government had made a mistake. It was only when the Parliamentary Secretary moved that the question be put, which would cut off debate, and we realized we would not have an opportunity to see the Memorandum of Understanding until second reading was concluded, that we took the action which we did.

Mr. McDermid: It was sent to your office on January 5.

Mr. Axworthy: It was the action of the Parliamentary Secretary to restrict the debate which made us realize that the Government obviously had no intention of tabling the memorandum which would have made Bill C-37 a proper Bill. Although they say there were copies of the Memorandum of Understanding available in the Minister's office, there was no assurance given that that was the proper and official memorandum. Only by having it tabled in this House as part of this Bill could we be assured that it was the official memorandum.

As I pointed out in my previous intervention, the Minister herself said yesterday that she was going to start negotiating a change to that agreement with regard to the remanufacture of secondary products. They were going to change the agreement before they had even tabled it. Therefore, at that point in time we were being asked to buy a pig in a poke, a Bill which was incomplete and flawed. When the Parliamentary Secretary moved a motion to cut off debate the Government had not lived up to its obligations. Our House Leader then took action at his earliest opportunity, which was before Routine Proceedings today. The crucial point is that the Government precipitated the problem by moving the motion which it did yesterday.

Mr. Mazankowski: Mr. Speaker, we have now heard from the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) why they took the action which they did. We have heard a lot of fluff around here.

Mr. Gauthier: What do you mean, fluff?

Mr. Murphy: You screwed up. Admit it.

Mr. Gauthier: You messed it up yourselves. Come on.

Mr. Mazankowski: That is exactly what it is, Mr. Speaker. The words of the Leader of the Opposition (Mr. Turner) clearly acknowledge that they knew when we began debate on the Bill that the Memorandum of Understanding was not tabled. The first words that he uttered, as reported at page 2375 of *Hansard*, were:

> Mr. Speaker, the Bill before the House incorporates an agreement, which presumably in due course will be tabled—

Mr. Axworthy: Sure, we were waiting for it.

Mr. Mazankowski: What has transpired, Mr. Speaker? There have been several days of debate.

Mr. Gauthier: We haven't even had the Bill yet.

Mr. Mazankowski: Mr. Speaker, may I have the floor, please? If the Member wants to speak, I will certainly hear him out.

Mr. Gauthier: I am on the record. I asked for the Bill. You did not have it.

Mr. Speaker: The Hon. Member for Ottawa—Vanier (Mr. Gauthier) has made a single contribution to the debate. If he wishes to rise and add something, I am sure there will be an appropriate time to do so and the Chair will recognize him at that time. In the meantime, the Deputy Prime Minister (Mr. Mazankowski) has the floor and is making points of interest to Hon. Members and to the Chair.

Mr. Gauthier: Stick to the facts.

• (1500)

Mr. Mazankowski: The Hon. Member says: "Stick to the facts". I am sticking to the facts and I am quoting exactly what his leader stated in the House.

The other fact is that this Bill has been voted upon. An amendment was moved and a vote was taken. I submit that there are two clear examples of the fact that clearly the Opposition, which is now—

Mr. Nunziata: You cannot correct a nullity.

Mr. Speaker: I think all Hon. Members will agree that the Chair has listened with great patience and interest to all arguments. Most of the arguments have been put with very little interruption.

Mr. Mazankowski: Mr. Speaker, I am pointing out to you that it was clearly an acknowledgement of the fact that the Memorandum of Agreement was going to be tabled in due course. It can be tabled today. The other fact is that the Bill has been voted upon. Members opposite certainly would not have allowed a vote to take place if they thought the Bill was out of order.

I submit that you have been very patient, very diligent, and you have been very generous with all Hon. Members. I submit that whatever your decision, it is the time to have a decision as soon as we possibly can so that we can either get on with the continuation of this debate or go on to other business.

Mr. Langdon: Mr. Speaker, there are three points which I believe show flaws in the argument which the Conservative Members have put before you this afternoon on this important point of order. The first flaw is that the agreement itself has not yet been tabled. If there had been a mere delay in the tabling on Monday, perhaps that would have represented a mild oversight which, as the Deputy Prime Minister (Mr. Mazankowski) has noted, was recognized by the Leader of the Official Opposition during the debate. However, that does not offer any excuse for the agreement not to be tabled for the rest of the week.

Second, the question was raised on Monday as to what unanimous consent was being given. It seems quite clear to me, and I believe to most Members of the House, that unanimous consent was being given to Standing Order 68 rather than Standing Order 108. Standing Order 68 states that 48 hours notice shall be given of a motion for leave to present a Bill, resolution or address. That was the exemption which we accepted unanimously in order to facilitate consideration of the Bill. There was no intimation at any time that Standing order 108 was, itself, being exempted by unanimous consent.

Finally, it must be made very clear that it was not the Bill that was voted on, but a procedural amendment to put the Bill off for a period of time. There has not been any vote on the Bill itself. Instead, it is a question of a procedural amendment which took place and one that would have removed the Bill for some considerable time before such a vote took place. I suggest that argument is essentially hollow.

In view of these facts and the lack of willingness on the part of the other two Parties in the House to talk seriously about some arrangement which might take us through the impasse—about which I have spoken to representatives of the other Parties—unfortunately it now becomes incumbent upon you to come to a decision. I would urge that that decision be very much in accordance with the rules of the House so that there is no precedent that under any circumstances rules can somehow be overlooked.

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, in order to be of assistance to you in making a decision, I want to draw your attention to a precedent. This happened on June 26, 1984, in the second session of the Thirty-Second Parliament, when the matter under discussion was the second reading of the Western Arctic (Inuvialuit) Claims Settlement Act. The citation can be found on page 5139 of *Hansard* for that day. At that time something very similar happened, again on page 2, Clause 2 of the Bill under discussion. The blanks and the number of the agreement had been omitted from the Bill. I argued then just as strenuously as the Opposition is now arguing that the Bill was therefore defective and should not be admitted.

However, at that time, members of the Liberal Party argued that this was merely a technicality and should not prevent discussion of the Bill as it stood. The Deputy Speaker at the time found in favour of the Liberal Government Members who had argued that it was merely a technicality and should not prevent discussion of the Bill. I think you might want to look at that precedent before you render your decision.

Mr. de Corneille: Mr. Speaker, the House can do almost anything in terms of the way we proceed if it so agrees by unanimous consent. I imagine that we could have proceeded if we were dealing with a subject that was debatable and one which we felt the Government wanted to debate. However, when we hear the Minister for International Trade (Miss Carney) state that there are further changes that might be negotiated in the Memorandum of Understanding, we may find when it is tabled that that part of the debate which has taken place was not totally relevant because changes may have been made therein. On the basis of that type of problem, we are faced with the Government's text, not the text of the House of Commons. The very fact that it might be renegotiated means the Government must state clearly whether it is tabling a final Memorandum of Understanding, or will it also be under review? Will the Government use its power to obstruct that?

This is a very serious matter. We are talking about an untabled document that is related to the debate that has taken place so far. We may find that it has changed or that the Government may want to change it in the future. The question before us is one of a Bill that we see one minute and not the other.

I believe this is a matter of principle and precedent. I do not believe that the question of this Memorandum of Understanding, that is so basic to the whole Bill, can be called a small technicality.

Mr. Murphy: Mr. Speaker, it was not my intention to rise again on this point of order. However, in the ensuing discussion I feel there has been an attempt—I am sure not a deliberate attempt—to kind of muddy the waters. I think it is very clear that under our new rule, Standing Order 108:

• (1510)

No bill may be introduced either in blank or in an imperfect shape.

According to *Hansard* on January 19, 1987, page 2370, the Minister for International Trade (Miss Carney) moved:

—that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be now read the first time and be printed.

That is when we ran into problems. We assumed, and rightly so, that the Bill was in perfect shape and was able to be introduced and printed at that time. The Bill before us, as has been explained by a number of Hon. Members, is not perfect. It is not complete and does in fact have a blank on the top of page 2. That is the problem we face.

The Government had an obligation to prepare and to present a Bill in a perfect and complete form. That is the intent and the exact wording of Standing Order 108. The Government failed in that obligation. As a result, it is possible for the Government to now put almost any memorandum or piece of

litterature in front of us and claim that is what we are indeed debating.

The purpose of Standing Order 108 is very clear. The House of Commons must have a complete document. That is what we should be debating. That is why we have a first reading, second reading, committee study and third reading, so we can deal with legislation in a proper form and go through the proper procedures. We have not done that.

I would submit the Government has failed to present a proper Bill in a complete form. The Government has admitted that time after time over the last few hours. It has admitted it has broken the rule which says that no Bill may be introduced either in blank or in imperfect shape. Because the Government has broken not only the intent but the actual wording of Section 108, I submit the Chair has no choice—it always has a choice, but I would think it is necessary for the Chair to say that this Bill has not been presented correctly and, therefore, it cannot be acceptable for debate at this time.

Mr. Speaker: The Chair thanks Hon. Members for their interventions. I think there is a general disposition in the Chamber to close off debate on this quite interesting point. I will not take the risk of prolonging debate by posing any further questions to Hon. Members. Therefore, if there are no other Hon. Members rising, we will continue for now with Routine Proceedings.

In any event, I want to make it clear that I will have to reserve on this ruling. Because of the number of Hon. Members who have spoken on the matter and the attention it has been given, I think Hon. Members will understand that it is very important I do reserve. Therefore, I will not be giving a ruling this afternoon. We will now move to Routine Proceedings.

Mr. Axworthy: Mr. Speaker, I certainly understand the need to fully evaluate all the evidence. I would just like to ensure, however, concerning all the points which have been raised, that once we are finished with Routine Proceedings, Government Orders will not include Bill C-37, that we will not proceed with Bill C-37 but go on to other Government business until such time as the Speaker's ruling is made on Bill C-37.

Mr. Speaker: Is the Hon. Member for Churchill (Mr. Murphy) rising to make the same point?

Mr. Murphy: Yes, Mr. Speaker. I agree with the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) that as long as the Chair has not made a ruling at this time, it would certainly be inappropriate for the House, for the next little while, to debate a piece of legislation which a vast number of Hon. Members have submitted has been improperly placed before the House.

Mr. Speaker: I thank both Hon. Members. All Hon. Members will know it is not for the Chair to say at this point what the conditions of the reservation are. I am indicating to the Chamber that I am going to reserve. I think Hon. Members will know why. There are a number of points which have been raised and they are serious points.

My purpose now is to carry on with Routine Proceedings. If Hon. Members want to rise after that, they, of course, are free to do so.

ROUTINE PROCEEDINGS

[*English*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

TABLING OF MEMORANDUM OF UNDERSTANDING

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 67(2) I have the honour to lay upon the table copies, in both official languages, of a Memorandum of Understanding respecting the export of certain softwood lumber products and referred to as Bill C-37.

* * *

PETITIONS

GOVERNMENT RESPONSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 106(8), I have the honour to table, in both official languages, the Government's response to 23 petitions, Nos. 332-309, 332-319, 332-331, 332-345 to 332-347 inclusive, 332-407, 332-432 to 332-438 inclusive and 332-449 to 332-457 inclusive.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, I have the privilege and responsibility of presenting a petition duly certified by the Clerk regarding low-level flight training of pilots of NATO countries at the Canadian Forces Base at Goose Bay, Labrador. The petitioners point out that these flights disrupt the life of the native people and that training pilots to fly under the radar into eastern Europe is a provocative and aggressive war action which tends to endanger world peace.

The petitioners call upon Parliament to ensure that the Prime Minister (Mr. Mulroney) ends all low level flight training at the Goose Bay Canadian Forces Base and cease negotiations with NATO for the establishment of a larger base there.

TRANSFER OF DANGEROUS GOODS

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, I have two petitions to present today. The first petition is from a

number of constituents in Vancouver East, particularly those living in the Chinatown area of my riding. The petitioners feel that the federal Government's decision, through the Canadian Transport Commission, to locate the transfer point for dangerous goods in the riding of Vancouver East presents an extremely hazardous situation for residents and workers in the surrounding vicinity which, as you know, Mr. Speaker, is a very densely populated downtown area. The petitioners are very concerned that this transfer point be changed. They also ask that the Canadian Transport Commission finalize a permanent solution to the movement of hazardous commodities which will be acceptable to the citizens of greater Vancouver and the region.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Ms. Margaret Mitchell (Vancouver East): My second petition is one we continue to receive. It is signed by residents of Port Coquitlam, Burnaby, White Rock and New Westminster. They again ask the federal Government to withdraw its plans to change the Patent Act which they feel would be very damaging to Canadian citizens, that it would raise the price of drugs and is also another example of the Canadian Government's concessions to the United States in the free trade negotiations.

CANADA POST—MAIL SERVICE—ROSSPORT

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, I have a petition which has been certified correct as to form and content according to Standing Order 106. It is signed by the business people of the hamlet of Rossport in northwestern Ontario. The petitioners call upon Parliament to allow for the continuance of a small post office within Rossport and the hiring of a postperson for same.

• (1520)

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. John Nunziata (York South—Weston): Mr. Speaker, by the authority vested in me by virtue of my election to the House of Commons, I consider it my duty and honour to present to the House seven petitions, each containing the names of 25 Canadians who request that the Government rescind the tariff which it imposed on imported books in the English language. The petitioners call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry. It compromises federal policy on cultural industries in respect of free trade negotiations. All the petitions have been certified by the Clerk.

[*Translation*]

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, it is my duty as well to present to the House a few petitions duly certified by the Clerk of Petitions. These petitions originate from people in Belleville, Ontario, in Vancouver, British Columbia—a region with which you are very familiar, Mr. Speaker, certainly among the most beautiful in Canada—and from Ottawa.

[*English*]

The petitioners humbly pray that Parliament rescind the tariff on books. This tariff threatens irreparable harm to the Canadian book industry.

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Pursuant to Standing Order 106, Mr. Speaker, I wish to table petitions humbly calling upon the Government to rescind the tariff on books which is doing irreparable harm to the Canadian book industry and compromises federal policy on cultural industries with respect to the free trade negotiations.

[*English*]

I also have other petitions which humbly ask the Government to rescind the retaliatory tariff it has imposed on imported books in the English language which has limited the access of Canadians to literature and information. This tariff has had little negative effect on the publishing industry of the United States, yet penalizes Canada's consumers, book publishers, book sellers, and distributors of Canada's culture. Rising book prices have placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries.

The undersigned petitioners humbly pray and call upon Parliament to rescind this tariff which threatens to do irreparable harm to the Canadian book industry, and compromises federal policy on cultural industries in respect to the free trade negotiations.

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, in accordance with Standing Order 106, I rise to present a petition on behalf of a number of residents of Victoria, Vancouver, Whitehorse, and Winnipeg concerning the retaliatory tariff on imported books in the English language, which has limited the access of Canadians to literature and information. The tariff has had a negative effect on the publishing industry, penalizes Canadian consumers, and has a major deleterious effect on the opportunity of Canadians to understand the proper and important area of literature and information. I present these petitions on behalf of Canadians who are deeply concerned about this issue.

Mr. Maurice Foster (Algoma): Mr. Speaker, I have the honour to present a petition on behalf of some 50 residents of Ontario which calls upon the Government to withdraw the retaliatory tariff on English language books, because of the negative impact it will have on the Canadian book publishing industry, and the book sellers groups in various parts of the country. It also threatens to do irreparable harm to the Canadian book industry and compromises our policy on cultural industries in respect of free trade negotiations with the United States. I have great honour in presenting this petition.

Order Paper Questions

[*Translation*]

Mr. Roland de Corneille (Eglinton—Lawrence): Pursuant to Standing Order 106, Mr. Speaker, I have a petition bearing the signatures of residents of Vancouver and Calgary.

[*English*]

These petitioners wish to call upon the House of Commons because of their concern, as members of library associations, about the effect of the tariff upon libraries in their communities, especially in Calgary and Vancouver. The retaliatory tariff is hurting Canadian books, libraries, book publishers, and particularly the citizens who have to pay taxes in order to buy these books. Therefore, I am presenting this petition to the House of Commons on their behalf.

I also have a petition from people who are in St. John's, Newfoundland; Ottawa, St. Catharines, Montreal, Winnipeg, Kingston, Niagara Falls, New York; and Edmundston, New Brunswick. These petitioners are presenting this petition to call upon the House of Commons to do something about the problems concerning the tariff on books which is greatly affecting the libraries in our communities.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I have three petitions to present this afternoon. The first deals with the Government legislation to amend the Patent Act. It is from my home constituency of Essex—Windsor. The many Canadians who have signed this petition feel that the changes being suggested will severely restrict the ability of average Canadians to buy the necessary prescription drugs. It will unfairly hurt Canadians whose health needs require the purchase of those drugs. It will result in higher costs to the provincial government drug plans. As I have noted before with such petitions, they too, as with the lumber agreement, are clearly concessions in the free trade talks that we are carrying on with the United States.

The second petition is precisely the same type, but it comes from the Province of Saskatchewan. It includes signatures from people in Moose Jaw, Regina, and in a number of other municipalities within the Province of Saskatchewan. This petition makes precisely the same points.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. Steven W. Langdon (Essex—Windsor): The third petition is from people in Toronto. This petition protests the low-level flight training of pilots of NATO countries at the Canadian Forces Base in Goose Bay, Labrador. It suggests that hunting, fishing, tourism, and mining can provide more stable, healthy and peaceful employment than the Goose Bay Canadian Forces Base. Therefore, it calls upon the Prime Minister (Mr. Mulroney) to end all low-level flight training at the Goose Bay Canadian Forces Base, and cease negotiations with NATO for the establishment of a larger base there. As I say, it is signed by people from Toronto, and also by a significant number of people from Ottawa.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Rod Murphy (Churchill): I have the honour under Standing Order 106 to present a petition on behalf of residents of Thompson, Manitoba, who express their concern with the federal Government's attempt to change the Patent Act relating to prescription drugs. In the petition these Thompson residents have expressed their concern that the result of this change in legislation will severely restrict the ability of average Canadians to buy necessary prescription drugs. They also express the belief that this is yet another example of the Government conceding to the United States at the expense of the average Canadians in the free trade negotiations.

• (1530)

Therefore, the residents of Thompson humbly pray and call upon Parliament to reject these proposals which would increase prescription drug prices for Canadians.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. Dan Heap (Spadina): Mr. Speaker, under the authority of Standing Order 106, it is my pleasure to introduce a petition approved as to form from a number of residents in Toronto, Pickering, Islington, Kleinburg, and Montreal. These people are protesting the present low-level flight training of pilots of NATO countries at the Canadian Forces Base in Goose Bay, Labrador. They say that it disrupts the way of life of native people, and also pollutes the area, and that hunting, fishing, tourism, and mining provide alternative employment in the area and could be promoted by the Government better than they are.

Therefore, because of that and because of the danger to world peace of this provocative and war fighting training, they ask Parliament to ensure that the Prime Minister (Mr. Mulroney) will end these low-level flight training programs at Goose Bay and cease negotiating with NATO for the establishment of a larger base there.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 51 and 56.

[*Text*]

GOVERNMENT GRANTS TO CORPORATIONS

Question No. 51—**Mr. Shields:**

For each year since 1980, by province, did the Government make any contributions of more than $1 million to corporations in Canada by means of (a) grant contributions (b) loan assistance comprising interest rate buy downs, interest free loans or low interest loans requiring $1 million of government

expenditure (c) loan guarantees where the Government has been exposed for more than $1 million and, if so, in each case, what was the (i) name of the company (ii) amount of assistance (iii) date the project was accepted?

Hon. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): The information requested can be found in Volume II—"Details of Expenditures and Revenues" of the Public Accounts of Canada tabled each year in the House of Commons.

PUBLIC SERVICE SUPERANNUATION ACT

Question No. 56—**Mr. Gauthier:**

Over the past 15 years, what were the amounts paid by the Government for the financing of benefits under the Public Service Superannuation Act (PSSA) and, what was the amount for indexation?

Mr. Chuck Cook (Parliamentary Secretary to President of the Treasury Board):

Employer Contributions

	PSSA	Indexing
	(000,000's)	
1971-72	183	10
1972-73	206	12
1973-74	209	21
1974-75	287	54
1975-76	321	80
1976-77	331	110
1977-78	353	157
1978-79	381	183
1979-80	329	224
1980-81	400	262
1981-82	606	343
1982-83	478	410
1983-84	467	469
1984-85	495	515
1985-86	513	549

[*Translation*]

Mr. Lewis: Mr. Speaker, I ask that the remaining questions be allowed to stand.

Mr. Speaker: The questions enumerated by the Hon. Parliamentary Secretary have been answered. Shall the remaining questions stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed from Thursday, January 22, consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee, and the amendment of Mr. McDermid (p.2601).

Mr. Nunziata: On a question of privilege—

Mr. Axworthy: I have a point of order, Mr. Speaker.

Mr. Murphy: Mr. Speaker—

Mr. Speaker: Order, please. Perhaps, if the Chair says something now, some of the interventions may not be necessary.

The Chair has signalled the intention to reserve on what is clearly a complex question which is concerning many Hon. Members in the Chamber. I think there is a general disposition in the Chamber to agree that the Chair needs time to consider the matter. As a consequence, we have moved through Routine Proceedings, and it is appropriate now to carry on with Orders of the Day and with debate on Bill C-37.

Having said that, the condition which the Chair would put on proceeding with debate on the Bill until the end of today would be that further debate would be without prejudice to any of the points made in the arguments today. I would hope that that would meet with the approval of Hon. Members. If Hon. Members still want to argue the point, they can, but I think I am indicating what is the appropriate procedure under the circumstances.

I make it very clear to all Hon. Members that continuing the debate until four o'clock will not in any way prejudice any of the positions taken on the point of order and in the arguments which have been so fully put. Of course another undertaking or condition is that the question will not be put. The Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy).

Mr. Axworthy: Mr. Speaker, we certainly take—

Mr. Lewis: Are you rising on a question of privilege or a point of order?

Mr. Axworthy: On a point of order.

Mr. Lewis: Your colleague was seeking the floor on a question of privilege.

Mr. Speaker: There seems to be some confusion. Perhaps I can help. The Hon. Member for York South—Weston (Mr. Nunziata) was seeking the floor on a question of privilege. It

probably should take precedence. Could I hear the Hon. Member?

Mr. Nunziata: Mr. Speaker, I am prepared to set down my question of privilege until the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) completes his submission.

Mr. Speaker: I thank the Hon. Member. The Hon. Member for Winnipeg—Fort Garry.

Mr. Axworthy: Mr. Speaker, I thank my colleague. I believe my point of order in fact will address the issue to be raised.

We certainly accept and thank the Chair for the condition applied, that any debate would take place without prejudice. I would only say, in parentheses, that it is unfortunate the Government House Leader or his Parliamentary Secretary, taking into account what they heard today, did not show some eminent sense and simply defer debate on the Bill until such time as we have had an opportunity to hear the Speaker's ruling. Nevertheless, that was their decision, and the commentary it makes about their respect for the process of this House stands.

However, what I want to raise by point of order is the conduct of the debate. The Government has just now tabled the Memorandum of Understanding. There are people with immense talents on this side of the House but a capacity for speed reading is not necessarily one of them. For us to ask Hon. Members to proceed with the debate, having just received that memorandum—

Some Hon. Members: Oh, oh!

Mr. Axworthy: —is a matter of privilege.

Miss MacDonald: Come, come, don't you read your mail?

Mr. Axworthy: Mr. Speaker, I would be the first to admit that through my own ingenuity I was able to procure a copy of the Memorandum of Understanding at an earlier date. However, that was certainly without facilitation by the Government. It was just that we have an incredibly effective staff that is able to pursue these things to the furthest reaches of the earth.

However, that may not be the case of other Hon. Members who are busily occupied with other matters. As the trade critic, I would have more of a preoccupation. However, we still have Members of the House—

Some Hon. Members: Oh, oh!

Mr. Axworthy: Mr. Speaker, can you hear me over the uproar?

Mr. Speaker: Order, please.

Mr. Axworthy: I would like to make a further point, if I may.

Mr. Speaker: Order, please. I assure the Hon. Member for Winnipeg—Fort Garry that I can hear him. I am having a little more difficulty understanding him, but—

Mr. Axworthy: Mr. Speaker, I know it is late in the afternoon. I realize the powers of comprehension have a tendency to wane by this time of the day.

The second point I would make is one which was made earlier. How do I know that the document just tabled is the same document as the one that was signed? There have already been indications by the Minister that the document was to be changed. We are now faced with having to continue a debate on the basis of documents in a Memorandum of Understanding which we are not sure are bona fide or in fact whether it is the same Memorandum of Understanding which was signed on December 30.

I simply wanted to make that point of order and perhaps plead with the Government House Leader that, for the sake of some respect for the rights of Members of Parliament, he call another order of business until such time as we have perused these documents, and of course to await the ruling of the Chair.

Mr. Nunziata: Mr. Speaker, I would have otherwise been scheduled to speak on Bill C-37 at second reading stage exactly four minutes ago. I requested a copy of the Memorandum of Agreement about 10 minutes ago. It was tabled about 15 minutes ago in the House. I just received the Memorandum of Understanding signed by officials of the Government of Canada and by officials of the Government of the United States.

It is a 17-page document. I have to take exception with the Government for proceeding with Bill C-37, notwithstanding the fact that we have argued the point as to whether or not Bill C-37 is properly before the House. I submit that that shows contempt, not only for other Hon. Members in the House but for the Chair, in view of the fact that the Chair has reserved on this particular ruling.

My question of privilege is as follows: If as a duly elected Member of Parliament I am required to speak to a particular piece of legislation, which is in question at this point in time, how am I able to do so when I have been given four minutes to read and understand a 17-page legal document?

• (1540)

I submit that it is your responsibility as Speaker of the House of Commons to protect the rights of individual Members of Parliament who may be affected by the actions of the Government. I cannot speak to Bill C-37 given the circumstances that occurred. The Memorandum of Agreement was just tabled. I say to you, Sir, that this is the first time I have seen this Memorandum of Agreement referred to in Bill C-37.

Mr. Speaker: I will respond immediately to the Hon. Member for York South—Weston (Mr. Nunziata) who, as usual, has made his points succinctly. I want to say to the Hon.

Member that the situation we are facing here is one that has come about as a consequence of a unique series of events, including, of course, the unanimous consent to bring the Bill in and including, of course, that a number of days of debate have gone by.

The Hon. Member says that he has only just seen the agreement referred to in the legislation and he cannot speak to the Bill. That might well be. I say that sincerely. But the Hon. Member will have another opportunity to speak. It may be that as time goes on he will find time to look at the agreement and may feel that he is then in a position to speak. If something happens that the Hon. Member is denied the right to speak as a consequence of anything that has transpired then the Chair will hear him again.

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I am surprised and shocked at the arrogance of this Government, after two and a half hours of debate during which we tried to explain that Bill C-37 is defective as to form and that the date it contains for the tabling of a document, January 19, 1987, is wrong. We will have to amend this Bill.

As for the item on page 2, we spent two and a half hours on a fairly comprehensive debate on Standing Order 108 which clearly says that the Government may not introduce a Bill that is incorrect or incomplete, with blank spaces. And now this Government is calling the same Bill after a two-and-a-half hour debate. How stubborn can you get? They refuse to understand that the Bill is defective and that it will have to be reprinted and amended to conform with the standards of the House of Commons.

Mr. Speaker, I fail to understand why this Government doesn't show some common sense and do what it has to do, namely, call another order of the House, since our speakers are ready.

I think it is incredible they should persevere in this blind arrogance and maintain before the House a Bill that is incorrect and defective as to form and that infringes our Standing Orders.

[*English*]

Mr. Langdon: Mr. Speaker, I want to echo the points which have been made by a number of those on this side of the House. It seems to me very, very unfortunate having had quite a serious, careful and I think thoughtful debate about the problems that present us procedurally with this Bill.

Let me make it clear that what I think is unfortunate is that the Government has brought this Bill forward nevertheless. I think in the tentative ruling you have just presented to the House it is not possible to have a vote on the Bill today. I assume that also means debate will not be completed on the Bill today. It seems to me pointless for the Government to bring this forward and to expect a debate to take place. As things could very well exist, we could all simply sit in our places and no debate would take place from now until four o'clock and by your ruling it would not be possible to move to a vote. Neither would it be possible to cease having speakers in the future. I really do plead with the Government to see sense in this case and to move to another piece of legislation which will permit us to carry forward discussion and to make at least some minimal use of the few remaining minutes of today's session of the House of Commons.

Mr. Lewis: Mr. Speaker, I rise on a point of order. In speaking to the point of order as to whether it is a matter of a point of order or a matter of privilege as to accessibility of the Bill to Hon. Members in preparing themselves for the debate, which is the issue now before you on a point of order, I would not for a minute have gone ahead with the debate if we felt it would prejudice the rights of anybody to enter into discussions.

Mr. Speaker: Perhaps I can assist the Hon. Parliamentary Secretary. The Chair felt that there was a point of privilege on the question of the accessibility to the agreement raised by the Hon. Member for York South—Weston (Mr. Nunziata). I have ruled on that. I said that it may well be that he cannot speak now because he has not yet had a chance to look at the Memorandum, but that there may come a time when he will be able to speak. If, however, as time went by a Member for some reason due to what has happened could not speak, then I would hear him again. If something has happened that strikes the heart of whether a Member can be heard or can speak, then that, of course, would get very close to privilege. That is the position the Chair has taken. I might also point out to the Parliamentary Secretary and to other Hon. Members that Standing Order 22(2) reads:

> Government Orders shall be called and considered in such sequence as the Government determines.

The Government is within its rights to carry on with Bill C-37 this afternoon if it can.

Mr. Lewis: Mr. Speaker, I am prepared to enter into the debate since I have waited patiently for an opportunity. If other Members find themselves in an awkward position, since I believe we are in the 10 minute period for speeches, I would be prepared to alleviate them of the necessity of scurrying through their notes to debate. I would ask for the floor if all points of order and privilege as to whether or not the debate should proceed are finished. I have some interesting comments—

Mr. Gauthier: Just a minute. Are you on a point of order or are you speaking to debate?

Mr. Speaker: Order. I know the Hon. Member for Ottawa-Vanier (Gauthier) usually likes to wait until I have a chance to recognize him.

Mr. Gauthier: Yes, I am usually polite.

Mr. Speaker: I recognize the Hon. Parliamentary Secretary on debate.

Mr. Gauthier: No. He was on a point of order.

Mr. Lewis: Yes, I rose on a point of order.

Mr. Speaker: The Hon. Parliamentary Secretary rose on a point of order but he made it quite clear before he sat down that he was prepared to carry on with debate. I am prepared to recognize the Parliamentary Secretary on debate.

• (1550)

Mr. Penner: Mr. Speaker, I rise on a point of order. I would argue that it is irregular for an Hon. Member to rise on a point of order and, without resuming his seat, seek recognition again for debate. That is not the regular way we proceed in this House. In fact, the Hon. Member has been recognized for two distinct actions and I submit to Your Honour that that is not the regular way to proceed.

Mr. Speaker: Perhaps in trying to facilitate things, I have confused things. Is the Hon. Member for Cochrane—Superior (Mr. Penner) putting the point that there were others rising for debate?

Mr. Penner: Yes.

Mr. Speaker: I understand the point. Perhaps the Hon. Parliamentary Secretary would kindly defer. Who was rising on debate?

Mr. Penner: I was.

Mr. Speaker: I recognize the Hon. Member for Cochrane—Superior on debate.

Mr. de Corneille: Mr. Speaker, I rise on a point of order. I would like to put it on the record that even as of this time, I have been unable to get a copy of the Memorandum of Understanding from the Table Officers. I have spoken to the Pages and they cannot get one because there are not enough copies available. Again, I wish to use this to illustrate to you the position in which we as members of the Opposition are being placed when it comes to checking if the document is the same one.

Mr. Speaker: The Hon. Member has raised a matter of importance. I am sure something will be done as soon as possible to find copies. The Chair also points out that debate has gone on for a number of days apparently without copies or with one copy that someone could find. In any event, I recognize the Hon. Member for Cochrane—Superior on debate as I think that is what he wishes.

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, in rising to debate this Bill, I am at the outset cognizant of Your Honour's instruction to the House that my participation will not in any way prejudice Your Honour's decision on the important point of order that has been raised this afternoon.

I must say that the softwood lumber issue is of immense importance and concern to the people of northern Ontario, the region which I have the honour of representing. Since this may be the tail end of a debate which will in time prove not to be in order and since what has already been said and what remains to be said may be determined by Your Honour to be null and void, I have no choice in the matter but to move:

That this House do now adjourn.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

Mr. Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And fewer than five Members having risen:

Mr. Speaker: I declare the motion negatived.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the point I wanted to make was that it is very clear from the opening speeches of the Right Hon. Leader of the Opposition (Mr. Turner) and the Leader of the New Democratic Party (Mr. Broadbent) that the agreement in question was available to these Hon. Members. Hon. Members opposite who have claimed they could not get a copy of the Memorandum of Understanding had difficulties within their own caucus. On page 2377 of *Hansard*, the Right Hon. Leader of the Opposition quotes from the agreement.

Mr. Manly: Does your Leader give everything to you?

Mr. Lewis: We will get to the Leader of the New Democratic Party in a moment. The Right Hon. Leader of the Opposition goes on to say that this agreement determines the price. This is the agreement to which none of the members of the Liberal Party had access.

On page 2379 of *Hansard*, the Right Hon. Leader of the Opposition mentions the 30-day cancellation clause. Once again, this is from the Memorandum of Understanding which was not available to my colleagues in the Liberal Party yet the Leader of the Opposition had this agreement. He goes on at page 2380 to mention the agreement contained in this Bill. Obviously, in preparing his notes, the Right Hon. Leader of the Opposition had available to him the Memorandum of Understanding which my colleagues opposite claim they were not able to obtain.

I do not want to leave the impression that the only competent person on that side of the House is the Right Hon. Leader of the Opposition. The Leader of the New Democratic Party also had access to the agreement. On page 2385 of *Hansard*, the Hon. Member for Oshawa (Mr. Broadbent)

mentions paragraph 6 of the Agreement negotiated by the Government with the United States. Further down on the page, he said that he wanted to say with reference to the issue of sovereignty that the same agreement contains the following words, and he goes on. This is the Memorandum of Understanding the Hon. Member for Essex—Windsor (Mr. Langdon) could not find. However, it was sitting there on the front-bench seat of the Leader of the New Democratic Party.

Mr. Langdon: I said nothing about that.

Mr. Lewis: He said: "My goodness, I'm prejudiced. I can't find it. Oh, I see, it's over there on the seat of the Hon. Member for Oshawa".

On page 2385 of *Hansard*—

Mr. de Corneille: Madam Speaker, I rise on a point of order. Does the Speaker believe that the present debate is at all related to the Bill?

Mr. Lewis: I will save you the embarrassment of answering that, Madam Speaker, because I do not wish to embarrass the Hon. Member any further. The point is that the Memorandum of Understanding was in the hands of the Opposition, in their offices, and they did not take the time to read it. To spend the time of this House suggesting that they did not have it in their offices is nonsense and all Hon. Members know that. The fact is that the Memorandum of Understanding was quoted by both Leaders of the Opposition.

I submit to you, Madam Speaker, that since it is four o'clock, we should end the debate on this delightful and informative note and proceed with Private Members' Business. By the way, I was shocked to see members of the Liberal Party try to deny a private Member her right—

Mr. Gauthier: On a point of order, Madam Speaker. That's a lot of nonsense and he knows it too.

• (1600)

PRIVATE MEMBERS' BUSINESS—PUBLIC BILLS

[*Translation*]

NON-SMOKERS' HEALTH ACT

MEASURE TO ENACT

The House resumed from November 20, 1986, consideration of the motion of Ms. McDonald (Broadview—Greenwood) that Bill C-204, an Act to regulate smoking in the federal workplace and on common carriers and to amend the Hazardous Products Act in relation to cigarette advertising, be read the second time and referred to a legislative committee.

Mr. Gaston Isabelle (Hull—Aylmer): Madam Speaker, I welcome this opportunity to take part in the debate on the Bill presented by the Hon. Member for Broadview—Greenwood (Ms. McDonald), Bill C-204, an Act to regulate smoking in the federal workplace and on common carriers and to amend the Hazardous Products Act in relation to cigarette advertising.

Madam Speaker, I think this is an extremely important matter, especially now that we have had clear evidence for a number of years that smoking is indeed harmful to the health of Canadians.

The House will recall that not long ago, I think it was December 11, 1986, *The Ottawa Citizen* published the results of a survey in the Ottawa-Hull region that asked people if they would be agreeable to a complete ban on smoking in offices. Much to the surprise of the firm that conducted the survey, 79 per cent supported a ban on smoking at their place of work.

Of course I know that for a long time, the medical profession in particular has always been in favour of a ban on smoking in public places. Since 1938 some very important studies have been made, and in fact I think that in France, in 1859, more than a century ago, reports made on patients who died of cancers of the lip indicated that of sixty-eight cases, sixty-six were pipe or cigar smokers. As I recall, it was in 1938 that John Hopkins University Professor Pearl proved beyond the shadow of a doubt that the mortality rate among smokers was much higher than it was among non-smokers.

A number of other studies made in Canada, Great Britain and the United States also indicated quite clearly that the death rate among male smokers was 70 per cent higher than among male non-smokers.

In 1968-69 I had the pleasure of chairing the committee which studied the whole question of tobacco and cigarette use, and I can tell you that our report had a worldwide impact because we were the first country to make an in-depth study on the harmful effects of smoking.

We made a number of recommendations and some of them have since been implemented, such as a ban on radio and television advertising, as well as warnings on cigarette packages and cartons, including certain precautions to be taken by people who did not give up smoking.

If no action is taken in this respect, I am afraid there may very well be a 50 per cent increase in the number of lung cancer cases by the turn of the next century. Lung cancer is now the main cause of death among all cancer patients. It has a direct bearing on coronary arteries, which happens to be one of leading causes of death in Canada.

I commend my colleague from Broadview—Greenwood (Ms. McDonald) for introducing this Bill because I think it is imperative that we do something about this disease. I use the word "disease" advisedly for the simple reason that, if we fail to take appropriate action, air pollution in offices, public places and public transit systems will boost the lung cancer rate by 50 per cent, as I said earlier.

It is rather strange that, in our report to the House in 1968-69, we recommended that the members of the Canadian

population who should lead by their example in Canada be encouraged to do so. This included such people as parents, naturally, as well as teachers, doctors, nurses, and all those who had direct or indirect dealings with public. We also found some rather strange facts in our study as concerns the example which some people should give when it comes to smoking.

For instance, at the beginning, men smoked much more than women, but for some reason, during the sixties, women started to smoke more than men. However, since 1981, there has been a slight tendency for women to smoke less. Another interesting fact is that those who do smoke seem to do so more than ever because, while the number of smokers has gone down, the volume of cigarette consumption has increased, which could lead to a national disaster if we do not take action to put an end to this ill, which I find worse than acid rain, and we know what harm acid rain can cause to vegetation in this country. However, in this case, it is human beings who are being harmed.

From the submissions presented to the Standing Committee on Health and Welfare, we also found that it was essential to educate the public, and this point is closely related to the role of those who should preach by their example. However, we found, for instance, that there were cigarette machines at the door in certain school boards. Then we asked some school boards: "Why not put them in a remote spot?" And they replied: "It is our only livelihood. The money coming from the machine enables us to carry on certain activities which otherwise we could not." I think that educators entrusted with the care of our children should act consistently and intelligently. There has been no co-operation since 1968. I know that lately there has been a bit more co-operation from some professional organizations which seem to be more eager to exert pressures on the Government so that legislation is passed to eradicate totally the nefarious effects of smoking in Canada.

We should also point out that, strangely enough, youngsters under 15 years of age are smoking and drinking. Both are closely related.

Madam Speaker, I should have liked to have dealt more thoroughly with this very interesting issue but I have to close now to allow another Hon. Member to speak. I hope that when the matter comes to a vote, all political parties in the House will agree to eradicate forever the dangerous and lethal effects of smoking.

• (1610)

[*English*]

Mr. Ted Schellenberg (Nanaimo—Alberni): Madam Speaker, it is rather refreshing to finally debate something today. If this kind of nonsense continues, perhaps we should have five or six hours of debate on Private Member's business and one hour on Orders of the Day.

It is quite appropriate that this Bill is being debated so soon after "cold turkey day". I commend the Hon. Member for Broadview—Greenwood (Ms. McDonald) for her Bill and would like to say a few words on behalf of the smokers of Canada, of whom I am one. I will first comment on the good things about Bill C-204. The Hon. Member for Broadview—Greenwood and I have sparred with each other in the Committee on Communications and Culture. She would not allow any smoking in that committee. I was not there the infamous day she broke all the ashtrays, but I heard a great deal about it. I believe the Hon. Member means well, although there is a clause in this Bill which does impugn minority rights.

In her remarks on the introduction of this Bill on November 20 the Hon. Member complimented the Government on the parliamentary reform which allowed her to bring in this Bill. She also said that discouraging smokers will mean more jobs in other sectors. She said:

> People who stop smoking buy other products and other services. They go to the movies and to restaurants, they buy clothes, and so forth. I think rising demand in these sectors will create more employment.

That is a very good point and very reasoned debate. She also said that this Bill "would provide for designated smoking rooms for those individuals who do not smoke, who happen to be a majority in this country". I agree with that. However, she went on to say:

> It would also mean that there would be no smoking in common carriers under federal jurisidction.

I will get into that in a moment.

The portion of Bill C-204 which makes eminent good sense is that which deals with the banning of the advertising of tobacco products. Cigarette smoking is emerging as a major public health concern for many Canadians. As a result of this growing awareness of the effects of cigarette smoking, the public wants some action on several tobacco issues, including tobacco advertising. The Non-Smokers' Rights Association has documented numerous violations of the current tobacco manufacturers' voluntary tobacco advertising and promotion, including the practice of advertising tobacco products on billboards and store posters within 200 metres of school property.

Moreover, the "Tempo" cigarette ad campaign last year raised public concern and was, in my opinion, clearly directed at recruiting new smokers among Canadian youth, in contravention of the voluntary advertising code. The new 15-cigarette Export A pack has also been a worrisome tobacco marketing practice since the lower price does make the product more accessible to Canadian youth. Unfortunately, in a declining tobacco market an increasing number of these questionable advertising and promotion campaigns can be expected.

Advertising and promoting such a hazardous product has been a source of concern for some time. This is due to the fact that advertising associates tobacco products with healthy, exciting and glamorous lifestyles, that it increases the acceptability of tobacco products among young people, and that it generally legitimizes tobacco use.

I remember that when I was very young there were advertisements on television for a certain brand which claimed to be the "coolest, cleanest, and most refreshing". You may remember that as well. My oldest sister was smoking that brand in the house at the time. I thought to myself how wonderful it would be to enjoy that coolest, cleanest, most refreshing, fun thing. Therefore, the advertising does have an impact.

A number of Canadian magazines and newspapers, including the Kingston *Whig-Standard*, the Brockville *Recorder and Times* and *The Globe and Mail*, are now refusing to accept tobacco advertising because they believe it is unethical to advertise a product which is so clearly hazardous to your health. They may consider banning political advertising for the same reason.

My colleagues in the federal Government have met with representatives of the Canadian Tobacco Manufacturers Council with a view toward taking stronger action on tobacco advertising and promotion. Of special concern are the issues of life-style advertising and promotion aimed at teenagers and adults, the effectiveness of current health warnings, and the effectiveness of current compliance procedures.

Smokers must face another reality which I, as a smoker, accept. More and more employers are establishing policies which restrict smoking in the workplace. For example, the Insurance Corporation of British Columbia and a variety of other companies have adopted as their goal a smoke-free workplace and are moving in that direction. Bata Industries Ltd. has already entirely banned smoking on the job. Municipalities such as the City of Ottawa are banning smoking at work stations and are working toward a complete ban on smoking in the workplace. In my home Province of British Columbia, the City of Vancouver passed a by-law significantly restricting tobacco smoke in most indoor public places in the city including places of employment. Workplaces in Vancouver must now automatically become non-smoking areas if no consensus can be reached among employees on smoking in the workplace. Smoking has also been banned in areas such as taxis, retail shops, service counters and queues.

In my own riding of Nanaimo—Alberni many municipalities and school boards are restricting the presence of tobacco smoke, but they insist on having an area somewhere in the building where employees can enjoy a puff, or sneak a puff, as is the case these days.

When this debate began on November 20 my colleague, the Member for Calgary South (Mrs. Sparrow), mentioned that the Minister of Transport (Mr. Crosbie) has proposed a new air regulation to ban smoking in Canadian aircraft for both domestic and transborder flights of two hours or less. Most smokers can accept that. Most of us manage to sit through a movie for two hours without feeling the urge. However, the key is "two hours or less".

Generally smokers are courteous. Some may be surprised at that, but we are. We normally respect the rights of others, but we have rights as well. Clause 5 of the proposed Bill reads:

No person shall smoke anywhere, other than in a designated smoking room, in or on an aircraft—a ship—a railway car—(or) a motor vehicle operated pursuant to—

This puts a whole new meaning on the old political adage that as far as the NDP are concerned, if it moves, legislate it. Why should we expect any Canadian who takes a six or seven-hour flight across the country not to be able to indulge in a cigarette? This legislation may be enforceable on a boat, a train, or a bus, but I think that is asking a bit too much on the long flights which some of us often take across the country.

We are told that one-third of Canadians smoke and two-thirds do not. We know that all Parties in this House are concerned about minority rights. We would not want to unduly infringe upon the minority rights of Canadians.

This Chamber is a good example of how courteous smokers can be. There are many unwritten rules in the House of Commons. No smoking is allowed here where we stand. I understand that is also the case in Quebec, although the previous Premier slipped one day. No coffee is allowed in this part of the Chamber and male Members must wear a jacket and tie. Female Members do not have that regulation imposed on them, but I am sure equal rights will get into that as well. Yes, Madam Speaker, you do wear a jacket and tie. Madam Speaker is looking very spiffy today.

I believe it is only common courtesy to allow those of us in the minority in Canada to continue to do as we wish as long as we do not infringe, in the long haul, on the rights of other Canadians who do not smoke.

I offer those words of wisdom on behalf of my fellow Canadians who do smoke. I hope we can pass this Bill after making a couple of amendments in committee, if at all possible, which would allow those of us who must have a puff to do so on common carriers, and particularly on airplanes.

Mr. Rod Murphy (Churchill): Madam Speaker, it is interesting that more and more groups are supporting this legislation. I would like to begin my remarks by listing some of the groups which have indicated their support for the legislation. I will not give a complete list, because I would not have any time left to speak on the legislation itself. Those groups which support the legislation include The Lung Association, the Medical Society of Nova Scotia, the Ottawa-Carleton Regional Health Unit, the Canadian Cancer Society, the Canadian Council on Smoking and Health, the Canadian Medical Association, the Manitoba Medical Association and the Canadian Hospital Association. As I indicated, that is only a partial list because there are more groups who support the legislation.

• (1620)

As the Hon. Member for Hull-Aylmer (Mr. Isabelle) mentioned, this is something that has been studied in the past

but on which we have not had government action. The problem we face at this time is that if Members of the House do not support this legislation it will not pass. We have no guarantee that the Government will act in this matter.

I am not giving away any secrets, but it is interesting to note that the Member for Broadview-Greenwood (Ms. McDonald) and myself met with the Minister of Labour (Mr. Cadieux) on Wednesday morning. He indicated that as far as he knew there was no government intent to act, although he would consult with the Minister of National Health and Welfare (Mr. Epp) and the President of the Treasury Board (Mr. de Cotret) to see if perhaps they had some plans about which he could be made aware. In fairness to the Minister of Labour, he stated that he understood something might be implemented with respect to advertising and other matters.

It is ironic that on a matter which concerns the health of so many Canadians and indeed the lives of so many Canadians, the Minister of Labour who is responsible for the enforcement of occupational health and safety across the country does not know what the Minsiter of National Health and Welfare or the President of the Treasury Board, who is responsible for workers in the federal Government domain, may or may not be doing.

I am very concerned that there is no Government action and that the best we get is an occasional indication that perhaps the Minister of National Health and Welfare will put his foot down on the tobacco companies. That is not good enough because it does not provide the leadership that many Canadians want.

This week the federal Law Reform Commission indicated that our federal laws with regard to workplace safety are completely inadequate. Polluters are allowed to get away with anything and it is suggested in the report that Canadian workers are treated as guinea pigs, and that it is dangerous to work in Canada. These remarks are made by a very responsible group and they indicate the problem we face in general with workplace safety. Yet, referring back to the Minister of Labour, I asked him prior to Christmas if there would be any new legislation with regard to occupational health and safety. Again, he indicated that he did not think that would happen. He could not commit himself to inaction for two years but he did not think there would be any legislation. It is evident that the Government is not taking the lives of Canadians seriously.

The Hon. Member for Hull-Aylmer pointed out in his learned statement to the House that allowing smoking in Canada is costing lives. It is not a matter of whether the Member from British Columbia believes he should have the right to smoke on his flight to British Columbia because it is seven hours long. I am going to British Columbia twice in the next couple of weeks and I do not want to have to be on the same airplane as that Hon. Member because his smoking will affect my health. That is the problem.

For some reason, there are Members in the House and people across the country who believe that we are picking on them as a minority if we say they should not smoke. The truth is that if they want to smoke in an airplane, in an office building, or want to smoke at the workplace, they are endangering not only the health but the lives of other Canadians. Public education is necessary for those people, as well as young people of Canada, but it is not just a matter of talking about the dangers to their own health and lives, but a matter of them understanding how they are hurting other Canadians.

There are very few Canadians who really believe that smoking is acceptable. There are very few Canadians who believe they are not hurting themselves when they smoke. There is an attitudinal problem among a number of smokers because they believe they are hurting no one else but themselves.

Perhaps someone in the middle of a field or at the bottom of a mine shaft is not damaging the health of other Canadians, but most Canadians work closer to each other and travel in more confined quarters. There are areas of the House of Commons that are certainly not very healthy to walk through when there have been a number of smokers there.

We need legislation that will protect Canadians. I believe the Hon. Member for Broadview-Greenwood should be congratulated not only for presenting this Bill in the House, but for the very forceful manner in which she has often made sure that people across the country know that this legislation is here. I hope Members of Parliament will do the same as the Member for Broadview-Greenwood and ensure that the people of Canada know that this legislation is before the House of Commons and solicit their views on how the legislation can be strengthened, rather than weakened as proposed by the Conservative Member from British Columbia who, to be fair, I believe is speaking for himself.

It is important that this legislation be strengthened so that Canadians can work, travel and live in a healthy place. That is the purpose of this legislation.

Mr. Paul Gagnon (Calgary North): Madam Speaker, I want to commend my hon. colleague, the Member for Broadview-Greenwood (Ms. McDonald), for introducing this Bill in the House.

The Bill seeks, through a number of measures, to control smoking by Canadians and thereby improve and protect the health of Canadians. This is an objective that all Members of the House support, as the health hazards of smoking are very well documented.

Measures to control smoking in public places are receiving strong public support and have resulted in a number of government actions and proposed initiatives. They are initiatives to control or restrict smoking in public areas, in public transportation, and in the workplace. Public support will continue to increase, not only among non-smokers but among smokers as well. It is important to note the support of many smokers for these measures as it is a recognition by the smokers of their responsibility to avoid exposing non-smokers to tobacco smoke. This support must be encouraged and

sustained in order to avoid situations which could create confrontation and conflict.

Exposure of non-smokers to tobacco smoke varies greatly depending on the size of a room or other indoor areas, the number of smokers, the amount of ventilation and other factors which determine the concentration of tobacco smoke in a given location. There is, however, no doubt that exposure should and must be controlled.

In proceeding with control of smoking in the workplace there is a need to recognize that smoking is considered an addiction by smokers themselves; that smokers still constitute approximately 30 per cent of the workforce; and that the support of smokers is necessary to achieve the objective of controlling smoking in the workplace.

The approach used to achieve this objective must be carefully considered to ensure a successful voluntary compliance with such a policy on smoking in the workplace. Recognized authorities in health, education and psychology all agree that voluntary compliance based on the full co-operation of all concerned is the assured method of achieving the successful application of any new practice, behaviour or policy.

• (1630)

The Department of National Health and Welfare and Labour Canada support this approach and the recent U.S. Surgeon General's report states that creating a smoke-free workplace is successfully achieved when such a policy is jointly developed by management, employees and employee organizations; is instituted in phases and is accompanied by support and assistance for smokers to quit smoking.

It is apparent that the only two ways to meet the intent of the proposed legislation are, first, to totally ban smoking everywhere federal employees are located or, second, to provide a separately ventilated smoking room at each federal worksite. Let us review each option in turn. As defined in the proposed legislation, a totally smoke-free environment would have to be provided in worksites which include federal buildings, airports, railway stations, rented or shared accommodation with employers not under federal jurisdiction and with members of the general public, penitentiaries, buildings and ships in which employees work and live 24 hours a day, and in a number of other varied work locations.

Notwithstanding these differences in worksites, work situations and employee populations, employers under federal jurisdiction would have to ensure a smoke-free environment in situations over which they have a minimum of control.

Let us now review the second option to establish separately ventilated smoking rooms in each federal worksite. Costs for establishing such rooms would vary greatly and would depend on the extent of the renovations required to each building's existing structure and ventilation systems. A recent survey indicated that public service departments are located in 30,000 worksites across Canada—I repeat, 30,000 worksites. There are tens of thousands of other worksites under federal jurisdiction to which this legislation would also apply. The establishment of a separately ventilated room in each of these thousands of worksites, plus the ongoing expense of maintaining or renting the space required for these rooms, would result in astronomical costs to the Canadian taxpayer.

Apart from cost considerations, establishing these rooms would encourage the continuation of a habit which is recognized as harmful by all and which society is increasingly trying to discourage. The Vancouver by-law on smoking in the workplace, which is viewed by many as a most progressive approach, allows for more flexibility in establishing smoking areas. These areas can be established where agreed upon by all employees and are not limited to separately ventilated smoking rooms.

It is apparent that there are problems with these two options. Other measures must, therefore, be considered which will resolve the general issue of smoking in the workplace in a fair and responsible manner. The Government is aware of and is closely monitoring the rapidly evolving changes which are taking place in employee and public attitudes and in other employer practices and experiences on smoking in the workplace. The Minister of Labour (Mr. Cadieux) has recently issued interim guidelines to assist Labour Canada safety officers in their investigations and response to complaints regarding smoking in worksites under federal jurisdictions. These Labour Canada safety officers are responsible for the application of occupational safety and health regulations to prevent accidents and injury to health arising out of, linked with or occurring in the course of employment.

Changes are also occurring rapidly with respect to smoking in the Public Service. In 1985, the Treasury Board issued guidelines on minimizing the effects of tobacco smoke. These guidelines were jointly developed and approved by the Public Service Unions represented in the National Joint Council. It was agreed that these guidelines were an important first step in addressing the issue of smoking in the workplace and it was also agreed they would be upgraded to a more stringent standard by 1988.

In early 1986, a survey of Public Service Departments indicated that over half of the departments surveyed had developed departmental policies on smoking. The Department of National Health and Welfare, Statistics Canada and the Department of Regional Industrial Expansion were the first to implement smoking bans in the workplace. These measures have resulted in many employees quitting smoking.

In less than two years since the issuance of the Treasury Board guidelines on smoking, there has been much progress made in controlling smoking and continued progress is anticipated. I believe that such initiative should be encouraged.

I further believe that introducing legislation which imposes behavioural changes on employers and employees, without due consideration of the special and varied circumstances, and situations of which people in the workplace are aware, should

be avoided at this time. Such actions would be premature and disruptive to the harmonious resolution of this issue which is already underway.

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Madam Speaker, I would like to comment briefly on the Bill before the House today, Bill C-204 presented by Ms. McDonald (Broadview—Greenwood), the purpose of which is to control smoking in the workplace—I will run through this fairly quickly—to add tobacco and tobacco products to the list of products under Part 2 of the schedule to the Hazardous Products Act, and also to ban smoking from the workplace and from public transportation.

First of all, Madam Speaker, I have to say that I am a reformed smoker. Those are probably the worst, but the fact remains it has been nearly seven or eight years since I touched the noxious weed, and I certainly feel a lot happier and I think a lot healthier. I stopped smoking for the simple reason I thought it was a filthy and unhealthy habit. It made me take more trips to the cleaners than I would have liked and made me cough occasionally, and since I had been an asthma sufferer for years, I finally decided that enough was enough. I quit just like that, and it wasn't too hard. I would encourage all Hon. Members in this House who persist in this unfortunate habit to try and make the effort. It is possible, it isn't so hard and it is better for your health and your bank account.

I wanted to say that what makes this Bill particularly interesting is that even when I was a smoker, I did not like being in a closed space like a plane or an office and have to put up with cigarette and tobacco smoke. I smoked very rarely in such places, and I found it annoying when others did. So that doesn't make me one of your hard-core smokers, but in any case, I realized that I was getting sinus trouble and all kinds of health problems and that it was not exactly a healthy habit.

There are a number of experiences in life that have a lasting impact, and one of the things that surprised me in my political career was the reaction of Canadians to the urea formaldehyde issue. Members will recall when insulation was the thing to save energy and keep our homes warm. The Government had been campaining vigorously for home insulation, and there was one product called urea formaldehyde that was very popular for this purpose. A few years later, it was found that urea formaldehyde produced dangerous gases. Then everybody wanted to get rid of it.

Madam Speaker, I was told that smoking a single cigarette in a house is as bad as all the gases produced by urea formaldehyde. That made me stop and think, and I said to myself: If urea formaldehyde is bad, and just one cigarette is as bad as urea formaldehyde, we must be crazy to go on smoking while we are spending millions of dollars on getting rid of urea formaldehyde, as we did at the time. But why do we continue to smoke in enclosed spaces? This really struck me because I was then Parliamentary Secretary to the Minister of Urban Affairs and I had to try to sell the idea of home insulation while telling people: Listen, urea formaldehyde is hazardous. But at the same time people had forgotten that smoking was hazardous as well.

I think the consideration of this Bill has been a rewarding experience and that, at least in principle, it is a constructive measure to restrict smoking in enclosed spaces. I am told—and I have no reason to doubt it—that it is impossible to recycle all the air aboard aircraft. Although there are places or areas, seats reserved for smokers, non-smokers eventually have to breathe the same air since the same atmosphere and same poisons are recycled. And that is bad.

Not long ago I read a newspaper article about the fact that in the United States it is illegal to smoke aboard carriers of fewer than 30 passengers. Well, if it is illegal to smoke aboard a public carrier of fewer than 30 passengers—and that is the American law—for heaven's sake, why do we not have this kind of legislation in Canada and adopt restrictive measures concerning smoking in enclosed spaces?

I also want to say that the example given by adults to children is cause for concern. I know that children like to identify with some of the things done by adults, not necessarily good things, and with respect to current television programming one might be led to think that smoking a cigarette projects a macho image and looks nice, but this is wrong.

The same applies to the publicity for beer and alcohol. Advertisers should not try to appeal to young people by telling them that it is "in" to smoke and to drink, that it will make life more enjoyable for them. It is simply not true.

I know that smoking has increased recently among young people. I can sincerely tell you that this worries me.

I also believe that the Government is contradicting itself on the whole tobacco issue. I have here a release of the Public Service Alliance of Canada, which represents over 150,000 public servants the Government to use its power, asking to ban smoking in the workplace.

On the other hand, last October 27, the Federal Court of Appeal, in the case of Peter Wilson, which dealt with hazardous substances such as tobacco, gave a majority ruling which I find hard to understand. According to this ruling, the regulations on hazardous substances did not apply to tobacco smoke in the workplace. This reflects a lack of consistency in the Government policy on smoking in the workplace.

The Treasury Board has appealed this ruling, but I wanted to raise this issue because I know quite well that, in certain Government agencies, such as the Department of Health and the Public Service Commission, which I visited recently, there are areas reserved for smokers. I have been told that it is difficult to extend this to the whole Public Service and to set aside special areas for those who want to smoke. All sorts of reasons are given including the so-called smokers' rights. But I have the right to breathe clean air. Economic points are also raised. Well, I will tell the Government and all those who come up with this argument that according to my information, it costs $6 billion in health care to fight the effects of smoking, while the tobacco industry brings in only $3 billion in revenues. Therefore, in monetary terms the disavantages of tobacco smoking outweigh the avantages on a 2 to 1 ratio. Madam Speaker, I feel this simply does not make sense from an economic point of view.

Let us not forget that there are benefits to non-smoking. Non-smokers pay lower life insurance premiums because they are less likely to shorten their life expectancy.

Madam Speaker, I do not want to overlook the major consideration that the cost per capita to the Canadian community is enormous. In the United States, for instance, a smoker costs his or her employer $5,000 a year from losses due to absenteeism, morbidity, insurance costs, reduced productivity, maintenance, furniture and equipment depreciation, as well as employee morale. Not to mention risks of fire: the Hon. Member for Hull—Aylmer (Mr. Isabelle) reminds me that smoking is a fire hazard. These data can be found in a letter from Ottawa resident Michel Ouimet which was published in the daily newspaper *Le Droit* on June 9, 1986. I thank Mr. Ouimet for his information on the high cost of smoking which is indeed a fact.

Madam Speaker, you are indicating to me that my time is running out. I am sorry because I would have liked to have provided other examples to convince the House to adopt this Bill at second reading. All we want is to refer this Bill to a committee for a detailed item by item study, as well as an in-depth consideration of a Bill which deserves to be adopted while contributing to the education of the Canadian people in general by pointing out the dangers of tobacco smoking.

• (1640)

[*English*]

Mr. Bill Tupper (Nepean—Carleton): Madam Speaker, I am delighted on behalf of my constituents in Nepean—Carleton to rise and address Bill C-204, a Bill to regulate smoking in the federal workplace and on common carriers, and to amend the Hazardous Products Act. It is a Bill introduced by my colleague, the Hon. Member for Broadview—Greenwood (Ms. McDonald).

Madam Speaker, and colleagues, the human and economic dimensions of the cost of smoking are horrendous. When we think about the damage to health, the loss of time in the workplace, the anguish of the families who are involved, and about the cost of medical expenses in the course of time that may be in place, it is a horrendus cost for Canadians and for mankind in general.

Every year cigarette smoking results in over 30,000 premature deaths. It is the single most important cause of preventable illness and death. Thirty per cent of cancer deaths, 30 per cent of heart disease, and 90 per cent of chronic obstructive lung disease deaths are caused by tobacco and its effluents.

Mounting awareness of the health hazards associated with smoking and "passive" smoking keeps the question of smoking in the workplace in the centre of controversy. Research has shown that side-stream smoke, or smoke in the atmosphere, in some ways is as dangerous as smoke inhaled by the smoker. Smoke from the burning end of a cigarette has high concentrations of many noxious compounds. Results of some international studies indicate that non-smokers, who were exposed to cigarette smoke in the workplace, had as much lung function impairment as if they had smoked up to 10 cigarettes per day. Colleagues, think about that. At least 500 non-smokers die each year in Canada from lung cancer that may have been caused by tobacco smoke in the workplace.

• (1650)

Maternal smoking can result in fetal injury, spontaneous abortion, and low birth weight. Parental smoking is a major contributor to respiratory illness in children. Involuntary exposure to cigarette smoke is particularly a problem for those who are regularly exposed to smoke at work.

Increasingly, public institutions and private companies are moving toward the creation of a smoke-free work environment. More and more private businesses are introducing no smoking policies in the workplace, and municipalities are enacting by-laws to prohibit or cut down on smoking in public places.

We have excellent examples of this in the City of Ottawa, the City of Kanata, and the City of Nepean. Municipalities across the land are recognizing this, as has the federal Government to a certain extent.

Treasury Board has issued guidelines to government departments and agencies outlining measures which should be taken in order to minimize the effects of tobacco smoke in the workplace. The guidelines are as follows. Managers should consult with their employees in order to designate, where desirable and possible, non-smoking areas in the workplace. Areas where smoking is permitted should, if possible, be located near air vents. The following should be designated as non-smoking areas—elevators, stairwells, change rooms, computer rooms, clinics, health units, service wickets, service counters, and any other location where the public is involved. In addition, Departments may also designate as non-smoking areas all or part of cafeterias, waiting-rooms, lounges, hospitals, and theatres. Smoking should not be permitted during meetings unless there is a consensus among all who are present. Persons who occupy private offices or have shared workplaces may designate their offices or workplaces as non-smoking areas.

This initiative is to be complimented. However, many of my constituents share with me the concern that these guidelines are not being adhered to, that managers in the Public Service are not identifying and designating non-smoking areas in the workplace as it was thought they would. Thus, other initiatives will have to follow to bring this about.

A survey to ascertain the views of federal Members of Parliament on the issue of smoking in the workplace was conducted by the Non-Smokers' Rights Association. It indicated that 85 per cent of the Members of Parliament who responded support or are sympathetic to non-smokers' rights in the workplace, 89 per cent of the respondents favour the establishment of non-smoking areas in the workplace, and 78 per cent of the Members of Parliament who responded believe that Treasury Board should order all Deputy Ministers to establish non-smoking work areas. In addition—and this is the interesting statistic which I hope in time will follow through to a material result—only 22 per cent of the Members of Parliament who responded were opposed to supporting a Private Member's Bill dealing with the problem of smoking in workplaces under federal jurisdiction.

As a non-smoker I am very sympathetic to the problem created by side-stream smoke in the workplace. As a Member of Parliament I believe that the health and rights of non-smokers should be respected. Perhaps it is difficult for me to recognize and accept the problems of smokers, but I believe the rights of non-smokers are more important.

In other ways the federal Government is concerned about the devastating effects of smoking on Canadians. It has already put into place policies and programs which aim to reduce tobacco consumption in the country. The Government has been active in developing a policy on tobacco which is both comprehensive and health oriented. Accordingly, I support—and I believe the Government supports it—the essence and spirit of this Private Member's Bill which attempts to protect Canadians from the hazards of smoking.

I could outline many areas this afternoon which I think are important as far as some of the government initiatives are concerned. The Department of National Health and Welfare devotes thousands of dollars each year to carry out routine monitoring of tar, nicotine, and carbon monoxide levels of cigarettes and to perform tobacco smoke analysis and research. It also conducts epidemiological studies and behaviourial research on selected tobacco topics such as the effect of involuntary exposure to tobacco smoke. Surveys to monitor the rate of tobacco consumption among Canadians are also undertaken.

The entire program falls under the "Break Free for a New Generation of Non-Smokers" theme. To date the program has been spearheaded by a national advertising campaign targeted at youth aged 12 years to 19 years. The youth message has been produced in rock video style for television and radio featuring the break-free theme and challenging young people to be themselves, to go their own way, and to break free from the pressures of smoking.

The federal Government has also met with representatives of the Canadian Tobacco Manufacturers Council with a view toward taking stronger action on tobacco advertising and promotion. There have been serious concerns expressed by many Canadians about the effectiveness of the Council's current voluntary code on tobacco advertising and promotion. Several options are being considered, and I hope legislative measures restricting tobacco advertising will become a real possibility.

Recently the Minister of Transport (Mr. Crosbie) proposed a new air regulation to ban smoking on Canadian aircraft for both domestic and transborder flights of less than two hours. The action is a positive step in ensuring that the travelling public is protected from involuntary exposure to tobacco smoke.

The federal Government plans to build upon these accomplishments in order to continue the decline in the rate of smoking. Surveys of public attitudes indicate that Canadians favour current initiatives in this direction. Enhancement of the federal Government tobacco policy must be directed toward improving the protection of Canadians against tobacco smoke.

I hope in the course of time that all Hon. Members of the House will see fit to support the type of legislation being debated this afternoon.

The Acting Speaker (Mrs. Champagne): The Hon. Member for Spadina (Mr. Heap).

Mr. Heap: Madam Speaker, I would prefer, if other Members are agreeable, to call it five o'clock now, rather than speak for two minutes and leave it at that.

The Acting Speaker (Mrs. Champagne): Is there unanimous consent?

Some Hon. Members: Agreed.

The Acting Speaker (Mrs. Champagne): The hour provided for the consideration of Private Members' Business has now expired. Pursuant to Standing Order 36(2) this order shall be dropped to the bottom of the order of precedence on the Order Paper.

It being five o'clock, this House stands adjourned until next Monday at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 4.59 p.m.

HOUSE OF COMMONS

Monday, January 26, 1987

The House met at 11 a.m.

ROUTINE PROCEEDINGS

[*Translation*]

PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, it is my duty to present petitions on behalf of Canadians concerning a monopoly situation being created for drug companies engaged in research which will prevent competition by less expensive generic drugs, thus leading to an increase in the price of drugs for the Canadian consumer and severely restricting the ability of many Canadians to buy the drugs they need; and the amendments to the Patent Act that will directly affect all Canadian men and women not covered by public or private health insurance plans; and Government proposals that will further increase the high cost of provincial drug plans; and the fact that the proposed amendments to the Patent Act are another example of the Canadian Government's making concessions to the United States during the free trade talks, to the detriment of the average consumer.

Therefore your petitioners humbly pray that Parliament reject these proposals that will increase the price of drugs for Canadians.

[*English*]

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have other petitions dealing with another subject.

The petitioners humbly submit that whereas the Government of Canada has imposed a retaliatory tariff on imported books in the English language, which has limited the access of Canadians to literature and information; whereas the tariff has little negative effect upon the publishing industry of the United States, yet penalizes Canadian consumers, book publishers, sellers, distributors, and Canada's culture; and whereas rising book prices have placed a strain upon the book acquisition programs and policies of our nation's public and specialized libraries, the undersigned petitioners humbly pray and call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries in respect of free trade.

These petitioners come from the Windsor area, from out west, and from the Toronto area.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Rod Murphy (Churchill): Mr. Speaker, I again have the honour to present a petition under the provisions of Standing Order 106. This petition is signed by people from Flin Flon, Manitoba; Flin Flon, Saskatchewan; and Creighton, Saskatchewan.

The petitioners humbly call upon the House of Commons to reject the proposals of the federal Government which will result in an increase in prescription drug prices for Canadians. In their petition the petitioners state that they believe this is yet another example of Canadian Government concessions to the United States, at the expense of the average Canadian, in the free trade negotiations. They state their belief that this will severely restrict the ability of average Canadians to buy necessary prescription drugs and will increase drug prices for Canadian consumers.

[*Translation*]

Mr. Carlo Rossi (Bourassa): Mr. Speaker, I have the honour to present petitions from Canadians living in Montreal, Ahuntsic and Montreal North who respectfully state:

That the monopoly position given drug companies engaging in research will prevent competition by less expensive generic drugs, thus leading to an increase in the price of drugs for Canadian consumers and severely restricting the ability of many people to purchase the drugs they need;

That the proposed amendments to the Patent Act will have a direct impact on Canadians who are not covered by public or private drug plans;

That the Government's proposals will further increase the high cost of provincial health insurance plans and that the proposed amendments to the Patent Act are another example of the Canadian Government's making concessions to the United States in the course of the free trade talks, to the detriment of the average consumer.

Wherefore your petitioners humbly pray that Parliament reject the proposals that will increase the price of drugs for Canadians.

• (1110)

[*English*]

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, I have with me today, pursuant to Standing Order 106, many petitions which are calling for the removal of the offensive tax on reading which is both discriminatory and a disincentive to our population. The petition reads:

WHEREAS the Government of Canada has imposed a retaliatory tariff on imported books in the English language which has limited access to Canadians to literature and information, and;

WHEREAS the tariff has little negative effect on the publishing industry of the United States, yet penalizes Canada's consumers, book publishers, book sellers, distributors and Canada's culture, and;

WHEREAS rising book prices have placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries.

WHEREFORE the undersigned, your petitioners, humbly pray and call upon Parliament to: rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries in respect of free trade negotiations.

I have thousands of names. People from Glencoe, Ontario, Collingwood, Ontario, Calgary, Grand Forks, Toronto, Vancouver, Hanover, Ontario, Winnipeg, Windsor and Marine Drive, Vancouver. The petitioners are from across the land and each and every one of them from Calgary, Edmonton, Montreal and the Northwest Territories hope that the Government will listen to and heed their plea to remove the tax on reading.

RESEARCH—OPPOSITION TO CUT-BACKS

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, I have two petitions to present, the first from petitioners from across Canada. They call upon the Parliament of Canada, first to rescind the funding cut-backs to the National Research Council, including all consequent terminations and cut-backs in research activities, second, to provide funding for the space program from sources other than the National Research Council's budget and, third, to develop a national policy for research, science and technology based upon a target of 2.5 per cent of the gross national product devoted to research and development.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, my second petition is from constituents in my riding in the Wynyard, Dafoe and Mozart area who call upon Parliament to reject proposals before the House now that will, in their opinion, increase the price of prescription drugs. They call upon the Parliament of Canada to reject that legislation.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I rise to present a petition on behalf of residents from a wide-ranging number of communities in Canada, from Whitehorse, Yellowknife, Victoria, Winnipeg, Toronto, Mississauga, Ottawa and parts of Nova Scotia. The petition concerns the proposal of the Government to impose a tax on the book publishing industry. The tariff that has been achieved is seen by these petitioners as one that will have a severe deleterious effect on our book publishing industry. It will cause a major rise in book prices, place a strain on our libraries by a cut-back of budgets and, therefore, the petitioners present and humbly pray that Parliament to rescind this tariff because it represents irreparable harm to the Canadian book industry and will severely compromise in many ways the cultural industries as we negotiate a new trade arrangement with the United States.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, it is my honour and duty to present a petition on behalf of a number of petitioners mostly from my home constituency and surrounding areas. I add these names to the hundreds of names that have already been presented on this particular issue. These petitioners call upon the Government to withdraw or reject the proposals which will increase prescription drug prices for all Canadians. They recognize that these proposals are already before Parliament.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, under Standing Order 106 I would like to present petitions at this time from residents of Vancouver, West Vancouver, Victoria, Nanaimo and other centres on Vancouver Island. They relate to the Government's decision to place a retaliatory tariff on book imports, and state that this measure is hurting Canadians much more than it is hurting Americans. It is limiting the access of Canadians to literature and information from very important sources.

* * *

CANADA ELECTIONS ACT

MEASURE TO AMEND

Mr. Barry Turner (Ottawa—Carleton) moved for leave to introduce Bill C-246, an Act to amend the Canada Elections Act, sale of liquor.

Some Hon. Members: Explain.

Mr. Turner (Ottawa—Carleton): Mr. Speaker, I am pleased to re-introduce, and I wish to emphasize the word "re-introduce", my private Member's Bill of March, 1986, from the first session of the 33rd Parliament, entitled an Act to Amend the Canada Elections Act repealing Section 67 which prohibits the sale of alcoholic beverages during federal elections and federal by-elections.

Over the past year I have received considerable positive response for such an amendment from organizations like the Ontario Hotel and Motel Association, the tourism industries of Alberta and Ontario, the Tourism Industry Association of Canada and the Canadian Restaurant and Food Association. Many small businesses in Canada will be very pleased to have this amendment passed because it will have a positive effect on our tourism industry. I should add, Sir, that it will also expand the federal treasury.

I call upon the House to ensure that this Bill is agreed to, as has been called for a number of times by Canada's Chief Electoral Officer, Mr. Jean Marc Hamel.

Mr. Speaker: Shall the Hon. Member have leave to introduce the Bill?

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

* * *

• (1120)

PUBLIC SERVICE EMPLOYMENT ACT AND PUBLIC SERVICE STAFF RELATIONS ACT

MEASURE TO AMEND

Mr. Rod Murphy (Churchill) moved for leave to inroduce Bill C-247, an Act to amend the Public Service Employment Act and the Public Service Staff Relations Act (political rights).

He said: Mr. Speaker, it is my intent to introduce this Bill which amends the Public Service Employment Act and the Public Service Staff Relations Act. As you are aware, Mr. Speaker, there is a very contradictory set of rules which apply to federal Government employees who wish to take part in elections, go to conventions, assist in elections and the like. It is the intent of my proposed legislation to ensure that people who work for the federal Government are able to act like other Canadian citizens by being politically involved.

Mr. Speaker: Shall the Hon. Member have leave to introduce the Bill.

Some Hon. Members: Agreed.

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

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all questions be allowed to stand today.

Mr. Speaker: Shall all questions stand?

Some Hon. Members: Agreed.

* * *

[*English*]

ORDER IN COUNCIL APPOINTMENTS—CDIC

CHANGE OF REFERENCE TO STANDING COMMITTEE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I would like to correct the referral made earlier of appointments by Order in Council which were tabled last week. Orders Nos. 2810 and 2811 respecting the Canadian Development Investment Corporation which were referred to the Standing Committee on Government Operations should be referred to the Standing Committee on Regional Industrial Expansion. I would ask that the record show that.

* * *

POINT OF ORDER

ALLEGED IMPERFECTION—BILL C-37—S.O. 108—SPEAKER'S RULING

Mr. Speaker: Before I call Orders of the Day, I have a ruling to make arising out of the debate which occurred on Friday, January 23, 1987. The Hon. Member for Windsor West (Mr. Gray) rose on a point of order to argue that violence had been done to Standing Order 108 in Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products.

Standing Order 108 reads as follows:

No bill may be introduced either in blank or in an imperfect shape.

The Hon. Member for Windsor West referred to Subclause (3) of Clause 2 of the Bill in which the Memorandum of Understanding is clearly mentioned establishing the relationship between this Bill and the Canada-U.S. Agreement. The Hon. Member complained particularly of lines 11, 12 and 13 at page 2 of the Bill where reference is made to the tabling of the Canada-U.S. memorandum on softwood products as having been made on January 19, 1987, and recorded as a Sessional Paper, the number of which is omitted in the Bill. He subsequently submitted that debate on the Bill should be deemed a nullity and that the Government should be required

to reintroduce the Bill and commence the debate and its proceedings all over again.

The Hon. Parliamentary Secretary to the Deputy Prime Minister and President of the Privy Council (Mr. Lewis) admitted that the Memorandum of Understanding had not been tabled as had been originally intended and conceded that a clerical error had been made. He suggested that the correction of the date of the tabling and the insertion of the proper Sessional Paper number in Clause 2 could be made by way of amendment at committee stage. The Hon. Parliamentary Secretary argued that the date of the tabling of the Memorandum of Understanding and the absence of the Sessional Paper number did not go to the essence of Bill C-37.

[*Translation*]

The Hon. Member for Ottawa—Vanier (Mr. Gauthier) maintained that because there was a blank in line 12 on page 2 of this Bill, this made the Bill entirely unacceptable, according to Standing Order 108, and that consequently, the Government should withdraw the faulty Bill and present an amended version with the correct date and the correct numbers of related documents.

[*English*]

The Hon. Member for Humboldt—Lake Centre (Mr. Althouse) and the Hon. Member for Churchill (Mr. Murphy) referred the Chair to a previous Speaker's ruling on the drug patent Bill which occurred in June 1986 when the Speaker refused to propose the question on the introduction of the said Bill because the Royal Recommendation which was required in that case had not been secured. They drew the analogy that, not having gone through the proper procedures, Bill C-37 ought to be rejected in the same manner.

The Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) and the Hon. Member for Spadina (Mr. Heap) claimed that since the Memorandum of Understanding is essential to the functioning of the law, Bill C-37 is defective because the said Memorandum of Understanding is not contained therein. The Hon. Deputy Prime Minister and President of the Privy Council (Mr. Mazankowski), in his presentation, attempted to define an imperfect Bill. He stated that a blank Bill would be imperfect. He submitted that failure to outline the principles of a Bill or details pertaining to the principles of a Bill could render a Bill void, but that in the present case the House is faced with "simply a slight technicality that can be easily changed".

The Hon. Member for York South—Weston (Mr. Nunziata) contended that because of the wrong date and the omitted document number, Bill C-37 is flawed, that the flaw is fatal, that the proceedings thus far are irregular and that the Bill and the debate thereon should be ruled void *ab initio*.

[*Translation*]

The Parliamentary Secretary to the Minister of Transport (Mr. Kilgour) countered that no Bill was perfect in itself and that Bill C-37 was sufficiently complete to be adopted on second reading and referred to a committee, where it could be improved. He added that no Members had been prejudiced by this and that the Chair should decide to let the debate continue.

[*English*]

The Hon. Member for Western Arctic (Mr. Nickerson) referred to a ruling of the Chair in the previous Parliament which can be found at *Hansard*, page 5139, of June 26, 1984. At that time there were blanks in copies of the printed Bill in the hands of Hon. Members but, as the Deputy Speaker informed the House, there were no blanks in the House copy filed with the Table at the time of introduction. Therefore, that particular case is unfortunately of little guidance since there was in fact a blank in Bill C-37 when it was introduced on January 19 last.

At this point, it might be desirable to relate what proceedings have transpired so far on Bill C-37.

On January 19, 1987, during Routine Proceedings, the Hon. Minister for International Trade (Miss Carney) tabled a Notice of Ways and Means motion relating to the Canada-U.S. softwood lumber Memorandum of Understanding and asked that a day be designated for its consideration pursuant to Standing Order 84(1) and 84(2). At three o'clock p.m. the same day, by unanimous consent so as to waive the restrictions of Standing Orders 84(1) which prevent the consideration of such motions on the same day they are tabled, the said motion of Ways and Means was concurred in on recorded division.

Bill C-37, the Softwood Lumber Products Export Charge Act, was introduced and read the first time, again by unanimous consent so as to waive the notice prescriptions of the Standing Orders. A Royal Recommendation duly signed by the Governor General was properly attached to the Bill.

The House gave unanimous consent once again to proceed forthwith with the consideration of the second-reading motion, thereby suspending Standing Order 111(1) which stipulates that the three several readings of a Bill shall occur on separate sitting days. During the debate on the same day, the Right Hon. Leader of the Opposition (Mr. Turner) moved a six-month hoist amendment to the second-reading motion. On Thursday, January 22, the question was put on the amendment and it was negatived on a recorded division.

[*Translation*]

The Parliamentary Secretary to the Minister for International Trade (Mr. McDermid) subsequently moved the previous question, namely: "That the question now be put."

That is where we were after four days of debate on the motion for second reading of Bill C-37, and it was at this point that the Hon. Member for Windsor West (Mr. Gray) raised his point of order.

• (1130)

[*English*]

In arriving at a decision the Chair has reviewed all of the arguments and I will attempt to deal with most of them. I have already told the Hon. Member for Western Arctic that the precedent he alluded to, while similar in its content, was of little guidance because the official copy of the Bill he referred to did not contain blanks at the time of introduction in June of 1984. I thank him nevertheless for his comments.

The Hon. Member for Churchill and the Hon. Member for Humboldt—Lake Centre make reference to the June, 1986 drug patent Bill and I must say that that precedent is not quite on point either. If the Speaker ruled, as he did in June, 1986, it was not because of Standing Order 108 but because of Standing Order 86(2) which requires that the Royal Recommendation be annexed to every Bill which requires one. Bill C-37 had, on January 19, 1987, a Royal Recommendation properly attached to it.

The Hon. Member for Winnipeg—Fort Garry and the Hon. Member for Spadina made reference to the fact that the Memorandum of Understanding is not contained in the Bill. I refer them to a ruling made on May 17, 1956 which established that it was not necessary to include agreements in Bills providing for the carrying into effect of those agreements. The Speaker referred the House to Chapter 71 of the Statutes of 1948, an Act to provide for the carrying into effect of treaties of peace between Canada and Italy, Romania, Hungary and Finland, in which none of the agreements were inserted in the Bill.

[*Translation*]

After resolving these two important points, the Chair still has to deal with what was said by the Hon. Members for Windsor West (Mr. Gray), Ottawa—Vanier (Mr. Gauthier) and York South—Weston (Mr. Nunziata), with respect to Standing Order 108 and their statement that Bill C-37 was a Bill in blank and in an imperfect shape owing to lines 11 and 12 on page 2 of said Bill.

[*English*]

My predecessors have been very diligent in the past in ruling blank Bills out of order. These Bills were usually Private Members' Bills introduced and read a first time and subsequently found to have only a title and for which no text existed or had been finalized. I refer Hon. Members to a ruling of Speaker Jerome on May 16, 1978, at page 5461 of *Hansard*, and more particularly to a ruling of Speaker Sauvé who, on December 15, 1980, declared the proceedings relating to Bill C-622 null and void. She said the following and I quote from page 5746 of *Hansard*:

> —while the document with respect to the motion was prepared, the Bill itself had not been drafted and, therefore, was not ready for introduction.

Standing Order 69 is very clear:

> No Bill may be introduced either in blank or in an imperfect shape.

It seems that Standing Order 108 was very clear to Speaker Sauvé and the Bill in blank shape meant simply a Bill with only a title or only partially drafted.

The aforementioned references are cited to establish the difference between a Bill in blank shape and a Bill containing a blank. In the opinion of the Chair, Bill C-37 is not a blank Bill according to our practice and previous Speakers' rulings, but without doubt, as was so ably demonstrated by the Hon. Member for Gander—Twillingate (Mr. Baker), Bill C-37 does contain a blank. It also contains an error, namely, the reference to the tabling of the Memorandum of Understanding on January 19, 1987. Having come to the conclusion that what we are dealing with are errors or anomalies in this Bill, the Chair must decide whether these errors render the Bill imperfect in relation to Standing Order 108.

On September 24, 1985 the President of the Privy Council sought the unanimous consent of the House to correct errors in Bill C-75, an Act to amend the Canada Shipping Act, which had been introduced earlier, and stated that a new Royal Recommendation had been obtained accordingly. The House gave its consent. While there was no ruling from the Chair, it was obvious at the time that the errors in Bill C-75, which omitted in its title and text as well as in the Royal Recommendation, references to the Oil and Gas Production and Conservation Act, were so grave as to render the Bill imperfect. Because the errors were fundamental to Bill C-75, only two recourses were available to the Minister; either obtain consent to correct the errors or start again.

The Chair has reviewed the errors at page 2 of Bill C-37 and the arguments surrounding them, including those of the Deputy Prime Minister and his Parliamentary Secretary. I have concluded that the two mistakes do not affect the essence, the principles, the objects, the purposes or the conditions of Bill C-37. The Chair is also satisfied that the terms of the Royal Recommendation are not affected or altered.

However, the matter cannot lie there. This point of order has taken up much of the House's time, indeed a full sitting day. The House might allow me to add that it has preoccupied your Speaker over the past weekend.

In seeking a solution I was inspired by the ruling of May 17, 1956, which I referred to earlier. In elaborating on the first reading procedure Speaker Beaudoin said:

> —at the moment the Honourable Member cannot raise a point of order because he does not have a copy of the bill. The bill has not been printed. My satisfaction must be made on a very summary basis because Honourable Members cannot expect the Speaker to study every bill in an effort to find whether or not something has been omitted. Honourable Members have taken care of that situation themselves by insisting in their procedure that after second reading all bills be referred to one of their standing committees or to the Committee of the Whole.

Beauchesne's Fifth Edition at page 79, Citation 238, says:

> When a bill is under consideration, points of order should not be raised on matters which could be disposed of by moving amendments.

The errors in Bill C-37 could indeed be corrected by an amendment in committee, but it seems to the Chair a rather

cumbersome solution to correct what is essentially a minor error or oversight.

Pursuant to Standing Order No. 1, I have reviewed the practice in the United Kingdom and in the Lok Sabha of India and found the following. At page 493 of the *Practice and Procedure of Parliament*, Third Edition, edited by Kaul and Shakdher it is stated:

> No alteration can be made in a Bill as introduced or as reported by a Select or Joint Committee except by way of an amendment adopted in the House. However, the Speaker has the power to correct any obvious printing or clerical error at any stage of a Bill by issue of a corrigendum to the Bill.

In the Twentieth Edition of Erskine May at pages 377, 383 and 526 the Speaker of the House of Commons at Westminster is given considerable latitude in altering minor errors in motions and bills.

Therefore, I hereby order the Clerk of the House to alter the House copy of Bill C-37 as follows:

> lines 11, 12 and 13 shall be struck from the Bill, line 10 shall be altered by adding a period after the words "December 30, 1986" and by striking out the word "and".

By doing this the incorrect tabling date and blank document number are removed from the Bill. However, that part of Subclause 2(3) which allows for recourse to the Memorandum of Understanding in interpreting the schedule remains. The alteration being made is therefore not one of substance but one which will correct the errors complained of. The Law Clerk and parliamentary Counsel shall also reprint the Bill accordingly, including an explanatory note referring to this ruling and the above-mentioned alterations ordered by the Chair.

• (1140)

This is not an innovation on the part of the Chair, for Speaker Jerome on April 23, 1975 ordered certain amendments made in committee, stripped from a Bill, and ordered a reprint of the Bill. Members may wish to consult *Hansard*, page 469 of that day.

In closing, I wish to add a few comments on clerical errors and oversights, for I do not necessarily take them to be of little significance. This error has been the subject of a full day's debate; it has now caused the reprint of a Bill at considerable expense. It has proccupied Members on both sides of the House for several days, and has been of grave concern to your Speaker. No doubt this error will continue to be a point of some controversy. Let not those responsible for it be confident that in the future this ruling may be used to cure their mistakes. It is possible that a clerical error can affect the fundamental principles of fair play that govern parliamentary proceedings and debate. This ruling addresses the clerical error in Bill C-37 only. In future such clerical errors will have to be assessed with regard to their impact on the draft legislation before the House, and the consequences that will flow therefrom.

[*Translation*]

Let there be no misunderstanding. This kind of error can affect the rules of fair play that govern our proceedings. This ruling corrects only the anomaly in Bill C-37. In future, such errors will have to be considered in terms of their impact on the proposed legislation before the House and the consequences that may result.

[*English*]

Accordingly, debate on the second reading of Bill C-37, as altered by the Speaker, will proceed.

I wish to thank all Hon. Members for their contribution to the debate on Friday, which the Chair took as extremely serious. I hope that the comments in this ruling will make it very clear that if mistakes are made this is not a ruling to be looked to with much comfort for the correction of those mistakes, and as a precedent it must be viewed in its most narrow and factual form.

Again, I thank all Hon. Members for their conduct during what was a very difficult question, a question that touches on the rights of all Members, and especially what must be accepted and understood in our parliamentary tradition, that the rules of procedure are very important to the conduct of this place.

Mr. Gray (Windsor West): Mr. Speaker, I wonder if I may seek your guidance on a matter arising out of your very thoughtful and complete ruling.

Mr. Speaker: The Hon. Member for Windsor West (Mr. Gray).

Mr. Gray (Windsor West): Mr. Speaker, my question is this. Since we do not have before us copies of Bill C-37 reprinted as directed by you in your ruling, would it not be more consistent with the appropriate operation of House business that debate on this Bill be deferred until we can have the Bill before us corrected as set forth in your ruling?

Mr. Speaker: The Hon. Member for Windsor West raises an important question to which the Chair gave some consideration last evening.

The practice is that the Bill is in the process, immediately upon my ruling, of being corrected at the table. Copies of the Bill as corrected in longhand are available to Members. That is a practice that has been followed in the past.

Mr. Gray (Windsor West): Mr. Speaker, I have another question which I would like to put, with your indulgence.

Mr. Speaker: The Hon. Member for Windsor West.

Mr. Gray (Windsor West): Mr. Speaker, you have set out the authority you have with respect to correcting errors in Bills. Under the circumstances, would it be possible for you to use this authority to strike out the clause imposing the export tax on our softwood lumber going to the United States, because it is clearly an error on the part of the Government which is very harmful to the public interest, if it is perpetuated.

Mr. Speaker: The Hon. Member has illustrated how many various issues were raised, obliquely as they may have been, during the debate on Friday.

I apologize to the Hon. Member for Yorkton—Melville (Mr. Nystrom). I have notice of a question of privilege, and I will hear the Hon. Member.

* * *

PRIVILEGE

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, it is with regret that I have to rise this morning on a matter which I think is a very serious question of privilege reflecting on all Members of this House. It arises out of comments made on Friday by the Member of Parliament for Kitchener (Mr. Reimer), which I think reflect upon Parliament and may be in contempt of Parliament itself.

Mr. Lewis: Mr. Speaker, I rise on a point of order.

Mr. Speaker: The point of order is pertinent to this question of privilege?

Mr. Lewis: Yes, Mr. Speaker, my point of order is directly related to the point of privilege.

The Member quite rightly brought the question of privilege to the attention of the Chair and the Chamber at the earliest possible moment. But, in view of the nature of my colleague's question of privilege, I submit to you that it is inappropriate that it proceed at this time without the Hon. Member for Kitchener (Mr. Reimer) being in the Chamber to hear the comments of Members, and to participate in the debate. We will try to reach him immediately in order that he may be in attendance for any comments on this matter. I would ask you to defer it until that time.

Mr. Speaker: The Hon. Member for Yorkton—Melville has raised a matter. Without ruling as to whether it is a question of privilege, the Chair has no hesitation in saying that it is an important matter, and it may well be a grievance of some weight, and, depending on what is heard, it might be a question of privilege.

I would ask Hon. Members to consider that it has been my practice whenever a matter was raised as a question of privilege to ask if the Hon. Member who might be the Member complained of was in the Chamber. It has been the disposition of the House to try to be as reasonable as possible in ensuring that when a complaint is made of the conduct of another Hon. Member that if that Hon. Member can be in the Chamber, even if it requires a deferral of the matter for a short period of time, that is probably the better course.

Having that in mind, I wonder if the Hon. Member for Yorkton—Melville who now has his point on the record, could defer his remarks until a little later on in the day when the Hon. Member, whose remarks are complained of, might be in the Chamber. That would be the disposition of the Chair.

Mr. Rod Murphy (Churchill): Mr. Speaker, I have no problem with what you have suggested. My only concern is that, for reasons that we may not be able to predict, the Member may be away from the House for some length of time. We would have some concern that this issue be raised at the earliest possible moment.

Mr. Speaker: I can assure Hon. Members that the Chair is very cognizant of the concern just mentioned by the Hon. Member for Churchill (Mr. Murphy). Without in any way imputing anything to any Member, the Chair would expect that the Hon. Member would be here soon.

The Hon. Member for Yorkton—Melville.

Mr. Nystrom: In that case, Mr. Speaker, out of respect for your feelings in the matter, I will wait until the Hon. Member appears in the House, on the understanding that he will be here soon. I do not receive that understanding directly from the Parliamentary Secretary, but I understand that he is not far away.

Mr. Speaker: I think the House has the sense of the Speaker's intention in this regard.

On a point of order, the Hon. Member for Victoria (Mr. McKinnon).

* * *

POINTS OF ORDER

ACCURACY OF STATEMENTS ON PETITIONS

Hon. Allan B. McKinnon (Victoria): Mr. Speaker, my point of order concerns the petition that was just submitted by the Hon. Member for Mount Royal (Mrs. Finestone). During her presentation she said that there were thousands of signatures on the petition. An examination of the petition indicates that there are less than 375 names on it.

• (1150)

This constant exaggeration of the names on a petition is demeaning what is a very honourable and time honoured practice of Members of Parliament to present petitions on behalf of their constituents.

It is a good petition. Its wording is quite suitable and the petitioners raise a good point about the tariff on books. That feeling is shared by many Canadians. Why should Members demean this practice by these phoney numbers and passing petitions about from one Member to another to make it appear that there is more feeling out there in the constituencies than there is? It is beyond me.

I know I have your agreement on this matter, Mr. Speaker, but we do not seem to be able to get any probity among the

Members of some parties. I do not know what the answer will be, unless we completely change the rules about petitions in the House.

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, in making the presentation, and having made presentations during the last six to eight weeks when the House has been in operation, I have alluded to the fact that I have received thousands of names. I have had two cartons full of petitions containing at least 25 names per page which, I suggest, add up to thousands of names. Perhaps the Hon. Member does not understand the meaning of thousands of names with respect to all of the petitions. This is only part of what is left to be presented in the House. I suggest that if he looks at these petitions and adds the names he will find to his surprise that there are thousands and thousands of names.

Mr. Speaker: The Hon. Member for Victoria (Mr. McKinnon) has raised a point which has concerned the Chair. I have noticed an improvement over a number of weeks in the tone of comment and the content of comment in the presentation of petitions. I am grateful for it.

I believe the Hon. Member for Victoria does have an important point. It is very necessary that the comments that pertain to the petition relate to the petition that is in fact presented. I am sure the Hon. Member for Mount Royal (Mrs. Finestone) will, as a consequence of a concern raised by a fellow Member of the House, be very careful to take this into account in the presentation of her petitions.

The Hon. Member for Victoria in fact praised the Hon. Member for Mount Royal for having a petition that is legitimate and in the proper form. I am sure the Hon. Member for Mount Royal will try to accede to the wishes of other Hon. Members in the chamber.

APPROPRIATENESS OF COMMENTS ON PRESENTATION OF PETITIONS

Mr. Lorne Greenaway (Parliamentary Secretary to Minister of State (Forestry and Mines)): Mr. Speaker, perhaps you could give some advice with respect to the subject of petitions. How long may a Member speak when presenting a petition? It seems to vary from Member to Member, since some presentations are one or two sentences while others are longer and almost become a speech. Perhaps the Speaker could give us some guidance?

Mr. Speaker: The rules are clear. A speech is not acceptable. The Chair has made it quite clear that as far as I am concerned, inflammatory language in introducing the petition is not acceptable to the Chair because it causes difficulties in the chamber. Brevity is the soul of wit, as someone once said, and I also believe that brevity ought to be sought.

Having said that, I say to all Hon. Members that it takes more mental effort to say something with precision and brevity than it does to ramble. I know that all Hon. Members would wish that the Speaker, in listening to their remarks, realize that they are indeed capable of using succinct language, in brief form, to make their point. I would ask all Hon. Members to do the best they can in that regard.

GOVERNMENT ORDERS

[*English*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed from Friday, January 23, 1987, consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee, and the amendment of Mr. McDermid (p. 2601).

Mr. Speaker: The Hon. Member for Simcoe North (Mr. Lewis) had the floor.

Mr. Lewis: Mr. Speaker, you have suggested that we make our comments brief and try to do in half the time what otherwise might take the full time. I spoke for five minutes on Friday and I believe I made my point. Therefore, in keeping with your suggestion, I shall yield the floor.

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, the decision to be brief has been made for me since the House has placed a restriction of ten minutes on speeches. I do not believe I can be much more brief than what has already been dictated to me.

This Bill is extremely important in its ramifications on the country. I have already mentioned that there are two very important aspects to this debate; one is the provisions of the Bill respecting the sale of softwood lumber to the United States, the second being the ramifications of the bill itself.

The Bill is detrimental to softwood lumber exporters and the Canadian economy as a whole. It was poorly drafted by the Government and the best arguments on our behalf were not put forward in the negotiations because our negotiators failed to recognize the increased profitability of the softwood lumber industry in the United States.

This memorandum did not come as a result of the negotiating expertise of the Canadian delegation, but because the Americans realized that the profitability of the lumber industry in the United States was improving and that it would be advantageous now to enter into this Memorandum of Understanding that is more favourable to the Americans than to Canada. If the matter went further and on to another forum, the Americans would not be able to reach such an agreement as this.

As a result of this agreement, Canada will allow the United States to dictate to us how we conduct our trade with them. They will have a right to make periodic checks of the softwood

lumber industry in Canada to assure themselves that we are adhering to their interpretation—not the written word—of the agreement.

The actual wording of the memorandum makes it very clear that we have given the United States complete jurisdiction over the setting of guidelines and terms of reference for our trade in softwood lumber with the Americans. That is unacceptable for a Canadian industry.

This agreement has serious ramifications for our softwood lumber exports to other nations. It may seriously affect arguments we may make before GATT on other matters that will undoubtedly arise in very difficult trading problems with the United States. The United States has now set its sights on curtailing Canadian imports into the United States, certainly from the point of view of ensuring that trade with the United States is less favourable *vis-à-vis*, first, prior circumstances and, second, to give its own people more of an edge in the market-place. This is at a time when we are in negotiatons on the whole question of free trade.

• (1200)

This is not the first instance of a setback in the intentions of the federal Government to secure free trade with the United States. This has happened right from the very beginning. In fact, it has happened since September of 1985 when the Prime Minister (Mr. Mulroney) made his speech in New York wherein he said that Canada is open for business. Indeed, it is not only open for business, but we are giving away a lot of free samples, and this is very unfortunate.

The trend has been consistently downward. We have gone from one thing to another. From the opening bell of the Government's intentions to negotiate a free trade agreement with the United States there has been a red flag raised to all lobbyists in the United States that somehow Canada was going to get a preferential deal and there was going to be a great give-away of opportunity to Canadians. That is certainly not the case and it was never the case.

However, these lobbyists then went to Washington buoyed by the comments from the industry to talk to the respective politicians. The politicians, of course, were very interested and concerned about their vested interest and immediately went into action. The curtains started to come down on Canadian commerce with the United States. This is very unfortunate because we have had a very proud tradition and a very good relationship in our trade with the United States. Now, of course, one thing just leads to another. There is a domino effect happening which could only mean a great deal of difficulty for Canadians.

We have seen this effect on the shakes and shingles industry, and there are so many other examples. We are now in the position of dealing with softwood lumber. There is a ripple effect from the actual Government and the immediate Government agencies to regulatory bodies in the United States. There is the case where the Federal Energy Regulatory Commission has stated Canadian exporters of natural gas cannot pass along the pipeline charges to the buyers of this natural gas in the United States, even though the Canadian producers and American buyers have a signed agreement that this is going to take place, and even though the National Energy Board has approved this manner of doing business. This is just not some trivial inconvenience for Canadian exporters of natural gas. This will mean the loss of approximately $450 million in sales of natural gas to the United States at a time when our energy sector is undergoing a very severe downturn.

What is being done? The Government did not really twig to this danger and did not respond to it because it does not want to alarm the United States or hurt its tender feelings. However, Canadians have tender feelings. Canadian businessmen and Canadian exporters have tender feelings; not only are their tender feelings not being eased any, they are being made worse because there is alarm in this country that the Government is not standing up to the rights of Canadians. The Government is not putting the interests of Canadians first. It is putting the interests of the Prime Minister of Canada and the President of the United States first.

What is the President of the United States doing? Instead of saying that the Memorandum of Understanding with respect to the softwood lumber industry is not fair, he is telling the producers of softwood lumber in the United States: "Do not worry. We are looking after you. Canadians are not going to have the rights they once had in trading with us. We are going to make sure they are hobbled and hobbled severely". This is not the action we expected from the First Summit in Quebec City between the Prime Minister of Canada and the President of the United States. It is not what we anticipated when we listened to the words of the Prime Minister, and it is not fair to Canadians.

Mr. Mike Cassidy (Ottawa Centre): I have a number of comments I would like to make about this Bill. I regret the Bill is not going straight to a vote according to the terms of the motion before us to call a question on second reading. I regret that because it was said on the weekend that there was one Minister who was happy with the Government's problems with the former Minister of State for Transport and with other Ministers. That Minister, of course, was the Minister for International Trade (Miss Carney). She was happy because the problems of the Conservative Party in Quebec and its problems with patronage deflected public attention from the fact that we had effectively two weeks of debate last week on the softwood lumber issue. The House agreed to have extended hours last week which meant that the debate which might have gathered more momentum across the country was compressed into one week. But that does not alter the fact that there are very serious questions the Government has not at all satisfactorily resolved. I want to speak to a few of them in the time available to me.

The first question quite simply is what does this say about the Government's free trade negotiations? You will recall,

Madam Speaker, that on May 8, 1986, in order to get the fast track agreement from the U.S. Senate, President Reagan wrote to Senator Packwood and told him he would press for an expedited resolution to what they called the softwood lumber problem "independent of the comprehensive negotiations". He concluded his letter by saying: "We fully realize that lumber and other pending trade irritants must be resolved before we submit to the Senate the results of the comprehensive negotiations". In other words, by the time they resolve all of the trade irritants, as they are viewed by the Americans, there will be no reason for the Americans to want to conclude a free trade agreement on any other issues with Canada.

I then turn to the Minister's own speech in the House last January 19. She made a number of statements which are at variance with the facts. I cannot be more specific and be parliamentary. However, for example, she said this agreement is supported by the union which represents the forestry workers. Last week I met with the paperworkers' union representing large numbers of forest workers who are cutting timber and producing lumber. They are opposed to this 15 per cent agreement. I met with the President of the CSN, the Quebec Union, and a number of those workers of the forest industry are opposed. I met with people from *l'Union des producteurs agricoles* in Quebec. They are very concerned about what is happening. At least three unions which represent substantial numbers of workers in the forest industry are opposed, and when the Minister of State for International Trade (Miss Carney) says otherwise it seems to me she is misleading the House. I would hope it is inadvertent—I cannot say it was advertent—but nevertheless the conclusion is obvious.

The next point the Minister made is that this is supported by the nine provinces which own the resource. Everyone agrees there is no forestry to speak of in Prince Edward Island, therefore, I presume the Minister for International Trade was maintaining that Ontario, among other provinces, supports this agreement with the United States. That is certainly not what I am hearing from Premier Peterson and from the Government of Ontario.

I would like to go back a year or two to my visits to Washington. From my contacts in Washington I heard very clearly, first, that our Embassy was not reporting the state of congressional opinion with respect to the lumber industry, and I accept there were problems there, and second, that the Progressive Conservative Government of Canada had not seized on the problem, but instead was steering towards what we now have, which I would say is disaster. It may have been possible to have found out more about what was on the minds of the Americans and possibly have found a way out of the impasse into which the Government had steered, had it seized on this problem seriously at the beginning of 1985. It did not do so. It is my information that by the beginning of 1986, although the situation was becoming more serious, the good friends of the Canadian Embassy and of the Government in the Reagan administration were saying that there was no need to worry. Our officials, both in Washington and in Ottawa, were not keeping a weather eye out for what was happening in Congress. The result is what we now know, that is, a substantial opinion grew up in Congress and we did not head it off. It grew into a firestorm.

• (1210)

The Government has said that we had but two choices. There was either this deal or accept a countervail which could have been much greater than 15 per cent. In the Minister's speech on this matter she said there were three choices. First, she said that we could fight and risk losing the case. Second, she said that we could plead guilty and enter into a suspension agreement. She said the third option was to negotiate a settlement. What she did not say is that if we had done what the lumber industry wanted us to do, which was to continue the fight as it had been carried out successfully in 1983, then there was still the option of reaching some type of an agreement in the event that the case did prove to be unsuccessful.

In November the Minister said that she had concluded that something had to be done, that we had to reach some kind of deal. She said this despite the fact that on October 21 she told the House of Commons we would fight to reverse this verdict, that the U.S. ruling was deplorable, artificial and contrived, and that it would not stand up to extensive analysis. A week later she told the House that the decision was unacceptable. She said it was an unacceptable attempt to impose U.S. views on how other Governments should manage their natural resources. What was unacceptable on October 27 became so acceptable that on December 30 the Government agreed to exactly that.

The Minister also said on October 27 that the Government felt the preliminary ruling by the U.S. Commerce Department had no basis in U.S. law. But the Government would not fight it in the courts. She said that it was badly flawed. But the Government would not challenge it, it knuckled under. She said that it was inconsistent with the U.S. obligations under the GATT. So much for Tory backbone!

I wish to point out something else which I think will come back to haunt the Government. From reading the letter which was sent to the U.S. industry I know the Americans understand that the agreed replacement measures to the 15 per cent export tax will have the equivalent economic impact, on average, on each unit of export to the United States as the 15 per cent charge or that portion of it which is being replaced. I know, and I have told the House again and again, that this tax is 50 per cent higher on production in Quebec than it is in British Columbia. This is so because the f.o.b. price in Quebec is around $230 per 1,000 board feet as compared to about $150 or $160 per 1,000 board feet in British Columbia. The tax is computed on the f.o.b. price.

In equity, it would seem to me that the replacement measures, if they are to be put in place, should bear more heavily in British Columbia than in Quebec. In other words, a replacement measure in British Columbia should be something

in the order of 20 per cent or 25 per cent as opposed to 8 per cent or 10 per cent in Quebec. This is borne out as well by the fact that stumpage in Quebec is 50 per cent higher than in British Columbia. But our great Canadian negotiators, led by the Minister for International Trade (Miss Carney) from the beaches of Hawaii, bore no reference to that fact at all. They were not aware that they were negotiating the Quebec industry into a tax which would be $10 or $11 per 1,000 board feet higher than the tax in British Columbia.

Effectively, unless they can persuade British Columbia to bear a much greater burden with the replacement measures than Quebec, they are permanently disadvantaging the industry in eastern Canada as opposed to western Canada. The situation in Ontario falls somewhere between that in Quebec and British Columbia. However, the two major producing provinces are Quebec and British Columbia. The tax is much higher in Quebec than it is in British Columbia.

[*Translation*]

I ask the 56 remaining members of the Progressive Conservative Party in Quebec how they can justify the fact that the tax on lumber produced in Quebec is higher than on lumber from British Columbia. How many of them will be re-elected after showing that they were willing to accept a tax and replacement measures which were much more costly for Quebec lumber producers than for producers in British Columbia?

[*English*]

I will conclude on that note. Contrary to what the Minister said, the industry is furious at the way it has been drawn into this particular situation. It is furious at the way that its good reputation is now being used and abused by the Minister who says that it supports this rotten deal entered into by the Government of Canada.

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Madam Speaker, the question before the House concerns the previous question, namely that the debate come to an and after a few more hours, and it was the Hon. Member for Brampton—Georgetown (Mr. McDermid) who moved that we end the debate and vote on the motion for second reading of Bill C-37. Madam Speaker, this is another example of the impatience of this Government and its complete inability to read public opinion.

The situation is rather serious. The Hon. Member for Ottawa Centre (Mr. Cassidy) has just made an important comment. He invited Members from Quebec to tell us what they think about the lumber issue and the 15 per cent export tax which would cost the industry at least $600 million and probably $800 million if it applies to all categories of lumber.

Madam Speaker, I asked the same thing in the House on January 22. I invited the Members from Quebec to take part in the debate and tell us what they think of this issue. They replied that they agreed with the Government. I could name all those who were shouting during my speech, particularly the Parliamentary Secretary to the Minister of Justice and Attorney General of Canada (Mr. Gérin) who told us some strange things. I told him at the time, and I can still assure him that Ontario does not agree with this export tax on lumber. I wish to emphasize another point now that I have the opportunity to do so. The fact is that the sovereignty of our country of Canada in the area of natural resources is being jeopardized and probably prejudiced by this agreement.

[*English*]

In the agreement which we finally saw on Friday we see that indeed the Government has signed an agreement which gives the American Government and the American lumber industry the right to look into our affairs in regard to the 15 per cent export tax. They can look into how we set the rate, how we collect it and how we disburse the funds collected. That is an attack on our sovereignty. It is regrettable that the Government has agreed to give the United States Government and the American lumber industry the right to look into how our provinces, which are responsible and autonomous on questions of natural resources, will set the rate in regard to the tax and how they will collect it and disburse it.

The next point I wish to make is perhaps one of the most important. It is that the U.S. Government can object to the way we manage our natural resources. It can object to the ways and means by which we will set the rate, collect and disburse it. I repeat that this is in direct contradiction to maintaining one's sovereignty over one's natural resources. It is a direct weakening of Canadian sovereignty and our control over our natural resources.

• (1220)

In her remarks in the House the Minister drew our attention to Clause 5 of the Memorandum of Understanding as the possible sovereignty clause. It provides the following:

> The Government of Canada may reduce or eliminate the export charge on the basis of increased stumpage or other charges by provinces on softwood lumber production.

Clause 2(3) of the Bill respecting the imposition of a charge on the export of certain softwood lumber products indicates that the Memorandum of Understanding, tabled in the House on Friday of last week, may be referred to when interpreting the export charge Act. In the Minister's mind this establishes that the sovereignty claim is protected.

Clause 5b of the Canada-U.S. agreement provides the following:

> Calculation of the value of any replacement measures in relation to the export charge will be subject to further consultations and agreement between the two Governments.

According to this clause, should the U.S. disapprove of any measure which Canada may introduce to replace the export tax, it could conceivably oppose it and possibly have it changed on the grounds that it does not have an effect on total Canadian softwood exports which is equal in value to the export tax—

the huge amount of money about which we are talking, the $600 million at best.

Clause 6 of the Memorandum of Understanding provides the following:

> The Government of Canada will take no action, and will take all reasonable steps to ensure that no other governmental body in Canada takes any action, directly or indirectly, which has the effect of offsetting or reducing the export charge or replacement measures—

Furthermore, in early January, President Ronald Reagan pledged in writing: "I will take action if Canada does not live up to the terms of the agreement". The question is, what action will he take. President Reagan said that the action might include tariffs.

Similarly, on December 30, 1986, a letter was written to the Coalition for Fair Lumber Exports by U.S. Trade Representative Clayton Yeutter and Secretary of Commerce Malcolm Baldrige, identifying seven different types of Canadian government assistance to industry which the U.S. Government would not accept. These included rebate, remission or deferral of the export charge, provision of grants or low-cost loans, exemption from other federal or provincial government charges, assumption of obligations currently borne by the industry, reduction in stumpage or other fees, changes in the way that the volume of timber is measured, and the non-competitive awarding of contracts for silvaculture, road building, recreational, and other forestry activities.

In other words, and I am quoting from Clayton Yeutter and Malcolm Baldrige, Clause 6, according to the U.S. interpretation, severely limits if not outrightly prohibits Canada and its provinces from helping the forest industry and the communities involved. That is about what we are talking when we say our sovereignty is at stake here and our sovereignty has been affected by the agreement. This is why we strongly oppose the Bill. This is why we object to the Government bringing in a measure which prevents us from debating further or prevents us from bringing in further amendments. We will have to vote at the end of the debate, when our 40 Members and the 30 members of the NDP have finished debating.

We have not heard what members on the government side have to say about it. Its Members from Quebec and everywhere else have been very quiet and very subdued in this debate. They remind us of little trained seals when they say "yes, yes, yes" and "no, no, no".

Mr. Mantha: Oh, come on.

Mr. Gauthier: I hear the Hon. Member from North Bay. The Government of Ontario, through Mr. Peterson, said that it opposed this issue. The Hon. Member, coming from North Bay, should know better than to vote for the measure. I happen to know that in his area there are large interests in the wood industry. He has lumber mills and forestry operations. They need roads and they need to develop that resource. If I am mistaken, the Hon. Member can rise in his place and say so; I would invite him to do that. However, he will act like a trained seal and say "yes, yes, yes, Mr. Prime Minister", will he not? I invite him to answer that question since he made a comment. Does he want the floor?

Mr. Mantha: Why didn't you settle it in 1983?

Mr. Gauthier: I hear the Hon. Member. We settled it in 1983; we obtained a favourable judgment.

Mr. Mantha: Short term.

Mr. Gauthier: He is debating with me, Madam Speaker. I invite the Hon. Member from North Bay to rise in his place. I realize my time is coming to an end, Madam Speaker. I hope you will recognize the Hon. Member from North Bay and that he will get up to give us the benefit of his thoughts on the matter.

Mr. Rod Murphy (Churchill): Madam Speaker, you may note that I took a considerable length of time rising to my feet. It was in the hopes that perhaps the Hon. Member from North Bay would accept the invitation to speak, or that perhaps a government Member from Quebec, Manitoba, Saskatchewan, or any other province adversely affected by the proposed legislation would rise to speak.

Mr. Mantha: Speak for yourself.

Mr. Murphy: All of us in the House face a serious problem when government Members refuse to rise to defend legislation. We can speak about the faults we see in the legislation, and we see many of them.

Mr. Blenkarn: Put the question.

Mr. Murphy: All we get from government is heckling from a back-bencher who will not get up to speak on the piece of legislation. That is not what Parliament is all about. We can point out error after error, mistake after mistake, in the Memorandum of Understanding and in the legislation before us. We can also point out how the legislation will negatively affect vast regions of the country. However, the Government will not put up any of its Members to explain what they believe is positive in the legislation. If the Government will not rise to say that we are wrong because of this or that, then it leaves the impression that it does not have a good case.

The proceedings of the House of Commons are being televised. Reporters will be covering some of the debate. People watching the debate will ask why the Government is not explaining its own case? This broadcast is going across the country to many people and communities directly affected by the legislation. Those people will say that a good point was made by the Hon. Member for Ottawa Centre (Mr. Cassidy), the Hon. Member for Ottawa—Vanier (Mr. Gauthier), and perhaps the Hon. Member for Churchill (Mr. Murphy), but that the Government did not respond to it. They will be rightfully concerned because it is their jobs, communities, and livelihoods which are being affected. It is a serious problem.

It is not new to this Government; we had the same problem with the previous Government. When it wanted legislation

passed it would not rise in the House to explain it. Rather, it would hope that the Opposition, especially when its numbers are limited as in the present House, would not be able to continue the debate at the end of its 10-minute speeches and, therefore, the whole issue would go to committee or elsewhere and not be in the public light. That is a concern of not only the Opposition but of many Canadians across the country.

Dealing with the legislation itself, I am concerned that there is so much doubt in the country and in the House about what it will do. We have already heard quotes from the infamous letter which American government officials sent to the American lumber industry. We have heard the interpretation which senior cabinet level people in the United States put on the agreement. We are told that the American government interpretation, which has been sent out to their industry, is not correct. We are told by government Ministers that it is not correct. That is not very informative. We would like more information from the Government as to what it believes the Bill means. People in our communities would feel a lot better if they knew that employees who will lose their jobs as a result of this legislation were eligible for government programs. If the Member wishes to speak, he will have an opportunity afterwards.

• (1230)

Mr. Oostrom: Tell us the truth then.

Mr. Murphy: As I was saying before I was interrupted by those who do not have the courage to speak, people in these communities will lose their jobs as a result of this legislation. Even the Minister admitted that people will lose their jobs. She said so with regret, but she admitted that. People, Madam Speaker, have no understanding of what is allowed and what is not allowed under this Memorandum of Understanding. We have read the American interpretation but we do not have the equivalent Canadian interpretation. Whether there are any disparities between the two views, we have no way of knowing. If I were a person who lost my job as a result of this legislation and the Memorandum of Understanding behind it, I would like to know what the forest companies can do, what the provincial Governments can do and what the federal Government can do and cannot do in order to give me a job, maybe not with the forest industry but perhaps a forest related job.

It is interesting to read the American letter. It points out that road construction and recreation efforts, if not tendered, cannot take place. In other words, people employed in northern Ontario or northern Manitoba who lose employment as a result of this Memorandum of Understanding may find themselves in a situation where they cannot work on Government or company projects which are set up to help resolve the unemployment problem. That is a serious concern, Mr. Speaker, and one that Government members and the ministry itself have not addressed.

Obviously, if we do have large pockets of unemployment in northern Saskatchewan, northern Ontario or elsewhere the provincial Government and unions affected will want something to help people. We do not want to see communities in northern Saskatchewan, northern Manitoba or elsewhere having large numbers of young people unemployed and being unable to do anything about it.

What happens if the Government of Manitoba decides—presumably Manitoba will have more money as a result of this legislation in the long run—it wants to expand the recreational network in northern Manitoba? According to the American interpretation that is not acceptable unless some funny tendering system is set up to allow many other people to make application for those same jobs.

We recognize the right of governments and we certainly recognize the right of employers to direct work toward a certain group of people within the population. Obviously if 2,000 people become unemployed in northern Ontario or 1,000 in northern Saskatchewan, northern B.C. or other parts of B.C. as a result of this legislation, we would have to look at projects to create employment. It does not make a lot of sense, Madam Speaker, to tender jobs if it really means that people in Vancouver, Winnipeg or Toronto will end up doing the work. That is the irony of it all.

We as a Government may have compassion, companies may have compassion but communities may have real worries as a result of this legislation. There may be a desire on the part of many of those components to do something for the unemployed but the Memorandum of Understanding, as the Americans understand it and as our Government has yet to refute it, may prevent it. For example, expansion of the recreation network and road construction, although providing necessary services to our communities, if that work happens to be perceived by the Americans as an undue benefit to people normally working in the wood industry it cannot be done. That is a real problem and a problem which the Government and its backbenchers should have the moral courage to address.

Mrs. Sheila Finestone (Mount Royal): Madam Speaker, we are looking at Bill C-37 which has created a great deal of concern throughout the country. I have been hearing from many of my constituents concerned about Canadian sovereignty. This Bill, which the House has been asked to address, includes a Memorandum of Understanding whereby the Americans will look at the softwood lumber industry of Canada and have the right to determine what, how and where we are to make our determinations concerning the rates we pay for our softwood lumber.

We have been party to an agreement, through the Government's action while the Minister sunned herself on the beaches of Hawaii. The Minister, with her deputies signed an agreement which will have a very serious effect on the cost of the export of softwood lumber and will be detrimental to this industry in great measure. It is really the greatest sell-out in the history of our negotiations with the United States. It is the greatest betrayal of a major industry by a Minister who should be more responsible than she was.

Our softwood lumber industry will now pay a 15 per cent export tax on every bit of softwood lumber going into the United States. It will cost the lumber industry, on the basis of this tax, supposedly $600 million; perhaps more when we start looking at how this tax is to be converted into timber cutting fees, or as we call it stumpage fees, at the provincial level. This will create great disharmony for a Government that has touted harmony at the federal-provincial level, as it tries to figure out and negotiate who shall get paid what, how it will distribute the money coming in through the tariff and how to convert it into the stumpage fee. This amount may well be $950 million to $1 billion levied against an industry year by year, not just one year.

A number of industries in Quebec have told us that mills will close and thousands of workers will lose their jobs, but the Minister has said that everyone except Ontario approved of this particular direction. I do not think that is what the country wanted. I do not think that is what the industry wanted. It has not done very much for the sovereignty and sovereign rights of Canadians in making decisions in our own name. It gives the United States the right to examine how we will set our rates, how our provinces will, can, should and may collect the tax on softwood lumber. It gives the United States the right to see how we manage our own industry. This is not the way Canada wants to be open for business, despite what the Prime Minister (Mr. Mulroney) has said.

• (1240)

Maxwell Cohen, one of Canada's foremost experts on international law, a Judge on the International Court of Justice in the Gulf of Maine resource dispute, a former Professor of International Law at the University of Ottawa and a renowned expert in the field, said on January 3 the following:

> The lumber deal is a dangerous precedent that threatens Canadian sovereignty . . . It is a strange procedure to allow someone else to monitor our own stuff— They maintained the unilateralness of something that is joint in effect because the Americans have a right to know everything about Canada's activity, information or anything else.

Notwithstanding the fact that all the other provinces are not 100 per cent in agreement, Premier David Peterson has been very outspoken. He said:

> They (U.S. Government) will have the thumb screws on us at all times and if we don't behave they will put the blocks to us. I don't like a deal like that . . . We've turned not only our resource and taxation policies but in a sense our regional development and employment policies over to another sovereign country. It's a dangerous precedent.

As to the industry itself, Adam Zimmerman, the Chairman of MacMillan Bloedel, has said that the lumber deal at one step creates an industrial paraplegic out of the lumber industry and that we have handed over our sovereignty and ruined our industry. The President of the Pulp and Paper Workers of Canada, Stan Shewaga, has said that the deal will only encourage the United States to widen its protectionist net to other areas. I would suggest that we have seen that that particular observation might come true. We now have concerns about the Auto Pact and our cultural industries. This kind of move only opens up all kinds of concerns with respect to what the Americans can do while spreading their net. Let us look at what happened with regard to shakes and shingles industry, our book-publishing industry, our Christmas tree industry and our exports of natural gas.

I would suggest that this signed agreement is far from being in the best interests of Canada and certainly has an impact on our sovereign right to decide what we want to do with our own industries. As an example, will we have the right to use stumpage fees to reforest our land or will the Americans tell us that that is not part and parcel of the agreement? There is serious concern on the part of the industry.

We met with representatives of the industry who said that they cannot even compete because of the 15 per cent export charge contained in the Memorandum of Understanding. This 15 per cent charge makes it non-competitive for Canadians to move into the American market. That is one of the reasons that Americans felt that this was a good move for them. It cuts back on a good Canadian product which had been able penetrate into the American market and compete on a fair basis.

We must also remember the self-interest of the United States in this matter. In the United States there is a different environment in which to grow trees. The weather is warmer, the trees grow faster and Americans have a much easier time than Canadians when cutting lumber.

I am very concerned about what is going on. Clayton Yeutter, the trade representative, and Secretary of Commerce Malcolm Baldrige identified seven different types of Canadian Government assistance to the industry that the United States will not accept. They have some nerve determining what they will or will not accept. They consider to be Canadian Government assistance any kind of rebate, remission or deferral of the export charge, provision of grants or low-cost loans, exemption from other federal or provincial Government charges, assumption of obligations currently borne by the industry, reduction in the stumpage or other fees, changes in the way the volume of timber harvest is measured and the non-competitive awarding of contracts for silviculture, road building, recreational and other forestry activities. In other words, the interpretation of the U.S. of Clause 6 severely limits, if not outrightly prohibits Canada and the provinces from helping the forest industry and the communities involved, irrespective of what it will cost in terms of lost jobs and industries.

We must be very, very cautious in this debate because of its implications on our sovereignty and on our other industries. I see that you are signalling that I have less than a minute left, Madam Speaker. I would point out that the Canadian Council of Forest Industries estimates that the tax will eventually cost between 10 per cent and 20 per cent of the current Canadian production and between 15,000 and 17,000 jobs. This includes 6,000 sawmill and logging jobs and 11,000 jobs in allied industries and services. I think this is something we can ill afford. We ought to examine it very cautiously before we move in this area.

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, I appreciate the opportunity of saying a few words on this tax on softwood lumber that has been imposed through our Government's acquiescence to the requirements of the United States. It is a major loss of sovereignty on the part of the Canadian Government. The speed with which the Government acquiesced to the requirements of the United States was almost indecent. The decision to take this action provides not just a simple solution to one problem but has an impact on all related forestry industries as well as many other industries. With the loss of sovereignty which this implies, the Government of the United States can step tomorrow or next week into other Canadian industries.

For instance, there is already considerable concern in the United States that the Canadian pulp and paper industry is taking what Americans consider to be unfair advantage. The key phrase of the American protectionist vocabulary is their definition of unfair advantage. They have said that they do not mind trade of any kind as long as it is on a level playing field. However, what really is an unfair advantage? Canada has many remote areas in which the harvesting of lumber is difficult. If we were to suggest that because of the cost of transportation in the remote areas, we should allow harvesting there without charging any stumpage fees at all we would be told immediately that we could not do so. A side effect of this agreement has been that it has become impossible to begin harvesting lumber in many remote areas of Canada. The lowering of the price, which is another effect of this tax measure, will give two reasons for remote areas to either quit harvesting or never begin harvesting. Any advantage the Government might suggest would be considered an unfair advantage by the United States Government and the Americans would immediately react by imposing further tariffs. The point I am making is that any advantage we try to give any industry in Canada can now be designated by the U.S. Government as an unfair advantage if we try to sell the product into their market, and subject that product to a countervailing duty.

• (1250)

The NDP has for years been lamenting the fact that the provinces and the federal Government have not been spending enough money on forestry. I suppose if there is any advantage to this Bill it is that there will now be some money to be spent on forest development. However, the U.S. interpretation of how that money can be spent is very restrictive. According to Clayton Yeutter, the U.S. trade representative, and Malcom Baldrige, the Secretary of Commerce, we cannot use the money for silviculture, to provide grants, low-cost loans or other benefits to the industry. They also suggest they will take action if there is a reduction in stumpage fees or other changes. We have forests in Saskatchewan which, because of the cost of transportation, cannot be harvested unless we assist the industry. Therefore, they cannot be harvested without endangering an agreement which was bad to begin with.

When the Government made this agreement it was, theoretically, to assist the sale of Canadian softwood lumber into the U.S. market. However, all the peripheral effects of this agreement appear to be negative for other parts of Canada and other industries in Canada. The methods used by the U.S. to get its way in this case can be used to hurt many other industries. We have a long tradition in Canada of attempting to assist industry with its problems, and I suppose many people in the forest industry would feel better if at the same time it took this decision the Government said it would address the problem of job losses and closing of mills which will occur. Yet it appears that the Government has no real concern for the primary producers of this country; the farmers, fishermen and lumbermen who have now all been affected adversely by the policies put forward by the Government. What is next, the pulp and paper industry?

[*Translation*]

Mr. Carlo Rossi (Bourassa): Madam Speaker, I am pleased to take part in this debate on the 15 per cent softwood lumber tax. The Hon. Member for Vancouver Centre and Minister for International Trade (Miss Carney) refers to Canada-United States Memorandum of Understanding paragraph 5(a) as being the sovereignty clause because it relates to the export charge on the basis of increased stumpage or other charges by provinces on softwood lumber production—Clause 2: Softwood Lumber Production—The export charge measure tabled on January 19, 1987 provides that recourse may be made to the Memorandun of Understanding to interpret the law.

Madam Speaker, this indicates quite clearly that the Minister is wrong when she claims that Canadian sovereignty is intact, because Memorandun of Understanding paragraph 5(b) stipulates that calculation of the value of any replacement measure in relation to the export charge will be subject to further consultations and agreement between the two Governments.

Pursuant to this paragraph, if the United States—Madam Speaker, I see that a Quebec Member on the other side is laughing. I would urge him to take the floor and speak up because I am sure his riding is home to some people who are involved in the lumber industry. The Hon. Member indicates that I am right. Well, I urge all Quebec Members to stand up and defend this piece of legislation, this tax. The Hon. Member for Portneuf (Mr. Ferland) should speak up. Quite a few of your constituents are in the lumber business—I should know, I travel to Portneuf very often—stand up and have the courage to defend your Portneuf constituents.

He could still oppose this measure and ask that it be amended by claiming that its over-all impact on Canadian softwood lumber exports is not the same as that of the export tax.

And speaking . . . You are not standing up as Member for Portneuf. I will go and see your constituents, I know the people of Portneuf very well.

S.O. 21

The Acting Speaker (Mrs. Champagne): Order, please. The Hon. Member for Bourassa should address the Chair. Undoubtedly the Hon. Member for Bourassa will want to continue his remarks when the debate resumes and, upon his return, I would strongly urge him to address the House through the Chair.

It being one o'clock, I do now leave the Chair until 2 p.m.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

CANADA POST CORPORATION

REQUEST FOR IMPROVEMENT OF SERVICES

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): On December 5, 1986, Mr. Speaker, in answer to a question of the Leader of the Opposition (Mr. Turner), it was stated, and I quote from page 1820 of *Hansard*:

> First and foremost must be the interest and welfare of Canadian citizens, particularly, for example, in rural areas. There shall be no second-class citizens in this country as long as this Government remains in office, postal services or otherwise.

Those Canadians who were following the House of Commons proceedings on that day were reassured by the commitment to maintain similar postal services for all Canadians.

Despite their promise not to create second-class citizens in this country, Canada Post management continue to discriminate against Canadians in both rural and urban areas. This is why Canadians from coast to coast are rallying to protest against the decision which was made by the Government and Canada Post and which undermines our whole postal system.

I urge the Prime Minister (Mr. Mulroney) to bring pressure to bear on his colleague responsible for Canada Post to ensure that no shutdown of rural post offices will be considered, that the installation of superboxes will end once and for all, and that home delivery will be restored for all Canadian taxpayers.

* * *

[*English*]

SPORTS

CANADIAN FOOTBALL LEAGUE—OTTAWA ROUGH RIDERS—COMMUNITY OWNERSHIP

Mr. Barry Turner (Ottawa—Carleton): Mr. Speaker, whoever said that Investment Canada was not working was dead wrong. Whoever said that the National Capital Region did not have any normal, down-to-earth grass root people, also was dead wrong.

Last Friday, January 27, the Ottawa Rough Riders finally came home. The governors of the CFL unanimously agreed that the team ownership be passed from foreign hands in Toronto to community-based ones here in Ottawa. That great western spirit of local ownership and initiative has finally arrived in eastern Canada, and none too soon. The one day of the year when we all continued to put aside our regional differences on Grey Cup day will now continue more vigorously with this transfer of ownership.

My congratulations to Hillary, Tucker, Hamilton, Gasvie, Holtby, Kielty, Logue, Nicholls, Robson, and all the rest. You have kicked your first extra point of the 1987 season—Good luck to all!

* * *

HOUSING

CHANGES IN ELIGIBILITY FOR RENT SUPPLEMENT ASSISTANCE

Mr. Neil Young (Beaches): Mr. Speaker, the accomplishments of the co-op housing movement are being threatened by the Conservative Government. In addition to going back on its promise to provide 5,000 co-op housing units per year, the Government has tampered with the formula for setting rent supplement assistance. Because of the narrowly defined criteria set by CMHC many people who previously would have been eligible will be denied assistance and thus denied the opportunity to live in co-op housing. The restrictions now being imposed by the Government threaten this type of housing.

In addition to the eligibility changes, the over-all amounts for rent supplements have been lowered. The Government had budgeted rent supplement assistance for 1,500 co-op units for 1986, but now, because of over-all cut-backs to the program, it is only providing 950.

I call upon the Government to reassess its rent supplement program, and to provide the already budgeted rent supplement to 1,500 co-op housing units. If the Government were interested in creating jobs, jobs, jobs, this is one of the most productive things that it could do to create employment, and decent, affordable, adequate housing.

* * *

CANADIAN COAST GUARD

TWENTY-FIFTH ANNIVERSARY OF ESTABLISHMENT

Mr. Pat Nowlan (Annapolis Valley—Hants): Mr. Speaker, it gives me great pleasure to rise today on the occasion of the twenty-fifth anniversary of the Canadian Coast Guard. For the past quarter century it has provided exemplary services in all

aspects of marine navigation and safety for shippers, fishermen, and recreational boaters alike.

On January 26, 1962, the Hon. Leon Balcer, Minister of Transport in the Diefenbaker Government, stated that the Department of Transport's fleet of ships would, from that day forward, be known as the Canadian Coast Guard. Today's Coast Guard has evolved considerably since then in keeping with time, technology and tradition in all facets of marine activity. This includes aids to navigation, coast guard radio stations, ice-breaking, eastern Arctic sealift, ship inspection, pleasure craft regulations, marine search and rescue, as well as public harbours and wharves. Indeed, Canada's maritime history, which predates Confederation with the first lighthouse at the Fortress of Louisbourg, now entails satellite-assisted vessel traffic services, and the like.

Our Coast Guard fleet is now comprised of some one hundred vessels ranging from the heavy gulf ice-breaker *CCGS Louis S. St. Laurent* to inflatable inshore rescue boats. There is much enthusiasm for the proposed *Polar 8* ice-breaker which will continue the Coast Guard legacy of quiet pride and service for the benefit of all mariners and, of course, fly with pride the Maple Leaf in the Canadian high Arctic. I take great pleasure in honouring the Canadian Coast Guard on this milestone, on behalf of the Minister, and all Members of the House. I trust that all Members will feel likewise with respect to its plans, missions, and aspirations for the future.

* * *

FISHERIES

LICENCES GRANTED TO FRENCH FACTORY FREEZER TRAWLERS

Mr. George Henderson (Egmont): Mr. Speaker, last year Canadian fishermen were outraged to hear that French trawlers had caught 26,000 tonnes of fish, more than four times their quota. The Minister of Fisheries and Oceans (Mr. Siddon) has now issued licences to nine French factory freezer trawlers to conduct an open season on Canadian fisheries.

The Minister should know that one factory freezer trawler can catch up to 12,000 tonnes. The Minister has stated that the quota of 6,400 tonnes remains. This is complete and utter nonsense. The Canadian Government will not even be monitoring these trawlers.

• (1405)

Canadian fishermen are horrified. They cannot understand why the Minister is constantly giving in to the demands of the French trawler fleet. On behalf of my colleagues and Atlantic fishermen, I demand that the Minister reverse this bizarre decision and cancel these licences forthwith.

S.O. 21

VICTORIAN ORDER OF NURSES

TRIBUTE TO SERVICES ON OCCASION OF NINETIETH ANNIVERSARY

Mr. John Oostrom (Willowdale): Mr. Speaker, it gives me great pleasure to bring to the attention of the House, during national VON Week, the contribution that VON Canada has made to the development of health services in our country. This year the Victorian Order of Nurses for Canada is celebrating 90 years of caring for Canadians.

Since its earliest days VON has pioneered the development of health services. Today a network of 72 branches across the country provides a range of health services designed to meet needs of local communities. VON believes that everyone has the right to comprehensive and compassionate health care. This includes a commitment to enabling people to maintain their independence and to remain in their communities and homes near family and friends.

Last year VON nurses provided over 2.8 million nursing visits to 127,000 people. Some 14,000 others received adult day care, volunteer visiting, meals-on-wheels, homemaker services, and educational preparation for expectant couples.

VON also believes that increasing the knowledge and expertise of staff, evaluation of existing services, the development of new programs and research projects directed toward finding new and better ways to care for people, are essential to ensure that VON continues to respond effectively to the changing health needs of Canadians.

* * *

[*Translation*]

HOUSE OF COMMONS

ALLEGED STATEMENT BY MEMBER

Mr. Robert Toupin (Terrebonne): Mr. Speaker, the comment which the Hon. Member for Kitchener (Mr. Reimer) is reported to have made to the effect that cronyism, backroom deals and bribes are generalized and part of the accepted political mores in the province of Quebec is false and injurious to all Quebec men and women and their elected representatives.

If the Hon. Member for Kitchener wanted to improve the image of Conservative Governments in Ontario and elsewhere in Canada, he did not choose the most appropriate way.

Mr. Speaker: The Hon. Member is well aware that it is customary in the House, when making references to other Hon. Members reflecting on their character, or even imputing motives to them, to do so with the utmost caution. I suggest the Hon. Member's remarks might be more appropriate elsewhere.

S.O. 21

RAILWAYS

REQUEST THAT MINISTER INTERVENE TO PREVENT CLOSURE OF CN SHOPS AT MONCTON

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, last Thursday, Ports Canada, a Crown corporation, appeared before the Standing Committee on Transport. At one point, the discussion focussed on the port of Churchill in Manitoba. According to Ports Canada authorities, the port of Churchill is not profitable, and if it was up to them, it would be closed.

However, the Minister of Transport (Mr. Crosbie) has intervened and ordered Ports Canada to maintain the Churchill facilities. Good for him! This port represents the major economic activity in that part of Manitoba.

Why is this same Minister refusing to intervene in the case of Moncton to prevent the closing of the CN shops, which belong to another Crown corporation, and to save 1,000 jobs? It is a striking example of how this Government and its Ministers deal with the Atlantic region. They have set us adrift.

* * *

[*English*]

CANADIAN WHEAT BOARD

INCREASED GRAIN EXPORTS

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, despite the massive farm subsidy and export enhancement programs of the EEC and the United States, Canada's share of the world grain market continues to rise. During the past year Canada actually increased its share of world wheat sales by 1.5 per cent.

There are two reasons for this: first, the high quality of our Canadian wheat which puts it in demand, and second, the outstanding job being done by the Canadian Wheat Board in marketing Canadian grain in the face of fiercely competitive and, at times, hostile international markets.

The International Wheat Council forecasts that Canada's share of the world wheat market will increase even further in 1987, from 19.8 per cent to 21.5 per cent.

Clearly, the Canadian Wheat Board should be applauded for its marketing efforts. The Minister of State for the Canadian Wheat Board (Mr. Mayer) should also be congratulated for his initiatives both in seeking solutions to the international grain wars and in maintaining and enhancing Canada's export opportunities.

CANADIAN SOVEREIGNTY

CALL FOR REINTRODUCTION OF CANADIAN LAWS OFFSHORE APPLICATION ACT

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, it was well over one year ago that the Secretary of State for External Affairs (Mr. Clark), in the wake of the *Polar Sea* transit, announced a series of measures intended to protect and enhance Canadian sovereignty over our Arctic regions. Foremost amongst these initiatives was the Canadian Laws Offshore Application Act which was introduced into Parliament as Bill C-104 in April, 1986. This Act would have confirmed Canadian jurisdiction within the area defined by drawing straight base lines around the islands of the Arctic Archipelago.

Bill C-104 died on the Order Paper last June and to date it has not been reintroduced. What has happened to this Bill? Why has it not been brought back? Those of us who take more than just a passing interest in these matters would certainly like to know the reasons for the delay.

* * *

• (1410)

HOUSING

SUPPORT URGED FOR CO-OPERATIVE HOUSING DEVELOPMENTS

Miss Aideen Nicholson (Trinity): Mr. Speaker, on Sunday, January 11, there was a sod-turning ceremony in my constituency for a new co-operative housing development, Tamil Co-operative Homes. Fortunately this project was approved before the Government reneged on its commitment to provide 5,000 new housing units under its new co-operative housing program.

Co-op housing makes a strong contribution to the housing issues facing Canadians. It is affordable and it is flexible, meeting the particular needs of seniors, families with children, and people with disabilities. Instead of reducing its support for co-operative housing, the Government should seriously reconsider this matter and demonstrate to Canadians that it is serious about assisting the thousands who are in need of decent affordable housing.

* * *

[*Translation*]

YOUTH

IMPACT OF CHALLENGE '87

Mr. Fernand Ladouceur (Labelle): Mr. Speaker, the Minister of State for Youth (Mr. Charest) announced recently that our Government would be committing $180 million under Challenge '87. This Government initiative is important to our young people. Last year, in the Labelle constituency alone,

Challenge '86 created 335 jobs and represented $535,000 in investments. In my constituency, it is vital for young people who want to complete their schooling to work during the summer. As they live far from major centres, they must often go elsewhere and become self-sufficient. Challenge '87 is a concrete example of an initiative taken by our Governement to improve the employment prospects of young people. Indeed, even at a time of budgetary restrictions, our Government is aware that the future of Canada belongs to young people, as clearly shown by Challenge '87.

* * *

[*English*]

THE ADMINISTRATION

GOVERNMENT'S PAYMENT OF ACCOUNTS POLICY

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, I continue to cherish the principle that, except in time of war or other national emergency, a Government in a democratic society exists to serve the citizens, not the other way around. Let us put this principle to the test in the Government's payment of accounts policy. This policy, as interpreted for me by the Minister of Transport (Mr. Crosbie), states that the valid date of an invoice is the date that invoice is received by the Government. It is not the date it is postmarked, but the date it is actually received by the Department. However, the invoice is considered to be paid by the Government on the date the cheque is issued. It is not considered paid on the date the cheque is received by the individual or company which rendered the service, but the date issued. Thus the Government wins both ways. What about the citizen? "Heads you lose, tails you lose. So sorry."

* * *

POLITICAL PARTIES

NATO—LIBERAL PARTY'S POLICY

Mr. Lawrence I. O'Neil (Cape Breton Highlands—Canso): Mr. Speaker, I rise today to bring to the attention of all Hon. Members a matter of great concern to Atlantic Canadians. The people of Atlantic Canada are very disturbed by the inconsistent statements made by the Liberal Party on matters affecting defence. At the Liberal Party Convention in November the Liberals called for an end to our NATO commitments. Where does that leave Canada's sovereignty?

Are the Liberals so naive to believe that a country is sovereign if it has no means of defence? Where does that policy leave the thousands of Atlantic Canadians who depend on NATO for employment? A severance of our NATO obligation will cost Nova Scotia thousands of jobs. The former Liberal defence critic admits that policy conflicts with Canada's NATO commitments, but where is he? Now demoted. The Bay Street boy is back and he will stay at the back. It is time for him to come clean with Atlantic Canadians.

* * *

• (1415)

THE ADMINISTRATION

ACKNOWLEDGEMENT OF RESPONSIBILITY

Mr. Rod Murphy (Churchill): Mr. Speaker, the Hon. Member for Kitchener (Mr. Reimer) seems to blame the population of Quebec and immigrants for the problems which the Government faces. The Hon. Member for Calgary West (Mr. Hawkes) implies that it is the media which are largely to blame for the perception of the Government, mainly because most people who cover Parliament live in Ottawa. The Prime Minister's Press Secretary, Bill Fox, alleges that it is because federal government employees might be Liberals who are responsible for the problems the Government faces. The Government should realize where the blame lies and where the buck stops.

* * *

FINANCE

BENEFIT OF FLOW-THROUGH SHARES TO NORTHERN ONTARIO AND QUEBEC

Mr. John A. MacDougall (Timiskaming): Mr. Speaker, before the Christmas break in a debate on Bill C-23 the Hon. Member for Ottawa Centre (Mr. Cassidy), the finance critic for the NDP, rose in the House and called for an end to the flow-through shares program. In his comments he stated that flow-through shares benefit only the rich and do nothing for exploration and development in northern Ontario and Quebec. How misguided are those statements by New Democrats!

In fact, flow-through shares have created benefit to the people of northern Canada in terms of real economic growth. For instance, one company in my riding reported an impressive increase in volume. In the last half of 1984 it had an increase of 49 per cent. In the last half of 1985 it had an increase of 80 per cent. In the first quarter of 1986 it has had an increase of 100 per cent. This translates into more jobs and further development in the North, for the North. We can certainly see from the Hon. Member's statements that the NDP has no idea about the grass roots of the North.

ORAL QUESTION PERIOD

[*English*]

THE ADMINISTRATION

OERLIKON AFFAIR—COMMENTS ATTRIBUTED TO MEMBER FOR KITCHENER

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, my question is for the Deputy Prime Minister. In commenting upon the Oerlikon affair, the Hon. Member for Kitchener is reported to have made some inflamatory—indeed irresponsible—remarks about Quebec.

[*Translation*]

I realize the Deputy Prime Minister does not share this view and that is why I want to ask him this: Will he, on behalf of the Government of Canada, officially denounce the offensive remark made by the Hon. Member for Kitchener?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Right Hon. Leader of the Opposition is accurate in his assumption that I do not associate myself with the remarks made by the Hon. Member.

It was an issue that was raised as a question of privilege earlier this day. Because the Hon. Member was absent from the House the Speaker decided that the issue should not be proceeded with. I would like to tell the right hon. gentleman that when the Hon. Member returns to the House I presume he will be making a statement to that effect—

Mr. Murphy: Explain!

Mr. Mazankowski: —explaining his comments. Until such time as he does that I would submit to you, Sir, it might be inappropriate to speculate or comment upon the meaning or otherwise of the comments that have been made by the Hon. Member.

[*Translation*]

REQUEST THAT PUBLIC INQUIRY BE HELD INTO OERLIKON AFFAIR

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I hope that at some time the Deputy Prime Minister will find it in himself to be even more explicit about the Government's position in this affair. We will wait for the Hon. Member to arrive in the House, but meanwhile, I hope the Deputy Prime Minister will announce the Government's position.

Mr. Speaker, about the Oerlikon affair, although the former Minister of State for Transport and Hon. Member for Saint-Jean apparently asked the Prime Minister to order a public inquiry, the Prime Minister's Office is selectively leaking information about the Hon. Member.

Will the Government order a public inquiry to meet the personal request made by the Hon. Member in question?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, in answer to the first part of the question, I am sure the right hon. gentleman would understand that I have not had an opportunity to speak to the Hon. Member for Kitchener. He is due to arrive in Ottawa later this afternoon or tomorrow. I think he would expect me to discuss the issue with him to see whether he was quoted accurately and to get a feeling from him as to just what he did say. Of course, I disassociate myself and the Government disassociates itself from the words that were reported. As the hon. gentleman knows, there are times when there are some inaccuracies—and I am not suggesting that is the case here. However, I think that in fairness the right hon. gentleman would allow me to speak to the Hon. Member first and, if appropriate, I will make a statement.

• (1420)

With respect to his reference to the Hon. Member for Saint-Jean requesting a public inquiry, I am not aware of that. Perhaps the right hon. gentleman might indicate the source of his information.

[*Translation*]

Mr. Turner (Vancouver Quadra): It was reported in the media—yes—until now—I think the Deputy Prime Minister should confirm with the Hon. Member when he returns to the House. But I would like to ask another question.

[*English*]

CONFLICT OF INTEREST GUIDELINES—EX-MINISTER'S BLIND TRUSTEES

Right Hon. John N. Turner (Leader of the Opposition): I have one more question, if I might, Mr. Speaker. The Deputy Prime Minister has a responsibility, as we understand it, for the conflict of interest guidelines and for blind trust arrangements made by Ministers. Would the Deputy Prime Minister tell Canadians who were the blind trustees for the ex-Minister? Would he confirm or deny that the ex-Minister's wife was one of those blind trustees, or the president of the provincial riding association of Saint-Jean? Would he clarify that situation for the country?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, now the Right Hon. Leader of the Opposition is basing his questions on reports in the media. I think that that is one of the difficulties that arises when there is—

Mr. Allmand: They have been pretty good so far.

Mr. Mazankowski: —when there is so much speculation and innuendo, fabrication, and I would think the right hon. gentleman would want the RCMP to conduct its investigation in an unfettered way.

With regard to the Right Hon. Leader of the Opposition's questions pertaining to the blind trust, any information that

has been ascertained has been turned over to the RCMP, and that is a matter for their investigation.

OERLIKON'S DISMISSAL OF FORMER LEGAL COUNSEL

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, my question is for the Deputy Prime Minister. Does the Deputy Prime Minister not see the need for a public inquiry, now that we have learned that Oerlikon's long-time legal counsel, Raymond Lette, after he informed Oerlikon about the irregularities concerning the land transction, was fired and replaced by the law firm of the Prime Minister's good friend, Jean Bazin, for reasons—and I quote Mr. Lette—that had "absolutely nothing", to do with the practice of law? Didn't it have everything to do with political influence?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I noted with interest the hon. gentleman's comments over the weekend where he suggested that it was not appropriate to engage in innuendo, and I think he has done that just now. I do not know—

An Hon. Member: Overcome by the rat pack.

Mr. Mazankowski: —why Oerlikon decided to change—

Mr. Speaker: Order, please. Sometimes the Speaker chooses not to hear things and sometimes the Speaker cannot help but hear things. I would ask the Hon. Member for Sudbury to remember there is a rule that questions should be put to Ministers within the area of their responsibility. I am sure the Hon. Member, in his supplemental question, will be careful to adhere to that.

REQUEST FOR PUBLIC INQUIRY

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, let me repeat the question, because I believe the Deputy Prime Minister has the responsibility to request a public inquiry. I have simply quoted the former legal counsel for the firm of Oerlikon where he said that he was fired and replaced by Bazin's firm, specifically Bazin's firm, for reasons that had "absolutely nothing" to do with the practice of law. That is why I am asking the Deputy Prime Minister that the Government appoint a public inquiry. I am not suggesting that there is any legal wrongdoing, but I personally believe that the public needs to have its trust rebuilt in the political process in the country, and that it is his responsibility.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I suppose the only people who can answer that question with any accuracy are the Oerlikon people themselves. I have no way of knowing why they chose to change lawyers at the time that they did.

With regard to the repeated request for a judicial inquiry, I think the Prime Minister has outlined and explained in reply to about a hundred questions which were advanced last week the reasons why the Government believes it appropriate to proceed with an RCMP complete investigation. He has also left the door open for any further action should that be necessary. There has to be some consistency on the part of all of us.

It is rather interesting to note the vigour with which the Hon. Member and the Leader of the Opposition argued against the appointment of a public inquiry back last year, on May 16, and I could quote *ad infinitum*—

Mr. Speaker: I think the Minister probably could, but it is getting into debate. The Hon. Member for Oshawa.

• (1425)

STATEMENT ATTRIBUTED TO MEMBER FOR KITCHENER CONCERNING QUEBEC

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I have a question for the Deputy Prime Minister. It also pertains to what the Hon. Member for Kitchener is alleged to have said on the weekend. In discussing bribes, the Member went on to say that it is quite common in Quebec. It is a different province. "Quebec is different than the rest of us".

If, after the Deputy Prime Minister checks and finds that the Member for Kitchener actually said this, will he demand an apology from the Member to all the people in the Province of Quebec?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there are a lot of ifs in that question. As I undertook to the Leader of the Opposition, I will speak to the Hon. Member to determine the accuracy of the press report. First and foremost, I indicated that I disassociate myself from those comments if they are an accurate reflection of the Hon. Member, as do my colleagues. I think at this particular time the Hon. Member would want me at least to discuss the matter with the Hon. Member for Kitchener before making any further comment.

Mr. Broadbent: I agree with that, Mr. Speaker, but I also strongly believe that if the Member did say those things the Deputy Prime Minister must demand an apology from him.

EMPLOYMENT OF FORMER GENERAL BY OERLIKON

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I now have a question for the Minister of National Defence. Today I have learned that a J. B. Peart is now vice-president of corporate affairs for the Oerlikon Corporation. Will the Minister confirm for me that this is the same Mr. Peart who not long ago was his chief of staff—or a special assistant—and was the same man who was chief of staff to the former Minister of National Defence at the time the Oerlikon contract was let? If so, when Mr. Peart left his employment with the Government did he comply with Section 58 of the conflict of interest guidelines?

Hon. Perrin Beatty (Minister of National Defence): Yes, Mr. Speaker. First, the Hon. Leader of the New Democratic

Party need not have waited until today to discover that; that information was in *The Toronto Star* last week.

Second, no, he was not my chief of staff. He was chief of staff to the Hon. Erik Nielsen and stayed on as a special adviser during the transition period.

Third, General Peart served over 30 years in uniform. He was at no time involved in any way in the Oerlikon dossier. The Oerlikon dossier was handled after his arrival by the office of the Associate Minister of National Defence.

To respond to the other element of the Hon. Member's question, all information related to this matter was fully disclosed by General Peart to the Assistant Deputy Registrar General, who indicated that General Peart was in full compliance with the conflict of interest guidelines.

Some Hon. Members: Hear, hear!

CONFLICT OF INTEREST GUIDELINES

Hon. Edward Broadbent (Oshawa): Mr. Speaker, as the Minister knows, Section 60(c) of the conflict of interest guidelines prohibits a person who was in Mr. Peart's position, for a period of 12 months after he has left the Government from advising, for commercial purposes, any company or business entity on the policies and programs of the Department which he left. If this is the case, it would seem to me on the surface that we do have a violation of the conflict of interest guidelines.

Would the Minister explain why Mr. Peart is not in violation of Section 60(c) of the conflict of interest guidelines?

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, General Peart fully disclosed all relevant information to the Deputy Registrar General.

Mr. Broadbent: That is not it.

Mr. Beatty: All relevant information was disclosed to the Deputy Registrar General. General Peart received a letter from the Deputy Registrar General indicating he was in full compliance with the conflict of interest guidelines.

I would think that this distinguished gentleman who served for over 30 years in uniform deserves the thanks of our country and not this sort of innuendo.

Some Hon. Members: Hear, hear!

[*Translation*]

REQUEST THAT GOVERNMENT FULLY DISCLOSE ROLE OF MR. BAZIN IN OERLIKON AFFAIR

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, my question is directed to the Deputy Prime Minister.

The Government is engaged in a cover-up operation. It knows a lot more than it is letting on. Mr. Bernard Roy had a meeting with people who gave him plenty of details. When is the Government, among other things, going to inform the House fully on the specific role played by Senator Bazin in the Saint-Jean land flip?

• (1430)

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, again we hear the word "coverup". The Prime Minister has been in the House every day with the exception of one day last week, and he answered every question put to him. We are here today answering questions. An RCMP investigation has been launched. Other action may be taken as the situation unfolds.

Mr. Bazin has issued a public statement. I know of no charges that have been laid against him. He is not accused of anything. Unless the Hon. Member has some clear indication of wrongdoing on the part of Mr. Bazin, perhaps he should cease and desist this sort of innuendo.

The Hon. Member for Sudbury said quite correctly on the weekend that innuendo is certainly something that should not be part and parcel of this very serious matter. Here we have his colleague engaging in that same sort of activity. I think we should allow the RCMP to complete its investigation—

Mr. Speaker: Order, please.

[*Translation*]

ALLEGED STATEMENT BY MEMBER OF CABINET

Mr. Jacques Guilbault (Saint-Jacques): The Deputy Prime Minister pointed out that Mr. Bazin issued a statement. He is right. Perhaps he could explain why a Minister of the Crown, the Minister responsible for Federal-Provincial Relations, namely the Hon. Lowell Murray, reproduced this statement word for word under Government letterhead? Why is he circulating Senator Bazin's incomplete and watered down version under his Government letterhead? Can you answer that?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am not sure what the Hon. Member is getting at. I know Members of Parliament and Senators have mailing privileges and there are certain guidelines that are adhered to, but certainly Members of Parliament have some latitude in terms of communicating with constituents and/or interested people.

Mr. Guilbault (Saint-Jacques): Why this one?

Mr. Mazankowski: Perhaps that might be a question that his colleagues in the other place may raise with the Member.

INFORMATION CONCERNING LAND SPECULATION

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, my question is for the Deputy Prime Minister and also concerns the Oerlikon Aerospace affair and possible connections to senior Conservatives close to the Prime Minister and the

Government. We learned today that Lette & Associates in fact learned of the land speculation in Saint-Jean and informed Oerlikon in January or early February of last year, and that Mr. Bazin and his firm became informed of land speculation in the winter or early spring of last year. Somehow they were not able to bring this together and have what they considered to be sufficient proof of irregularities until January, 1987. Can the Deputy Prime Minister explain the reason for this long delay between this information which suggested irregularities being in the hands of the company and its legal advisers, including Mr. Bazin, and this information being given to the Government? Will this be investigated?

Mr. Speaker: Order.

Mr. Hnatyshyn: That question wouldn't even be good at Queen's Park.

Mr. Speaker: I must say to the Hon. Member, with great regret, that that question clearly involves acitivities which are not related to any Minister of the Government or to the Prime Minister. It is outside the ambit of ministerial responsibility.

Under the circumstances, Hon. Members have been asking for a public inquiry and I have allowed those questions. The Government has responded, as is recorded in *Hansard*. The question now being put is directed at some activity outside this place and outside the responsibility of a Minister.

The rules are quite clear. The Chair cannot allow the question. Perhaps the Hon. Member could seek to find the information he wishes or seek to find the intentions of the Government by rephrasing the question, keeping in mind the admonishment of the Chair.

Mr. Cassidy: Mr. Speaker, you make it a bit difficult to ask questions. I recognize that—

Some Hon. Members: Oh, oh!

Mr. Crosbie: Ask proper questions.

Mr. Clark (Yellowhead): If you can't take the heat, join the RCMP.

Mr. Crosbie: Learn the rules.

Mr. Speaker: Order, please. The Hon. Member for Ottawa Centre and his colleagues remained courteously quiet while the Chair made the ruling that the Chair just made. I think equal courtesy is expected when the Hon. Member rises to put his question.

Mr. Cassidy: Could the Deputy Prime Minister inform the House how there will be an investigation of the curious circumstances under which neither Oerlikon, a company with a $600-million contract with the Government, nor Mr. Bazin, its legal adviser and a top Conservative, came to inform the Government of certain irregularities for a period of some 10 months? Will this be subject to the RCMP investigation, or is it the Government's position that there will be no investigation on these matters to which the people of Canada deserve to have an answer?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, first the Hon. Member asked for a legal opinion. Second, he asked a question which has been answered in this House on many, many occasions. He will just have to be patient and allow this to take place on a step-by-step basis.

There are some who would want a police investigation and a judicial inquiry going on at the same time. There are some who would rather have a judicial inquiry first and perhaps an RCMP investigation later. The Government has charted a course. It has turned this matter over to the RCMP for a complete and full investigation. The Prime Minister has left the door open if at any time during the course of those proceedings, or later, there is the necessity of the further involvement of a Parliamentary Committee or an inquiry of some sort. That option is still available. I wish the Hon. Member would accept that, because it seems to me that it is acceptable to most legal experts in the country—

Mr. Speaker: Order. I think the Hon. Minister has tried to meet the question that was asked and has given a response.

[*Translation*]

DELAY BY RCMP IN QUESTIONING MR. OUELLETTE AND FORMER MINISTER OF STATE (TRANSPORT)—GOVERNMENT POSITION

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have a supplementary for the Deputy Prime Minister.

Perhaps he could explain why, as we have just been informed, neither Mr. Ouellette nor the former Minister have been questioned by the RCMP. Furthermore, is the RCMP acting this way on instructions from the Government, which wants to avoid a public inquiry about the role played by Mr. Bazin and other friends of the Government?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am surprised at the Hon. Member. He is now by inference suggesting that we should tell the RCMP how to conduct its investigation. The Government, the Prime Minister, myself and the Cabinet will not do that, I regret to inform him.

* * *

FISHERIES

LICENCES GRANTED TO FRENCH FACTORY FREEZER TRAWLERS

Mr. George Henderson (Egmont): Mr. Speaker, my question is directed to the Minister of Fisheries and Oceans. The Minister has issued nine fishing licences to French factory freezer trawlers in 3PS. The Minister should know that one of

those large factory freezer trawlers can catch up to 12,000 tonnes of fish.

The Minister knows that the French fleet overfished their quota by 20,000 tonnes last year. When will the Minister stand up to the French fleet and fight for the rights of our fishermen?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, indeed this Government is taking initiatives to resolve finally and once and for all a problem which was started by the Government of which the Hon. Member was a part. It is a matter of history that nine French national fishing vessels have been fishing in 3PS since 1972 when the Trudeau Government accorded to France the right to fish in those waters without regard for the fact that that was indeed a Canadian resource.

Mr. Henderson: The Minister should know the difference between a wet-fish trawler and a factory freezer trawler.

MINISTER'S POSITION

Mr. George Henderson (Egmont): Mr. Speaker, the Minister's own officials are quoted as saying that the French fleet will overfish by 25,000 metric tonnes. With nine factory freezer trawlers, I contend that it will be more like 60,000 metric tonnes. Will the Minister just sit on his hands and allow Atlantic Canadian fishermen to sit on the wharf twiddling their thumbs while they watch the French fleet take fish from their waters back to France?

• (1440)

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I repeat, the practice of licensing these nine French trawlers was initiated by the Government of which the Hon. Member was a part. Over the past several weeks this Government has been advancing negotiations with France which will end, once and for all, that exploitation of our resource which was legitimized in June of 1984 when the Hon. Member's Government agreed to turn a blind eye by way of an exchange of diplomatic notes to French overfishing in the 3PS area.

OBSERVANCE OF QUOTA BY FRENCH VESSELS

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, it is not good enough simply to blame this situation on the previous Government. His Government has an obligation to deal responsibly with our fish resource. Can the Minister assure this House, and organizations such as the Newfoundland Fishermen's Union and the *Association des pêcheries du Quebec*, that the French will respect this quota? If not, why did he issue the licence?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, the fact is that Canada established a quota for France in the disputed area of 6,400 tonnes of cod. France insisted on its right to harvest 25,000 tonnes. That is why we have sought an agreement with France, the final details of which will be announced shortly and which will see interim fishing arrangements established for this area for the first time in history.

REASON FOR GRANTING LICENCES

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, the Minister did not answer the question. He did not give the House any assurance that this quota—

Mr. Speaker: Order, please. I know Hon. Members would not want to use preambles just to make a comment that the Minister may not have answered the question asked. The purpose of the supplementary is to ask a question which will evoke from the Minister the answer desired. I would ask the Hon. Member to put his question.

Mr. Manly: Can the Minister tell the House why he granted these licences before he had any assurance that Canadian quotas were going to be respected?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, may I repeat that in June of 1984 the previous Liberal Government agreed that each party in the disputed zone will abstain from regulating fishing vessels flying the flag of the other party. The solution to this problem is to be found by way of diplomatic negotiations and we are now very close to announcing an agreement which will establish a common management regime in that area.

CONDUCT OF CANADA-FRANCE NEGOTIATIONS

Mr. George Baker (Gander—Twillingate): Mr. Speaker, the Prime Minister and the Minister of Fisheries and Oceans have instructed the Secretary of State for External Affairs "to manage our fisheries discussions with the French in a manner that does not jeopardize the cordial relationship between Canada and France." I ask the Secretary of State for External Affairs, in these negotiations was the Minister party to the issuing of enough factory freezer trawler licences to the French not only to surpass their own quota seven times but to catch more fish than the allowable catch on the entire south coast of Newfoundland? Is the Minister planning on running in France in the next election?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, may I point out that the Minister of Fisheries and Oceans is not instructing the Secretary of State for External Affairs on this question. We are following a protocol established by the Government of which the Hon. Member was a part and which agreed not to interfere in the regulation of the fishery in the disputed area pending an acceptable settlement of the boundary issue which this Government is advancing very vigorously with France.

CANADIAN POSITION

Mr. George Baker (Gander—Twillingate): Mr. Speaker, in their desperation Newfoundland fishermen have actually been

driven to inquire into the possibility of obtaining a French registration for their boats to allow them to fish on the south coast of Newfoundland without the danger of being arrested by our Government. A Newfoundland fisherman raising a French flag! *Vive le Terre-Neuve libre.*

Some Hon. Members: Oh, oh!

Mr. Baker: Mr. Speaker, what negotiating position does the Government have left when it has already given the French everything they have asked for?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, we would not be required to give the French what they insist on in the disputed area had a previous Government not ignored this very important problem. I might add that an agreement to negotiate an interim fishing arrangement will be announced within hours and the Member, I hope, will be well pleased.

* * *

AGRICULTURE

FUEL TAX REBATE—DENIAL TO FARMERS USING VEHICLES ON HIGHWAYS

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, my question is directed to the Minister of Finance. Prairie farmers are being denied their tax rebate on fuel used on the highway in the business of farming. As part of the 1987 Budget will the Minister consider amending the Excise Tax Act so as to base the rebate not on artificial considerations such as whether it is used on highway or off highway, but rather on the essential consideration as to whether the fuel is used in the business of farming?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, as the Hon. Member knows, there was some difficulty, after we announced the fuel tax rebate, with the allocation of what was on and what was off highway use. Last year the Minister of National Revenue changed the procedure to allow for what is admittedly an arbitrary arrangement but one that we felt was fairly close to what would be the normal allocation between on highway and off highway use. We have tried to meet the objections of the farmers in this regard by a simple administrative change, but I would remind the Hon. Member that we have moved a long way on the fuel tax rebate. We have also seen interest rates fall close to five percentage points over the past two and a half years and that has made the life of the farmer an awful lot better.

REQUEST FOR RECONSIDERATION OF REBATE

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, the problem is that farmers have already excluded their personal use from their calculations and the Department is still taking a percentage of what is left. I do not think that is fair. Will the Minister reconsider the matter in the Budget?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I understand the concern expressed by the Hon. Member. Other Members have made the same views known to me. As the Hon. Member has asked, I will take their views under consideration in the preparation leading up to the Budget.

* * *

[*Translation*]

FINANCE

CREDIT CARD INTEREST RATES—GOVERNMENT POSITION

Mr. Robert Toupin (Terrebonne): Mr. Speaker, my question is directed to the Minister of Finance and concerns his statement last week that the bank rate had been brought down to 7.74 per cent. Could the Minister explain why Canadian consumers are still paying interest rates of up to 28 per cent on credit cards which is a spread of more than 20 per cent? What specifically does the Minister intend to do to correct this situation?

[*English*]

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, regarding credit card interest rates, the Standing Committee on Finance, Trade and Economic Affairs is going to report on that very soon and I look forward to acting on that report. I may also remind the Hon. Member that if he will shop around he will see there is an enormous number of rates. Trust companies and banks offer different rates with different conditions. We will, of course, look at the report very carefully, but I do urge the Hon. Member to shop around.

[*Translation*]

Mr. Toupin: Interest rates are as high as 28 per cent. We could suggest a number of ways to deal with this.

• (1450)

[*English*]

REQUEST THAT MINISTER IMPOSE CEILING ON CREDIT CARD INTEREST RATES

Mr. Robert Toupin (Terrebonne): Why will the Minister not establish a ceiling on credit card interest rates to protect consumers, as is done in the majority of U.S. States?

Hon. Tom Hockin (Minister of State (Finance)): A ceiling on credit card interest rates is something that will be considered when the committee reports.

An Hon. Member: Well, do it.

Mr. Hockin: We must wait for committees to report.

Mr. Rodriguez: You haven't waited on any so far.

[*Translation*]

THE ADMINISTRATION

OPPORTUNITY TO RECONSIDER APPOINTMENT OF MR. JEAN BAZIN TO SENATE

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is directed to the Deputy Prime Minister and, again, concerns the Saint-Jean land flip.

Canadians have now been informed that Lette & Associates, former lawyers for Oerlikon, had warned the company about the land transaction, and that they were sacked for their pains.

Since the business and thus the files went to the law firm of the Prime Minister's friend, Mr. Jean Bazin, doesn't it stand to reason that the Prime Minister's friend knew or at least ought to have known about the land deal? And doesn't it also stand to reason today that Mr. Bazin's appointment to the Senate should be reconsidered, at least until the inquiry is over with?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Prime Minister has been very precise on the dates when the information was first given to him. Mr. Bazin has issued a statement. If the Hon. Member wished to read and reflect on those statements, he would have the answer to his question.

[*Translation*]

AWARDING OF CONTRACTS—GOVERNMENT POSITION

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, that is exactly why I am asking these questions, because we are getting conflicting information.

The newspapers say this appointment had no connection with the practice of law. Again, as far as hiring the law firm of the Prime Minister's friend, Mr. Jean Bazin, is concerned, I want to ask the Deputy Prime Minister: Do you have to hire one of the Prime Minister's pals to be awarded a contract by this Government?

[*English*]

Mr. Crosbie: What a scumball!

Mr. Clark (Yellowhead): Contemptible!

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, an answer to that question would only dignify the question, and I think it would be inappropriate for me to do that.

CONFLICT OF INTEREST GUIDELINES—COMPLIANCE BY FORMER GENERAL

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, my question is directed to the Minister of National Defence. The Minister has stated that General Peart had complied with Section 58 of the Conflict of Interest Guidelines, which pertains to the fact that he wrote a letter and received clearance from the Deputy Minister General.

Section 60, Subsection (c) of the Conflict of Interest Guidelines prohibits full-time ministerial appointees from working with or counselling a company for commercial purposes on the policies of the Department which he has left, for a period of one year after he has left that Department. In light of that, my question is this. Since General Peart is now the vice-president of corporate affairs with Oerlikon, which has a significant contract with the Department of Defence, is General Peart not in violation of Section 60, Subsection (c) of these guidelines?

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, again we have innuendo against a distinguished former General of the Canadian Forces.

Mr. Broadbent: It's a question.

Mr. Beatty: We receive questions from the NDP, and then they try to drown out the answer.

Ms. Jewett: When you make a silly remark like that.

Mr. Beatty: I wonder if they will give me the courtesy of responding to the Hon. Member's question.

Mr. Speaker: Order, please. I would ask all Hon. Members to permit the Minister to respond. The question, although long, was quite straightforward.

Mr. Beatty: Indeed it was, and the answer is quite straightforward.

As I indicated to the Leader of the New Democratic Party, General Peart communicated with the Assistant Deputy Registrar General and fully disclosed to him. The finding of the Assistant Deputy Registrar General was that he was not in conflict of interest. Since receiving the question from the Leader of the NDP, I have called the Assistant Deputy Registrar General specifically with regard to the section cited by the Leader of the NDP, and by my hon. colleague opposite. Again the Assistant Deputy Registrar General said there was no conflict of interest. The Hon. Member is welcome to call him.

GUIDELINE PROVISION QUERY

Mr. Lorne Nystrom (Yorkton—Melville): Can the Minister then explain why there would not be a conflict when Section 60, Subsection (c) explicitly states that you cannot give counsel for commercial purposes for a period of one year? Could the Minister tell us what the guideline means, if it doesn't mean that he cannot work for a company like Oerlikon for a period of one year after leaving the Department? What does this guideline mean, if that is not the case?

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, if the Hon. Member wishes an interpretation of the guidelines, why does not not ask the official charged with the responsibility of interpreting them? His number is 995-0721.

Mr. Cassidy: He used that in the Stevens inquiry, too.

OERLIKON LAND TRANSACTIONS—STATEMENT ISSUED BY MR. JEAN BAZIN

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, my question is directed to the Deputy Prime Minister. I wish to ask him whether or not the Government stands behind the statement of Mr. Jean Bazin issued on January 18 indicating his involvement in the land transactions by Oerlikon at Saint-Jean, Quebec.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am not aware of any reason why the Government should stand behind a statement made by any Hon. Member, or any hon. person. In this particular case, the Senator made a statement based upon his knowledge of the facts. Together with Mr. Nantel, he brought this information to light in the first place. The dates that have been alluded to, both in the Prime Minister's statement and in his statement, are dates which we accept.

USE OF MINISTERIAL STATIONERY

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, the Deputy Prime Minister should know that the statement in question has been issued on the letterhead of a Minister of the Crown, that is, the Leader of the Government in the Senate, and one would then presume that the Government would stand behind that statement.

Why is the Government of Canada, and a Minister of the Crown, using his letterhead and his offices to put out a statement of Mr. Bazin—presumably because they supported it—and at the same time carrying on a campaign of selective leaks aimed at the former Minister of Transport? What type of contradictory action is that?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am not sure on what basis the Hon. Member can charge the Government of selectively leaking information.

Mr. Tobin: The Prime Minister admitted it last week.

Mr. Mazankowski: Perhaps if he has some knowledge, he may wish to impart that information to the RCMP.

As far as the other part of the question is concerned, presumably it was for the intention of imparting some accurate information for a change. That is something we have not been receiving from Members opposite.

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ROYAL CANADIAN MOUNTED POLICE

ACCIDENTAL DISCHARGE OF MACHINE-GUNS IN NATIONAL CAPITAL REGION

Mr. Barry Turner (Ottawa—Carleton): Mr. Speaker, my question is addressed to the Solicitor General. I am concerned about the safety and security of persons within the National Capital Region. In the last four months we have had three incidents of machine-gun firings through legs and guard huts by RCMP special constables. This has been endangering innocent lives. I ask the Solcitor General if these dangerous weapons will be replaced, or will adequate training be given to their users?

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, I can assure the Hon. Member that I share his concern. As late as last week I discussed this matter with the Commissioner of the RCMP. He advised me that they do in fact go under very rigorous specialized training. As a matter of fact, it comprises some 32 hours on the gun alone. He advised me that the gun is a safe gun, and it is used by many other countries. At my request he will review the matter once again.

* * *

HEALTH

USE OF EDUCATION TO COMBAT AIDS DISEASE

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. Last week the Minister was quoted in the media as having said that while there will be more money provided for research on AIDS, he was not prepared this time to provide any more money for preventive education. My question to him is this. In view of the fact that education is the only effective way of combating this very serious disease, how can the Minister justify such a statement in view of Canada's pitiful effort compared to the United States and Great Britain?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, when the Member says that public education is the only manner of combating the disease, that is simply not the case. It is one method. For example, in the same interview I said that $39 million in five years would be used for AIDS, $22.5 million would be used for research. Is he suggesting that is not a good manner in which to combat AIDS?

Additionally, the Canadian Public Health Association is putting forward ads. They have been given the responsibility for those ads. I understand from them that those ads are fairly close to completion and airing.

• (1500)

MINISTER'S POSITION

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, does the Minister really believe that research will be a more effective preventive measure than education? If so, we are in serious trouble. Will he not think about the matter and come to the conclusion, about which everyone is aware, that it will be five to ten years before research produces any results?

If we do not have an educational program that is effective now we may face a very, very dangerous situation in this country.

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, I have already given the Hon. Member the background about what was being done with the Canadian Public Health Association in regard to public education. Where does the Hon. Member get the evidence of five to ten years in research? Researchers will not give any time frame. I wish the Hon. Member would not use such inflammatory statements like those he just made, which are simply not the case in this issue.

* * *

INDUSTRY

ALGOMA STEEL CORPORATION—FUTURE OF WAWA MINING OPERATIONS

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is directed to the Minister of Regional Industrial Expansion. Last Thursday, Algoma Steel Corporation in Sault Ste. Marie announced that within a few days it would commence the shut down of its iron ore mining operations in Wawa unless a solution to the freight rate problem with Algome Central Railway is found. Since 350 jobs in mining are involved and at least 2,000 jobs in the district, when will the Government make a decision? Will it give a commitment today that it will provide the necessary assistance to see that these freight rates are lowered so that this mining operation at Wawa can continue?

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, for some months we have been asked, through the Member for Sault Ste. Marie, to look into this matter. There have been ongoing discussions for some time and I understand good news may be announced shortly. The Ontario Government, federal Government, and the companies are continuing these discussions.

Mr. Speaker: There is time for one further question. The Hon. Member for Cape Breton—Highlands-Canso.

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TRADE

NOVA SCOTIA CHRISTMAS TREES—ACCESS TO UNITED STATES MARKET

Mr. Lawrence I. O'Neil (Cape Breton Highlands—Canso): Mr. Speaker, my question is directed to the Minister of Finance. He is aware of concerns of Nova Scotia Christmas tree growers about access to the United States Christmas tree market. What assurances can he give Christmas tree growers in Nova Scotia that their exports to the United States will not be hit with a tariff in 1987?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I very much appreciate the continuing interest that the Hon. Member has expressed in this matter. When Vice-President Bush and Secretary Baker were in Ottawa last Wednesday we discussed the question of shakes and shingles and the desire to work jointly toward the resolution of that problem. We have agreed to take steps in that direction and work is continuing. Hopefully we will be able to deal with the problem of concern to the Hon. Member and the Christmas tree industry, as well as other industries. I should remind him that the decision was taken last May in response to a national problem. It required a national response. We will continue to work on it.

* * *

POINT OF ORDER

ALLEGED USE OF UNPARLIAMENTARY LANGUAGE

Hon. Herb Gray (Windsor West): Mr. Speaker, I rise on a point of order with respect to a word used by the Deputy Prime Minister (Mr. Mazankowski) in one of his answers during the Question Period just concluded. I heard the Deputy Prime Minister use the word "fabrication" in answer, I believe, to the Leader of the Opposition. Citation 320 of Beauchesne says that since 1958 it has been ruled unparliamentary to use a number of expressions, one of them being "fabrication". Apparently this was a ruling made on January 27, 1959, at page 385 of *Hansard*.

To be perfectly fair, I did not make a note of the total statement in question. I would be quite prepared for you to treat what I just said as notice so that we can check the "blues". I would then be in a position to give further argument based on the total context of the use of the word.

Mr. Speaker: I might point out that the Chair would want to be very careful to ensure that if the word was used, it was used and directed at an Hon. Member. If it had been used to describe a general series of allegations that may have taken place outside the Chamber, of course, it would be in a different category.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I believe you have qualified the manner in which I used the word which the Hon. House Leader of the Liberal Party has raised. I certainly did not accuse any Member of the House of a fabrication. If that appears to be so upon checking the "blues", it would be inadvertent and I would be more than willing to withdraw it. As you suggested, Mr. Speaker, I was describing the sort of state of innuendo, rumours, fabrication and so on that was associated with this. It was certainly not directed at any one individual Member of Parliament.

Mr. Speaker: The Chair will consult the "blues". The explanation may be adequate.

GOVERNMENT ORDERS

[*English*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee, and the amendment of Mr. McDermid (p. 2601).

Mr. Speaker: When the House rose at one o'clock the Hon. Member for Bourassa (Mr. Rossi) had the floor. I gather that the Hon. Member has concluded his remarks. The Hon. Member for Cape Breton—East Richmond (Mr. Dingwall).

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, while I am pleased to participate in this debate, I must say that I am discouraged by the motion moved by Members opposite that the question now be put. It can be concluded by any reasonable person that the intent of the motion is to cut off meaningful debate on a subject that is very significant and important, not only to those communities in Canada that are involved in the lumber industry but to Canada as a whole.

While this legislation raises a number of issues that deserve consideration in the House, one particular issue is that of Canadian sovereignty. I have concluded after reading the Bill and listening to arguments by all Members that this Bill will be very damaging, not only to Canada's economic interest but to our sovereignty and independence as well.

Canadians will have to pay a 15 per cent export tax on all softwood lumber exported to the United States, and figures introduced by the Right Hon. Leader of the Opposition (Mr. Turner) show that it will cost the lumber industry some $600 million on the basis of that tax. If it is converted into a timber cutting fee, or stumpage fee at the provincial level, the figure may well be some $950 million to $1 billion. Such huge sums will negatively affect the forest industry in western Canada, particularly in British Columbia, and will have a long-term effect on the people of northern Ontario whose livelihood is based on that sector of our economy. It has serious ramifications for the people of Quebec and Atlantic Canada.

I am shocked and outraged that the Minister for International Trade (Miss Carney) would mislead Members of Parliament and Canadians as a whole with statements that somehow this legislation has been drafted and negotiated with the United States with the paramount interests of Canadians being kept in mind. All Canadians expect their governments, regardless of political affiliation, to stand for the best interests of Canada. They should not be hoodwinked by the United States nor, indeed, by other nations. When we look at the substance of the agreement and see the powers which have been conveyed upon the other signing partner we can see how absolutely devastating it is to Canadian interests.

Clause 6 of the Memorandum of Understanding should be noted:

> The Government of Canada will take no action, and will take all reasonable steps to ensure that no other governmental body in Canada takes any action, directly or indirectly, which has the effect of offsetting or reducing the export charge or replacement measures, except as provided in this Understanding.

• (1510)

The heading of Clause 7 is "Exchange of Information and Monitoring". Who has the upper hand with regard to this legislation and, obviously, the agreement which will be subsequently tabled? Is it the people of western Canada or the people of British Columbia? Is it the communities in northern Ontario and Quebec or is it those communities in Atlantic Canada? Are they the ones which will have the upper hand in determining where this information may go? The answer is obviously no.

The agreement provides in Clause 7a:

> The Government of Canada and the Government of the United States of America will exchange information necessary for the implementation and monitoring of this Understanding.
>
> The Government of Canada will provide the Government of the United States of America with data concerning the level of Provincial and Federal softwood and total stumpage harvest, the total revenue collected from the sale of Provincial and Federal softwood and total timber, total export charge collected, total shipments of certain softwood lumber products to the United States of America, total lumber production by province and total softwood lumber production by province—

And so on and so on.

The interpretation I put on that clause is that the United States will have the upper hand with regard to this particular agreement. I say to my colleagues opposite that my opinion is an opinion which was put forth in a documented way by the chief American trade representative in a joint letter to the U.S. Coalition of Lumber. I know the Deputy Prime Minister (Mr. Mazankowski) will be very conscious not only of the substance of this particular letter but, indeed, of the very devastating effects it will have for the people of British Columbia, northern Ontario, Quebec and Atlantic Canada.

The chief American trade representative said that "The U.S. Government would have to approve"—would have to approve, Madam Speaker—"any changes in the export charge or any calculation of the value of any replacement measures. Any changes made without U.S. Government approval would be considered a violation of the understanding".

We have given away to our good neighbours to the South, the United States, the upper hand on a sector which is extremely important to the Canadian economy. How in good faith can Members opposite, in particular the Prime Minister (Mr. Mulroney), the Minister of State for External Affairs (Mr. Clark) and the Minister for International Trade perpetrate such misleading statements to the House and to the general public that somehow this export tax will be in the long term interests of Canadians?

We see the signs every day of a Government elected by the majority of the people of Canada which is totally incompetent to have the trust of the people of Canada. In this particular instance it has bungled a most important sector of our Canadian economy by giving way to the United States. The only response which comes from the Government benches, "Well, we did the best we could". But there were other alternatives available to the Government and it chose not to proceed with those alternatives. Clearly, history will tell us that this particular export tax of 15 per cent will be extremely devastating to the Canadian lumber industry. It will have, in particular, devastating effects on those small rural communities throughout Canada, and their livelihood and economic prospects for the future.

This also says something else about the Government. It says that when sovereignty is at issue, the Prime Minister is prepared to sit on the knee of the President of the United States and sing. He has certainly sung in this particular instance. He has given away our sovereignty and the opportunity of Canadians to embellish their livelihoods in this most important Canadian sector. That is what the Prime Minister has done.

In concluding, I wish to say to Hon. Members opposite that there is no shame at all in saying to members of the cabinet "We will vote against this legislation", because their first obligation should be to provide good legislation for all Canadians and not legislation which will only embellish the Prime Minister's personal relationship with the President of the United States.

Mr. Cyril Keeper (Winnipeg North Centre): Madam Speaker, I took my time in rising because I wanted to give the opportunity to Members of the governing Party to enter into the debate. I must say I am a little disappointed they did not take advantage of that opportunity. We want to hear their point of view with regard to the legislation before the House dealing with the imposition of the lumber export tax.

I have three basic perspectives regarding this legislation that I want to mention. Basically, I want to deal with the question of Canadian sovereignty and some of the things the Canadian Government has given up by entering into this deal with the Americans. I also want to make some comments about the relationship of this legislation to the over-all economic strategy of the Government, the strategy on which it has pinned its future, the free trade negotiations with the United States.

The most shocking aspect of this legislation is the damage it does to Canadian sovereignty and the fact that a Canadian Government would sign this agreement with the United States, one of the most powerful countries in the world which has often been compared to an elephant. It is the elephant under which the Canadian mouse must sleep. If the elephant rolls over, the Canadian mouse is in great danger. The Government has become in fact a mouse in its relationship with the United States.

After the Government puts in place the lumber export tax, it then wants to put in place an equivalent charge under provincial jurisdiction, because resources in our country fall under provincial jurisdiction, but it first has to have the approval of the United States Government. After provincial and federal Governments sit down and devise a regime for replacing the federal tax with a provincial charge, it will then require the approval of the American Government. That is the agreement the Conservative Government has made with the United States. It is giving up a significant portion of Canadian sovereignty. It is getting down on one knee before Ronald Reagan. Living beside such a powerful nation it is important for Canadians to be ever vigilant with regard to our sovereignty, not only with respect to trade matters, such as softwood lumber, but also with regard to boundary matters.

• (1520)

There is a controversial matter concerning boundaries in British Columbia with respect to which the Government must be strong and tough. If a Canadian Government shows weakness in one area, then the Americans will see that weakness and follow up in other areas. The weakness demonstrated by the Canadian Government in this area as a result of backing down on a question of sovereignty will have implications in other areas.

I ask Hon. Members to consider the whole question of northern sovereignty. Canadian maps show that large portions of the Arctic fall within Canadian jurisdiction, and the Americans doubt that jurisdiction. They therefore doubt our sovereignty in this area. If we are weak when it comes to the export of lumber, then they will think that we will be weak when it comes to our boundaries in the Arctic.

So it is important for a Government to be able to stand up to the Americans, not necessarily in a belligerent fashion but in a firm way, in order to demonstrate that when it comes to the question of sovereignty Canadians will not compromise. It took a long time for Canadians to establish their sovereign rights. It took the courage of Prime Minister after Prime Minister. First, we had to stand up to Britain in order to establish the legitimacy of Canadian sovereignty. It took Canadians who fought in the First World War and the Second World War to establish Canadian sovereignty. Canadian sovereignty has been brought about at a very high price and over a long period of time. It is a mistake for the Government to rush into an agreement on softwood lumber in order to save a few dollars, which is the argument we have heard, which will weaken our sovereignty. It is a tragic error in strategy and approach on the international level.

The agreement not only envisions the Canadian Government going on bended knee to the American Government to say: "Can we put this particular provincial tax in place of this federal tax now", it also prohibits the provision of grants, low-cost loans and other benefits to the forestry industry by federal or provincial Governments.

One argument the Government has used is that the money that will come from the tax could be funnelled into the forestry industry, thus being of benefit to that industry which is now suffering as a result of this extra barrier to trade with the Americans. The agreement specifically prohibits that money from being used for those purposes. While it is obviously necessary to continue to retool the industry and to ensure that it is capable of being as competitive as possible on the international level, it is necessary to spend money if there are plant closures in the industry so they can adjust and move to other industries. This agreement prohibits the use of grants for those types of purposes since the Americans will simply see them as unfair subsidies to the industry. Thus this agreement hits at not only Canadian sovereignty but at the capacity of the Canadian Government to work in a way that will improve and strengthen the softwood lumber industry.

The Government has given up a number of things in making this agreement with the Americans. One thing it has given up is its opportunity to go the full length with the legal processes in the United States. The last time a Canadian Government went through the legal process of appeal before American authorities on a matter such as this it won and the tariff barrier was not put in place. By making this agreement the Government has given up the opportunity to go all the way with that approach, to test it. There are arguments and evidence to indicate that we would have had a fair-to-even chance to beat this matter before those authorities. But we gave that up.

We also gave up the opportunity to win our appeal under the GATT. We gave up a great deal when we signed this agreement, when we went in such haste to the Americans and said: "Will you make a deal with us?" We gave up at least a couple of other avenues that were open to us for resolving this matter in favour of Canadian interests. We just let them go by the way.

I wish to talk a bit about free trade, something which is central to the Government's economic policy. If the Government handles the free trade issue in the way it has handled the softwood lumber negotiations, then we are in deep trouble. It is time the Government stood on its own two feet. It is time for our Government to get firm with the United States rather than for the Prime Minister (Mr. Mulroney) to try to be pals with the President of the United States. Our Government must adopt effective negotiation strategies. The Government must be tough with the Americans because the Americans are being tough and ruthless with us.

I call upon the Government to withdraw this legislation and use the other avenues which are open to let the Americans know without a doubt that we will stand up for our interests. We must let the Americans know that we are not ready to lay down just because some particular group in the United States gets angry or feels that competition from the Canadians is too tough.

• (1530)

[*Translation*]

Mr. Marcel Prud'homme (Saint-Denis): Madam Speaker, Hon. Members opposite may tell us that practically everything has been said that could be said on the subject. Personally, I read through all the speeches made since the beginning of this debate, starting on Monday, January 19, when Parliament reconvened. Sometimes I think it is pretty hard to come up with anything new, although we do want to make Canadians aware of the threat to our forestry industry this agreement represents, an agreement under which this Government, through the responsible Minister, has decided to make our future dependent on the United States.

I tried to come up with a more practical point and did so after a meeting we had with a distinguished representative of the Quebec Lumber Manufacturers Association, who met with the caucus to make us aware of the problems that would be facing the Quebec lumber industry.

As far as Canadian sovereignty is concerned, I obviously agree wholeheartedly with what was said by my colleagues in the Official Opposition as well as by our colleagues in the third party in this House. However, I was very surprised no one had talked about the people in Quebec whose lives will certainly be very much affected and who are very, very concerned about what the Government is about to sign or has signed with the United States, without necessarily knowing all the whys and wherefores of this agreement.

Madam Speaker, we could usefully look at some of the facts contained in a document entitled: The Lumber Industry in Quebec, published by the Quebec Lumber Manufacturers Association, 1985 Edition. Delivery of lumber, by administrative region. The Lower St. Lawrence provides 6 per cent of Quebec's production. I see that Saguenay—Lac-Saint-Jean provides 25 per cent. In the Quebec City area the percentage is 18 per cent, and I was very alarmed to see that in the breakdown by administrative region in Quebec, the North West is responsible for 39 per cent of the lumber production. This is a matter of great concern, because anyone who knows Quebec realizes that the lumber sector is one of our major industries and provides a great many jobs. I have the figures to prove it. In Quebec, the industry provided 21,500 jobs in 1984. It was hard for the industry at times. If we look at 1970, the sector provided 9,135 jobs in Quebec, and in 1980, the figure was up to 24,000. Twenty three thousand and 18,000 in 1982, and 21,000 and 21,500 in 1984.

Madam Speaker, I think that when we look at the details of each of these agreements and of the overall agreement the Government is considering, we have every reason to be concerned. The general concept of a trade agreement with the United States may be a great and noble idea that makes a lot of sense, but when we get into the details, we realize how dangerous such an agreement could be for us in Quebec. I am of course speaking for Quebec, but I also speak as a Canadian, because other sectors may also be affected, eventually.

For my own satisfaction and for the information of the House and Hon. Members, I made a quick survey of Members who might be affected. I found out that even the Minister from Blainville—Deux-Montagnes (Mrs. Landry) is affected. Her riding has a number of industries that belong to the Lumber Manufacturers Association, and if I remember correctly, Blainville and Sainte-Thérèse are in her riding.

I realized that the Minister of Employment and Immigration (Mr. Bouchard), the Hon. Member for Roberval, would be severely affected, because 25 per cent of the jobs are in his riding. I see that the Hon. Member for Trois-Rivières (Mr. Vincent) is very much affected. I noticed that the Hon. Member for Mégantic—Compton—Stanstead (Mr. Gérin) is affected.

To my surprise, when I was looking at the list of members of the Quebec lumber industry, high up on the list I found a large number of small-and medium-sized businesses in Quebec. We all know the Beauce region. We all know that Beauce is an area that is on the move. It is one of Quebec's dynamic growth areas. We know that. However, Madam Speaker, I don't think the Hon. Member for Beauce (Mr. Bernier) seems to realize—I hope he knows his riding better than I do—how many industries and small- and medium-sized businesses are directly affected by this agreement, and there are quite a few if we take a close look at the *Quebec Lumber Industry*, their advertising and if we consider the meeting we had with officers of the Association.

I see that the Hon. Member for Lac-Saint-Jean (Mr. Côté) is directly affected by this agreement. Personally, I am a pragmatist, I'm not an ideologue. I am very down to earth, which is probably why I always identify with the Liberal Party. I think we should go back to the source of the problems that will arise in this vast enterprise in which the Right Hon. Prime Minister of Canada (Mr. Mulroney) would like to see us involved, this great trade agreement.

Madam Speaker, I am very concerned, and I could go on. I also found that the Hon. Member for Lévis (Mr. Fontaine) is very much affected. There are so many. I could name them all, and if anyone cares to consult this document, the *Quebec Lumber Industry*, they will find the names of a great many companies in their own ridings. In fact, we intend to write to them to get them moving and on to their Members to tell them: Listen guys and gals, do something because this is getting too close to home. These are all small businesses.

Madam Speaker, in Canada it has often been our experience that when large agreements are signed, people say it doesn't affect them, it isn't serious. However, I may recall the size of the small- and medium-sized business sector in Quebec. Now, this Government wants to sign an agreement covering a specific sector within the trade agreement with the U.S. at any price. Our partner within this vast agreement is the friendly giant next door, I said friendly, and I know the Right Hon. former Prime Minister and Secretary of State for External Affairs (Mr. Clark) always says not to attack the United States frivolously. I could not agree more, but our great big friendly neighbour takes giant steps and when he takes one step he crushes everything in his path. And why not, since they are more powerful than we are. Madam Speaker, let us have no illusions about making the U.S. Government backtrack should its interests clash with ours. What we want to do and what we shall do in the weeks, the months and the year to come is draw the attention of Canadians to the daily dangers inherent not in the overall agreement which will not be signed until the very last but in all those smaller intermediate agreements that with a single signature may wipe out all or part of our small- and medium-sized businesses.

And we have not mentioned all the other possibilities. What will happen next? What will my good friends and colleagues and I hope friends and colleagues of the Government of Quebec say if a U.S. senator or several U.S. senators or members of Congress should decide that all this hydro-electric power from Quebec is unfair competition, and we have another Minister scurrying to Washington? I hope this time they will not be vacationing in Hawaii. If I mention this, it may be because we have heard so much about it or because we are envious not to have been there ourselves. But that's beside the point. The question remains: What will happen? I will conclude, Madam Speaker, because I always obey the Chair. I conclude by asking: What will it be? What will our attitude be the next time if the same thing happens in other major areas such as the sale of our electric power resources which is so beneficial to Quebec? The same thing will happen, because the Americans will have the same fear. With the Americans, we should be constantly on the look-out. I suggest, Madam Speaker, that the Government was not on the look-out when it signed this agreement. If we are continuing this debate now, it is to emphasize that the Government did not exercise the expected cautiousness, and there will be Hon. Members taking part in this debate as long as the Government does not assure us that it will be constantly on the look-out from now on. I thank you for your patience.

Mr. Lorne Nystrom (Yorkton—Melville): Madam Speaker, I too should like to make a few comments on the very important matter now under consideration in the House, namely Bill C-37 on Canadian softwood lumber and the 15 per cent tax on the export of certain softwood lumber products to the United States. It is an important question with respect to Canada's sovereignty, just as it is an important question with respect to the relations between Canada and the United States, and between Ottawa and the ten Canadian provinces.

Madam Speaker, the softwood lumber industry is very important because thousands of people work directly or indirectly in this industry in most Canadian provinces. As far as I and many more people are concerned, the free trade issue and the free trade negotiations between our country and the United States are also very important, as they are to the chief negotiators of the two countries, to the Secretary of State for External Affairs who is in the House today, and to our chief negotiator, Mr. Simon Reisman. I spent a lot of time in my riding during the Christmas recess and I know that many of

my constituents are deeply concerned about a free trade agreement between Canada and the United States because we are a small country of only 25 million people. There are a lot of people living in the United States, ten times as many as in Canada, a total population of 250 million. It would create a problem for us. It is somewhat like a mouse and an elephant sharing the same bed. It is a good thing for the mouse to share the bed of a huge elephant, that is until the elephant has a bad dream and turns over. So much for the small mouse.

But, Madam Speaker, it is a question of sovereignty. Some legal experts have told us we gave up much of our sovereignty on this issue. I am afraid that if we continue to steer this course we will end up being the 53rd State of the United States.

Madam Speaker, I wonder what has happened to the Progressive Conservative Party, a party once recognized as truly nationalist here in Canada. I remember Sir John A. Macdonald quite well. He had a national vision. He was truly nationalist. At the time, it was the Liberal Party, not at all the Conservative Party, which had a continental vision. That remained the philosophy of the Conservative Party up through the time of John Diefenbaker. Mr. Diefenbaker also was a great Canadian nationalist. He had a vision of the Canadian North. He spoke very strongly for Canada, claiming that this was an independent country and so on and so forth.

But now, under the new Progressive Conservative Party Leader, there is a different philosophy. The new PC Party Leader often observes that he is a great friend of Mr. Reagan, the President of the United States, and that Canada has very close ties with the United States.

• (1540)

[*English*]

It does not seem to matter, Madam Speaker, whatever happens we seem to respond time after time to what the Americans want us to do. This time it is softwood lumber and an export tax of some 15 per cent. A few months ago, after the March conference with President Reagan and our Prime Minister (Mr. Mulroney) we heard about changing our drug legislation, of getting rid of generic pharmaceuticals, something we have had since 1969. This was proposed in response to a request by the President of the United States to change our patent laws in Canada to coincide with the patent laws in the United States. The President wanted a free flow between the two countries. He wanted to have a free flow of pharmaceuticals and a free flow of information. You cannot have that when you have a different law in Canada than in the United States. The Americans have patent protection for drugs. After a certain amount of time we in Canada could have competition from generic companies. Because of that competition drug prices came down to a level much lower than in the United States. I remember well my second year as a Member of Parliament in 1969 when the drug Bill was brought in. At that time prices of drugs in Canada were significantly higher than in the United States. Because we have had real competition between major drug companies drug prices in Canada, according to Professor Eastman, are now much lower than in the United States.

Once again we have had pressure from the Americans to change our law, to change our policy to suit their country and their people. Exactly the same thing is happening to softwood lumber as will happen to pharmaceuticals.

It is time that we stopped acting like a timid little mouse and stood up for our rights and for our country like Diefenbaker and Macdonald did years ago. It is time that the Prime Minister stopped treating Canada as branch plant Canada. I know he worked for many years for huge American multinational companies. He was at one time the president of Iron Ore Canada. He has a mentality, perhaps from his background and where he grew up, that branch plants are absolutely fantastic for this country, and if it were not for Uncle Sam we would not be where we are today. He is also the same man who closed down Schefferville.

I know sometimes that American investment has helped us in the job area. The Hon. Member for Swift Current—Maple Creek (Mr. Wilson) is shaking his finger. Maybe he does not agree with me but sometimes American investment may have helped. It is important to remember that we have to be masters in our own house—*maîtres chez nous*. I think the Prime Minister has taken his policy of branch plantism from the private sector. He has a vision of this country as branch plant Canada where Uncle Sam and Uncle Ronnie in the United States call the shots rather than the Parliament of Canada. This is good enough.

[*Translation*]

I have already mentioned the generic drug issue and the lumber issue here in Canada, Madam Speaker, but there is also the issue of the Canadian energy policy which has been changed under tremendous pressure from the United States. There is also the issue of foreign investments here in Canada. We used to have here a screening agency for investments in Canada, but under pressure from the United States, the Government led by the Prime Minister changed that also. There were four examples. The Prime Minister has listened very well to the President of the United States, but not to the Canadian public.

[*English*]

That is not good enough, Madam Speaker. We have legislation before this House now that will allow the Americans to tell us what we can do without export taxation. We cannot change the stumpage fees unless the Americans agree to it, nor can we set a certain stumpage fee unless they agree to it. It is not good enough to let them call the shots and determine what we do in our own country. We are a sovereign state. We are not the fifty-first state of the United States and it is about time our Prime Minister realized that.

Even in sectors where we have free trade, such as shakes and shingles, a few months ago we saw where the Americans moved with a tariff anyway because we had pierced their market. We had done very well. We were very efficient and

the Americans did not like it. They became very protectionist and they protected themselves.

[*Translation*]

That is exactly the same situation for our farmers here in Canada. There was in the United States a farm bill providing massive subsidies for American wheat and grain exports elsewhere in the world. Sometimes, they take over Canadian markets because of their enormous subsidies.

[*English*]

I say that I cannot support this kind of legislation, Madam Speaker. My constituents do not support this kind of legislation. They fear as I fear that we have a Prime Minister who is gradually selling out this country. It is time to stand up for Canada.

[*Translation*]

Now is the time for our country to act. The time has come for Canada to act, Madam Speaker.

[*English*]

Hon. Douglas C. Frith (Sudbury): Madam Speaker, this is the second time I have had the opportunity to address the House on Bill C-37 dealing with the lumber agreement made between Canada and the United States. I would like to review for the benefit of Members of the House several of the reasons that the Conservative Government feels Bill C-37 is necessary. I would like to outline the rationale behind the way in which the Conservative Government went about dealing with the difficulties that Canada's lumber industry was having with the American lumber industry, and in that attempt, to some extent, put some logic to Bill C-37, logic which I do not believe can be found but nonetheless I will attempt the task.

First, the Minister for International Trade (Miss Carney) indicated that the deal was made to "protect thousands of jobs in the Canadian lumber industry". Second, she indicated that the deal was signed because "We were convinced we would lose the final determination." Ostensibly I would assume that the Minister for International Trade had a legal opinion to back up that comment, and I will come back to that in a moment. Third, the Minister indicated that "If we lost our case, we would be entrenching a dangerous legal precedent." Lastly, "Why should we as a country be concerned about this agreement when, in fact, the federal Government has not interfered with the provinces rights to use their own resources?" Those are the four major points made by the Minister for International Trade in her address to the House. I would like to respond to each of those reasons for us to support the Bill.

• (1550)

Upon close examination of the arguments in favour of supporting this piece of legislation, one finds that each point has a flaw in its logic. Let us deal with them. The Minister for International Trade mentioned that the deal was made to protect thousands of jobs. I assume that the Minister was simply referring to jobs in the lumber industry itself. She did not mention what would happen to the thousands of jobs in the value-added industries that will be lost as a direct result of the export tax being applied to these goods.

I would also quarrel with the notion that this agreement will protect thousands of jobs on the grounds that a large segment of the Canadian forestry industry has a great deal of concern about the impact of the export tax on markets. I say this in an attempt to simplify a very complicated situation. There is a danger that as a result of the loss of markets in the United States the lumber industry in British Columbia, which has traditionally not been a competitor in the Ontario market supplied by northern Ontario and Quebec, will find itself faced with competition that never existed before. The concept of thousands of jobs being saved through the imposition of this export tax which is placating our friends South of the 49th parallel has a flaw in its logic.

Second, the Minister indicated that the deal was good because, as the Minister said, we were convinced that we would lose the final determination. That has always been true. That is an inherent danger for any industry that comes under question by our American trading partner. There is a tribunal before which Canadian workers can complain about being unfairly attacked by American products, and that is true of our neighbour South of the border as well.

This problem did not come about overnight. We had the same difficulty in 1982 and 1983 when the American lumber industry complained that our stumpage fees were an unfair subsidization of the Canadian industry. At that time the Liberal Government did not cave in to the pressures of the American lumber industry, but chose to fight the imposition of an offsetting tax. We were very successful in our fight before the tribunal which deals with international trading disputes between the two countries.

As late as December 23, 1986 a preliminary report indicated that the tribunal judging our case may well have voted in favour of Canada. Yet by legislating Bill C-37 we have pre-empted any choice. We have no choice in this matter now that the Government has caved in to the American demands and has imposed a tax on our own industry. In my opinion, that sets a very dangerous precedent.

Speaking of precedents, the Minister of International Trade went on to say that the third reason we should sign the agreement was that if we lost our case it would entrench a dangerous legal precedent. Good heavens, she was worried about legal precedents, but what kind of precedent is set by acquiescing to the demands of the United States to sign the lumber agreement?

I submit that as a direct result of caving in to pressures from the United States on the lumber industry we have opened up a number of other critical sectors of our economy to the same kind of pressures. The American lumber industry does not operate in isolation from other associations representing the interests of steelworkers and the agricultural sectors of the

U.S. econmy. It is no secret that the United States is in more of a protectionist mood than it has been in for several decades.

Canada can complain about falling victim to the pressures put on the U.S. administration by the U.S. lumber lobby, but in fact Americans have moved on several other fronts to put up tariff barriers on products from other countries. One need simply look at the reaction of the United States' chief negotiator, Mr. Yeutter, in reply to the European Economic Community's decision to allow Spain into the EEC. The United States agricultural community lost some $230 million worth of its market as a result of that decision and the U.S. has retaliated against the European Economic Community by imposing a tax of up to 200 per cent on certain items entering the United States from France, including wines and endive from Belgium.

We cannot view the tendency of the United States toward protectionism in isolation from other events that are happening throughout the world. By caving in to the U.S. demands to impose a tax on our own resources we have given up the opportunity to use our rights through the trade tribunal to put forward our own sovereign Canadian viewpoint.

I believe many Canadians feel that because of the way in which the Government has dealt with the lumber issue it has given up many of our traditional rights to protect cases at the international level. I think caving in sets a very dangerous precedent and there will be other industries that will be similarly challenged.

Finally, the Minister indicated that part of the reason we should accept the agreement was that in no way would we tread upon the provinces' rights to use their own resources. I submit that that last point is flawed in its logic as well. The provinces do not have the right to use the money in whatever way they want. Clearly the memo from President Reagan to Baldrige commits the United States to using retaliatory action if Canada slips in any way as defined by the Dennison letter.

Clearly, in submitting Bill C-37, the Canadian Government has given up its rights and this will set a very dangerous precedent. I should hope that members of the Conservative Party will see the error of their ways and vote to throw out Bill C-37.

Mr. Derek Blackburn (Brant): Madam Speaker, this is the second time I have entered debate on Bill C-37. However, this is not just the second time I have spoken about it in this House. I first raised concerns about this Bill in a statement pursuant to Standing Order 21 in which I pointed out that remanufacturers in Ontario were being forced to pay a 15 per cent tax on lumber originating at exempt mills in parts of Canada and the United States. At that time, the Minister for International Trade (Miss Carney) was furious with me. She heckled from her seat that I had my facts wrong. She went so far as to depart from her own prepared remarks to say that I had misled Canadians. However, I checked my facts.

Apparently, so did the Minister, because when I questioned her on the same matter later in the week her attitude had changed completely. The Minister even thanked me for bringing what she called these anomalies—her word, not mine—to her attention. Evidently her officials had done some checking and advised her that there were indeed loopholes in this Bill. The Minister went so far as to plant another oral question from her own benches to help her correct this mess. This time the Minister agreed with the member of her Party that there were problems with the Bill. She admitted that some remanufactured softwood products had not been covered by the original legislation and she promised that she would meet with industry representatives to get all the facts. Now the Minister will have to get the Americans to agree that other products should be exempted from the export tax. Such an oversight tells me that this legislation was drawn up rather hastily, to put it mildly.

There should be no holes in such important legislation. We are dealing with a Bill that affects thousands of jobs in the softwood industry, a Bill that goes to the very heart of our sovereign rights as a nation. Yet there are obvious problems. I am not an expert on this issue. Indeed, not many in this House are experts on the softwood lumber trade. Yet I was able to find glaring errors in this legislation. How many more might be found by lumber and trade experts with time to examine this proposal in detail? Certainly the Minister must wonder. I imagine there were some red faces and scorched ears in her Department when these mistakes were discovered.

• (1600)

There seems to be ample evidence in just this one illustration to show that a six-month delay is definitely warranted. However, there are other examples as well. Last Friday the Government attempted to force a vote on this Bill. Only then was it pointed out that there were blank spots that had to be filled in. The rules of this House prevent us from voting on blank Bills and for good reason. It goes to the very heart of our responsibilities in this place. We are being asked to consider and approve laws which affect the lives of our constituents. It would be negligent for us to give *carte blanche* authority by approving a blank Bill. I am not suggesting the Government was seeking *carte blanche*. Undoubtedly this was just another oversight. Indeed, the sight of people scurrying around the Chamber with copies of the agreement last week showed that this was no sinister plan. Yet again, the Government showed it was ill-prepared. It was seeking House approval without ensuring that it knew exactly what it was asking the House to approve. Again that shows a delay is worth considering.

Finally, there is the U.S. part in this to consider. The problems we have uncovered, and any others which trade and softwood lumber experts might uncover, would have to be negotiated into the agreement with the Americans. It will do us no good to go through the exercise of debates and votes if we have to do it all over again in a few weeks or a few months. Canadians expect us to consider legislation carefully. Let us get it right the first time. Let us make sure we all understand what we are doing when we say yea or nay in this Chamber. Part of that understanding has to be a realization that we are ceding power to the U.S.

I know the government benches will be quick to point out that this Bill only authorizes the Canadian Government to collect a tax from its own citizens. However, that is really a technicality. We are not legislating of our own accord. We are doing so under a direct threat from an economic pressure group in a foreign country. This legislation would legitimize the protectionist powers in American society. It would say that we approve of our Government accepting terms of trade dictated from the other side of the border. This is not some penalty imposed by a neutral body. It is not the finding of some international tribunal. This is simple acknowledgement of power. It is the triumph of American economic power over Canadian sovereignty, signed and sealed by the Government of Canada. That is frightening.

No one can say where that power will be exerted next. It could take aim at the regional development programs which have been of such benefit to my riding, for example, and many other ridings in this country. Will some American competitor look at aid to industry and declare that this is the stumpage fee of that industry? That would be disastrous. By all means, let us pause to reconsider this Bill. Do we really want to acknowledge that we lie in the American sphere of economic influence? Canadians may bless or curse us for the consequences of the actions we are considering today. I urge caution, and counsel that we accept the necessity of this delay.

In conclusion, I say that in the eyes of the Americans, in the estimation of Washington, the tougher we act and the tougher we negotiate in this country the more respect they will have not only for this institution, this Government which is faltering very badly right now, but the greater respect they will have for our country. If we simply sit back and acquiesce in virtually everything they demand, and I think this is the beginning of that sad and sorry road, there will be no respect, nothing but utter contempt. They will continue to take us for granted and that indeed will be a very sad day for this country.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mrs. Champagne): It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for York East (Mr. Redway)—Herbicides—Use of weed killer 2,4-D; the Hon. Member for Algoma (Mr. Foster)—Trade—United States duty on Canadian softwood lumber. (b) Minister's position—Canadian proposal; the Hon. Member for Hamilton East (Ms. Copps)—Canadian Human Rights Commission—Appointment of Antonio Arcangel to Human Rights Tribunal. (b) Request for investigation of appointee.

GOVERNMENT ORDERS

[*Translation*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee, and the amendment of Mr. McDermid (p. 2601).

Mr. Fernand Robichaud (Westmorland—Kent): Madam Speaker, I thank you for allowing me to speak on this Bill. I must say that it is the second time I rise in this debate on a Bill which will impose a 15 per cent tax on lumber exports to the United States.

I am a bit shocked by the amendment asking that the question be now put for the simple reason that I believe this Bill to be very important and a threat to our sovereignty.

Government Members would like us to believe that our sovereignty is not being threatened. I respect their views, but I would like to make a few points.

In the memorandum of agreement, it is written that the Americans can come to Canada and impose their will. They can refuse to approve certain measures which the Canadian Government and the provinces might want to take in relation with our natural resources, especially lumber.

Madam Speaker, sovereignty is something that cannot be measured, but it is certainly something that can be felt. As Canadians, we feel proud of our country, proud of being masters of our own destiny, and I believe that all Canadians want the House of Commons and the Government to see to it that this sovereignty is respected by everyone, both in Canada and abroad. We have a very special role to play in this area. As I said, Canadians have the feeling that we are masters of our own destiny, that we can decide what we will do and how we are going to act and how this country will be governed.

Madam Speaker, I believe that the sovereignty of a nation must be respected. This means that our sovereignty should be respected by our neighbours. They must respect us and we must express our concern every time we feel our sovereignty is being threatened.

Hon. Members will recall the *Polar Sea* icebreaker incident in the Canadian Arctic. All that this icebreaker did, Madam Speaker, was to trace a path in the Arctic waters. There are no signs left of its passage.

An Hon. Member: It broke the ice.

Mr. Robichaud: It broke the ice, as my colleague has pointed out. In fact, I am certain that the Inuits who live in that region were threatened because the ice is the habitat of the fauna on which they depend.

As I was saying, all that this icebreaker did was to leave a path in the ice which has probably disappeared completely by now. The fact remains that the Americans took this initiative without even consulting us. We did not react sufficiently strongly to prevent them from violating our territory. Indeed, I consider that there really was a violation of our territory. I feel that this is important, whether in the northern, the eastern, the western or the southern parts of the country. Canadians must by all possible means seek to preserve that sovereignty.

Of course when I say that our sovereignty is threatened, I do not mean we expect to see tanks at our borders and soldiers marching in to conquer us. Of course not. I think that the Americans have enough respect for us not to do such things. However, as Canadians we must make them realize that this land of ours has boundaries that must be respected.

Madam Speaker, some Hon. Members might say that we cannot build fences between ourselves and our neighbours to the south.

Certainly, we should not offend our friends to the south. However, I should like to say that good fences make good neighbours. We could thus avoid many quarrels and surely a fence is as good as the friends sharing it. We have to show mutual respect for that line dividing both properties, that is our two countries.

Now, Madam Speaker, that is why I said I was rather shocked to see that an immediate vote has been requested on that Bill which I find so important. But let me deviate slightly from the sovereignty concept which I find very important, and deal with New Brunswick, in the Maritimes. I can say that the Bill is most unfair to the lumber industry in the Maritimes. Because, you see, in our area, the lumber industry must pay stumpage fees that are a great deal higher than in the other provinces that our mentioned in the Memorandum of Agreement, that is British Columbia, Alberta, Ontario and Quebec. We pay as much as eight times more than elsewhere. And out of the 130 or so companies in the industry, five from our area have been exempted from the export tax.

Of course, this is good for those being exempted from the tax, but it is very bad for the others that are not. So there are 125 companies, and most of them that provide a livelihood to whole villages will be hurt by that unfair tax, and I say very unfair. Apparently, in this case, our area has been completely ignored, and we find it very hard to understand why we were ignored because, Madam Speaker, you know very well that the Minister of State for Forestry and Mines (Mr. Merrithew) is from New-Brunswick. This is sad, but on the other hand, we have the representatives of the Maritime Lumber Bureau who said that up to the last minute they thought they were going to be exempt and they could not understand why they were not. Well, personally I find that a little easier to understand. Because, Mr. Speaker, in this case, the Minister of State for Forestry and Mines (Mr. Merrithew), who is from New-Brunswick as I said, has also decided to ignore other very serious problems, problems such as the CN Shops where we are going to lose 1,000 jobs. Besides, this is the same Minister, Madam Speaker, who ignored our Christmas tree producers who feel threatened and certainly will be threatened by the Americans if they decide to impose a countervailing duty on Canadian tree imports.

• (1610)

[*English*]

Mr. Vic Althouse (Humboldt—Lake Centre): Today is my first opportunity to speak on Bill C-37. I do so under a threat to close off the debate as a result of a motion moved the other day by the Parliamentary Secretary to the Minister for International Trade (Mr. McDermid).

Later in my brief remarks I wish to point out some of the economic impact of this lumber agreement to Canadian lumber producers and to jobs in Canada. Before I do that, I wish to point out that what we have here is a process which is well established in the United States, the quasi-judicial process with the International Trade Commission. Until this situation came before us, Canada in fact considered it a quasi-judicial process, one that is above political interference. Yet the specific reason that the Minister gave for coming to this questionable agreement was that she thought we would lose the case before that legal body. We had won a similar case on similar arguments in 1983. We had established that our method of assessing stumpage charges to the cutters of logs was not a subsidy on the exportation of our lumber to the United States. This was done on appeal, but we did win it.

This time the Government, together with some of its advisers, threw up its hands. This thinking was best set out by Dr. Peter Pearse, who is a leading resource economist at the University of British Columbia. He appears to have had quite a bit to do with the advice that the Minister followed. At one point he stated: "The U.S. Government had already imposed an interim duty and the political environment in the U.S. has changed totally" since 1983.

If the ITC was in fact a quasi-judicial process that we submitted ourselves to, the political climate in the United States should have nothing to do with the type of rulings that come out of that process. Either it is a legal situation where we have a case, or we do not. Political interference by the United States should not have been a point in question.

As a result of this agreement, we have given the United States some rights over the way we conduct our business as a Government and as a country that it did not have before. Therefore, we have given up some of our sovereignty. The Government entered this agreement without giving due recognition to the fact that provincial rights are infringed upon with this agreement. The forests are directly under the management of the provinces. When they were on this side of the House, the Progressive Conservatives portrayed themselves as the defenders of provincial rights. Now that they are in Government they are ignoring the rights of the provinces to the forestry resource. Suddenly they have discovered that the Constitution contains a section that allows the federal

Government to use any mode or system of taxation to impose a tax. The Government is using that section of the Constitution.

The solution that has been offered is not only questionable on legal and political grounds, but as one who was elected to stand up for the rights of Canadians, I must also question this deal on economic terms.

In that vein, let me refer to an economic impact study on the Canada-U.S. softwood lumber agreement which was prepared by Widman Management Limited of Vancouver. It points out that the agreement has a negative impact on the Canadian economy. First, the timing of the agreement was bad. My colleagues and I have pointed out that the initiation of the U.S.-Canada free trade talks was badly timed because some 80 per cent of the trade between our countries did not have any type of tariff arrangements. The Prime Minister (Mr. Mulroney) initiated an agreement to increase that tariff-free trade to more than 80 per cent, to make it virtually duty free on all products. Since these negotiations began just over one year ago, duty free trade is now slightly over 70 per cent, thanks to the protectionist measures that have been implemented by the Americans as well as by Canadians in retaliation.

• (1620)

In terms of economic initiative, the agreement was badly timed because housing starts in the United States are beginning to decline. In 1983 there were some 1.7 million housing units developed in the United States. In 1984 it went up to 1.74 million units and, in 1985, levelled at 1.74 million units. In 1986 housing starts jumped to 1.825 million units. The forecast for 1987 is that there will be barely 1.5 million units started, which is down 325,000 housing starts.

Not all of these housing starts require lumber, so it is estimated that the total U.S. demand for lumber will be down about 8 per cent this year as opposed to last year. This means that the U.S. market will not absorb a 15 per cent increase in price for Canadian lumber because there will be no demand for Canadian lumber whose price is higher than last year.

Our producers will have to absorb virtually all of the 15 per cent. This is particularly bad news to the stud industry because a number of mills were particularly developed to service that United States demand. There are several in my Province of Saskatchewan. According to this study, in 1986 studs were bringing in about $153 per thousand feet. It estimates that the price for 1987 will drop to about $120 per thousand feet. The production costs in stud mills in northeast Saskatchewan run at approximately $140 per thousand feet, which means that there will be a net loss of $20 per thousand if they continue to try to sell to the United States market. Instead, these mills have done the prudent thing by cutting back production and have actually laid off 30 people in the last couple of weeks as a result of the drop in demand.

Government revenues from the 15 per cent tax will be close to $565 million. However, the loss of approximately 17,000 jobs as a result of this tax by the federal Government, the loss in corporate taxes, unemployment insurance payments and personal income taxes will create a debit of $505,000. This means the Government will have a net gain of $60 million.

The Government boasts that it made this deal by being tough bargainers with the United States and that it did not blink. We know that the Government closed its eyes and Canadians are beginning to wake up.

Hon. Herb Gray (Windsor West): Madam Speaker, technically, at least, we are debating a motion by a Conservative Member that "the question now be put." The question that I and Canadians ask is: why is the Government so anxious to choke off debate on this important measure to impose, we believe wrongly, an export tax on the sale of our softwood lumber to the United States? Why is the Government in such a hurry to bring the debate to an end and force this measure through the House? This measure will impose an additional tax burden of some $600 million directly. It is a measure that we believe and the Government admits will have serious consequences for the softwood lumber industry and the entire Canadian economy.

The leaders of the industry say that $600 million represents their entire profit margin of the softwood lumber section. They say that tens of thousands of jobs could be lost. This debate began last Monday and continued last week. Friday was taken up with what the Speaker has described as a very important point of order. When it comes to debating a measure of this importance, with these likely adverse consequences, I think most people would say that we are far from reaching a point in time when debate on it has gone on for too long.

Why is the Government in such a rush? Why did this motion to choke off debate come when it did, at the end of last week? The thought suddenly struck me that the motion came just after the visit to Ottawa of Vice-President Bush of the United States. I, and I believe all Canadians, should wonder what was discussed at that meeting. The Prime Minister (Mr. Mulroney) said that he reprimanded Mr. Bush over the slowness of U.S. action on acid rain. Surely, however, that could not have been the only main subject during those talks.

The Prime Minister also expressed concern about the lack of interest of the United States in the free trade discussions, but surely that did not take up all the time available for the discussions. Surely the Prime Minister must have known for close to a year that the Government of the United States was not taking seriously the famous Accord, the supposed great break-through on reducing acid rain which the Prime Minister and President Reagan entered into at their last Summit. Surely the Prime Minister has known for some time that the United States is not giving the same degree of priority as himself to the desire of the Conservative Government to enter into is an agreement on comprehensive free trade which many of us think would be harmful to Canadian interests. In fact the lack of interest on the American side is leading the Government into a very dangerous and weak bargaining position. It is

offering more and more in an effort to keep these talks on the rails in the face of this less than active American interest.

• (1630)

I must, therefore, ask myself what else was discussed at this meeting with Vice-President Bush? I have to raise the suspicion in my mind that the real reason Vice-President Bush rushed here was to give orders to the Prime Minister and his Government to get on with the passage of the Bill to impose the 15 per cent export tax on Canadian softwood lumber. That is why I have to express my suspicion as well about the Government suddenly deciding to bring forward this motion to choke off debate on this Bill when discussion at second reading stage had barely begun. I can see the scene now with Mr. Bush saying to the Prime Minister: "Look here, my boy. If you want us to even remember we are causing a problem with acid rain and that there are discussions going on on free trade, you had better get that export tax Bill through the House or you will be hearing from us on some other matters". I have a feeling that the Canadian representatives at that meeting said in effect: "You told us to jump, Mr. Vice-President, so all we really want to know is just how high?" Vice-President Bush then said: "Get on with that Bill to impose the export tax on Canadian lumber". Therefore, I have a suspicion, as well as do Canadians, that that is the real reason we are now facing this motion to choke off debate on this thoroughly bad Bill.

I have said this is a thoroughly bad Bill and many reasons have been advanced as to why the Bill is bad. In the time remaining to me in this debate, let me advance one or two other reasons. The Government wants to translate the export tax into some form of stumpage fee. I understand the industry is saying that to get the same yield from stumpage fees as it would get from the export tax, it would have to impose higher stumpage fees, not in the area of $600 million but in the area of $1.5 billion or thereabouts. These higher stumpage fees would not just apply on softwood lumber for export but on the entire tree, which would raise the price of new homes for Canadians and even for someone who only wants to put in some new flooring or build an extra room on to their home. That is an unfair burden to be placed on millions of ordinary Canadians because of the Government's bungling of the softwood lumber issue and of its general relationship with the United States.

If the American Government does not agree with the manner in which our Government translates the export tax to stumpage fees, and if it does not agree with the way in which the stumpage fees are to be used for such things as reforestation or training, then all we will have is another tax grab from the pockets of the industry and from the pockets of the Canadian consumer for this Conservative Government and for the provinces, with no real benefit for the Canadian economy.

I might also say, returning to my original point with respect to what happened at the meeting between the Prime Minister and Vice-President Bush, that if the Prime Minister had wanted to do something useful at that meeting, he should have raised the matter of the Auto Pact and said categorically that the Auto Pact and its safeguards for Canadian jobs cannot and will not be on the free trade table. Instead, he admitted the subject was not even raised. The Prime Minister blew a wonderful opportunity to send a message to the Americans that the Auto Pact and its safeguards are too important to be given up and sold out on the free-trade negotiating table as the Government did with respect to softwood lumber.

I say we have to reject the motion "that the question now be put" just as we have to go on to reject this Bill which is further evidence of the way this Government is selling out our sovereignty to the Americans on softwood lumber. I said before and I will say again that if we let the Americans get away with this, they will do the same thing with the Auto Pact and its safeguards. Canadians do not want that. If the Government will not stand up for Canada, Canadians expect individual Hon. Members to do so. Let us not miss this opportunity to stand up for our country in opposing this Bill and making sure also, to the extent we can do so, that the Auto Pact is not given up and destroyed on the free-trade altar.

* * *

POINT OF ORDER

WITHDRAWAL OF COMMENTS

Mr. John Reimer (Kitchener): Madam Speaker, reference was made earlier today to remarks attributed to me in the media as a result of an interview given on Friday, January 23, to a reporter from the *Kitchener—Waterloo Record*. I wish to make a full and complete apology to the Prime Minister (Mr. Mulroney), to my colleagues in this House, to all Canadians and particularly to the people of Quebec.

Further, I wish to withdraw, and apologize for, any direct or indirect inference that reflects negatively upon my colleagues in this House, the people of Quebec and all Canadians.

[*Translation*]

Mr. Speaker: I am sure every Member in this House views the statement made by the Hon. Member as being in this House's great tradition. I thank other Hon. Members. Events as we had today are very difficult for the Chair.

[*English*]

I want to emphasize that the comments of the Hon. Member and the restraint exhibited by all Hon. Members I think speaks well of the good will and sense of appropriateness and decorum in this Chamber. I think what has happened today is an example that Hon. Members can rise above events they may regret and concern themselves with that which is of such great importance, the unity of our country and the good will of all our people among themselves and from every region of the country. I thank the Hon. Member for the very full, frank and honest statement he has made.

Point of Order

[*Translation*]

Mr. Prud'homme: Mr. Speaker, I know many of my colleagues will not agree with me. I listened closely. First I read with great attention the comments made by the Hon. Member for Kitchener (Mr. Reimer). I listened to his comments. I must tell him that on behalf of all our fellow citizens who today have felt hurt in Quebec—please, I knew that not everyone would agree, but throughout the day people on the "hot lines" as they are called in Montreal, did nothing else but comment on this question—but I listened closely to the comments made by the Hon. Member and I think that, in that spirit of co-operation and mutual understanding in Canada, we should now consider the matter closed.

[*English*]

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, as the person who initiated the Question of Privilege this morning which I thought reflected upon this Chamber and all Hon. Members of the House, I want to say that I appreciate the Hon. Member for Kitchener (Mr. Reimer) rising and in an unqualified way withdrawing the remarks he apparently was alleged to have made and apologizing to the House. I thank him for that and hopefully this will be the end of the matter.

[*Translation*]

Mr. Speaker: I believe the matter is closed. Thank you.

• (1640)

GOVERNMENT ORDERS

[*English*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee, and the amendment of Mr. McDermid (p. 2601).

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, I rise again to address the question of the Government's capitulation in the case of the softwood lumber agreement. In listening to the speeches that have been made in this debate I have been struck by the number of exceptions, inconsistencies and evidently unforeseen consequences that have been instanced by Members of this House as flowing from the now notorious agreement. Indeed, after we have reviewed not just the text of the agreement but the text of the letter that was sent by the United States Trade Representative to the President of the Coalition for Fair Lumber Imports over the signatures of the Secretary of Commerce and the U.S. Trade Representative, Mr. Clayton Yeutter, I believe we can only be astounded that the Government of Canada would have signed such an accord. It is an accord that apparently places such power over our economy and our softwood lumber industry in the hands of a foreign Government, albeit that of our greatest and principal trading partner.

I think it is instructive to quote a part of the statement, the asseverations made in the letter and instance how our Government really has no response to them. It is stated in the letter:

—nothing in this agreement will prejudice the consideration by the Department of Commerce of a petition on behalf of producers of products not enumerated in the Understanding. We would not consider such a petition to be inconsistent with the agreement or its enforcement.

This brings me to a point upon which I was developing and expanding in my last speech on the question of the softwood lumber agreement. What about the situation of Canada's pulp and paper industry? What is there in the present agreement to prevent American producers of newsprint, of pulpwood, from bringing a similar sort of petition to the U.S. Trade Commission and pleading that because Canada has conceded *de facto* the point by signing the softwood lumber agreement that in fact stumpage rates in Canada constitute a subsidy to the pulp and paper industry and therefore not only could but should be countervailed?

Amazingly enough, as a result of the signing of this agreement the Government has actually strengthened the hand of some American industries in possible future countervailing duty protections and countervail actions. I think Hon. Members will agree that it is astounding that the Government would have signed such an accord, an accord which, essentially, has nothing in it to say that it would not set precedents that might be cited before the Trade Commission of the United States or, indeed, any trade commission that Canada might set up.

We have heard the Government talk about the effect of retaining the money in Canada. I think everyone would agree that there is some definite benefit to retaining this money in Canada. However, the sum of $600 million or so that is projected in fact constitutes more than the entire profits of the softwood lumber industry over the course of a year. Obviously, the tax which our Government as opposed to the American Government will collect puts a tremendous strain on the margins of that industry.

Let us consider the ways in which Canada will be constrained and tied down in the expenditure of this $600 million. We have heard it said that the American Government would consider almost any measure to aid the forest industry from the results of that tax as being something that could be again the basis of a petition. It is instructive to quote the actual statements made in this amazing letter from the United States Trade Representative to the industry representative. It states:

—we would consider that the follow-up actions by the governmental bodies in Canada—

—as if we did not have Governments like any other country—

—could have the effect of offsetting or reducing the export charge or replacement measures within the meaning of paragraph 6 of the Understanding.

At this point in the letter we find listed no fewer than seven separate items to which the United States would object under the terms of the agreement. They are: the rebate, remission, deferral or non-collection of the export charge, except as provided in the understanding; the provision of grants, low-cost loans and other benefits; exemption from obligations otherwise imposed by the Government of Canada and other governmental bodies in Canada; assumption of obligations currently borne by the producers or exporters of certain softwood lumber products; reduction in the price of stumpage or other charges on softwood timber harvested from provincial Crown lands; changes in log scaling or lumber measurement rules or procedures which affect volume determination; and awarding contracts for silviculture, road-building, recreational, and other foresting activities on a non-competitive basis. This is a bundle of constraints upon our industry that no Government should have ever contemplated.

Another part of this agreement which I think all would feel is something of questionable implication for Canada and something about which we should be truly concerned is the amazing 30-day opt-out clause. Essentially, what we have in the softwood lumber agreement is a commercial treaty. For the Government of Canada to enter into such a commercial treaty with the provision that the other side, with all the powers that are reserved to it and with all the actions which we have admitted that the United States can still take against Canadian industry, should then opt out at 30 days' notice is to me rather amazing. I might say it is rather appalling.

The implications of the lumber deal for Canadian sovereignty are obvious. Canada's Government has subjected not only the federal Government's actions but also provincial Governments' actions and the traditional negotiation and review of each other's actions by the provincial and federal Governments to the supervision of the United States Department of Commerce. I use these words advisedly because, after all, Canada will be providing the Americans with all sorts of statistics under the provisions of this agreement. So having submitted ourselves once to U.S. supervision in this softwood lumber agreement, what then is to stop the United States Trade Representative from demanding such supervision in any future free trade arrangements? It seems to me that what we have here in the softwood lumber agreement is something that runs completely counter—absolutely opposite—to the whole thrust and spirit of the free trade negotiations that the Government has so foolishly and firmly committed itself to undertake. Surely this point must be made: Is this not the first domino for Canada's trading relationship? Is this not the first block that has been taken out of the wall that must eventually collapse?

Some Hon. Members: No!

Mr. Parry: Is this not the first straw of which the last will indeed break the camel's back?

Some Hon. Members: No!

Mr. Parry: Madam Speaker, I hear cries of dissent from my Conservative colleagues in the House. But do I hear them defending this agreement? No, I do not. Are they telling me that this does not weaken Canada's position in the free trade negotiations? I certainly cannot believe they would make such a ludicrous proposition when we now have one of Canada's major industries on the block and when we know very well that it is the intention of the U.S. Trade Representative to put every other major Canadian industry on the block, or on the table as they say in these free trade negotiations.

With respect to the terms of the free trade negotiations, I keep hearing about the level playing-field. I cannot find a Conservative Member in the House who will tell me that this softwood lumber agreement represents part of the level playing-field concept. Everyone knows what happens on a level playing-field—the larger and heavier, numerically stronger team wins and generally rolls over the side that is smaller, weaker or less represented in terms of numbers. That is the meaning of a level playing-field for the people in Canada's forest industry and for the workers who will be affected by this agreement. It is an agreement in which the Government has not only unthinkingly legislated a whole range of disparities between the industry in the different provinces and different parts within provinces, but it has also put at risk very substantial sectors of Canada's forest economy.

• (1650)

[*Translation*]

Mr. Marc Ferland (Portneuf): Madam Speaker, it is after considerable hesitation that I decided to take part today in the debate on softwood lumber. I was prompted to do so by the comments I heard before lunch from the Hon. Member for Bourassa (Mr. Rossi), who barely used up two or two and a half minutes of his time, only to rail against me. I would have liked him to go on with his comments after lunch, but he did not come back to the House. Should we conclude that he would rather indulge in politicking than attempt to find solutions to very serious problems?

I also heard the comments of the Hon. Member for Ottawa—Vanier (Mr. Gauthier). Of course there are surely many forests and a great number of softwood producers in his riding.

The Hon. Member for Windsor-West (Mr. Gray) is also a great expert on forestry issues. The Hon. Member for Ottawa—Vanier told the House that UPA members were not in favor of the proposed agreement with the Americans, which is not quite true. He was probably misinformed, since I had the pleasure today, at noon hour, along with one of my colleagues, the Hon. Member for Argenteuil—Papineau (Mrs. Bourgeault), to meet with a number of presidents of the Quebec federation of lumber producers. These people are quite satisfied with the agreement concluded between the Americans and the Canadian government.

Some have tried, as members of the Opposition are doing it now, to draw a red herring by claiming that Canada's sovereignty had been eroded.

Mr. Prud'homme: You bet!

Mr. Ferland: Well, I may not entirely agree, and I would like to quote what Mr. Pierre MacDonald said at a press conference in Quebec City, and God knows how much Quebecers value the concept of sovereignty. This might not be true for the Liberals at the time, though.

On the matter of sovereignty, this is what Mr. MacDonald said, and I quote: "I would like to draw a parallel on one aspect of the differences mentioned by Miss Carney which is sometimes misunderstood. We are talking about supervision. Any shareholder of a business receives a financial statement every year. He can examine that statement, he can examine the developments in the light of the system which would have been implemented if the countervailing decision had been taken. The United States could have sent us a team of internal auditors on a regular basis. It is quite another possibility for us to produce our own statistics which would then be made available to all interested parties. If the Americans want to examine those figures, let them do it. But no team of internal auditors will come and browse in our Department of Forestry".

I think that is quite clear.

The Hon. Member for Westmorland Kent (Mr. Robichaud) said that to be on good terms with your neighbours, you should have a fence. We should not forget, however, how this debate on forestry came about and how we were led in Canada to take these decisions and to introduce Bill C-37 in the House.

Let us not forget that in the 70s, the percentage of Canadian lumber on the American market was in the order of 25 per cent. That is something that few Members mentioned in the House. Yet, through the efficient efforts of Canadians and the Canadian industry, I should say through its agressive policies on international markets, we have been able to control, by the 1980s, at this very moment, some 33 per cent of the US lumber market.

I also remember hearing people in the forest industry say a few months ago: Maybe we should tone down our agressive policies on the US market. We might shake them awake. Well, we did wake them up. And we got what we might somehow have expected. Of course, it is a good thing to have fences between good neighbours. You can have them as high as you want. But when your neighbour trespasses a little too much or too often on your property you tell him: Listen, Joe, why don't you move back on your side a little? You are stepping on my toes. You are getting to be a nuisance. The Americans took that attitude, somehow. What did we do? We had several alternatives. We could have gone the Liberal way, that is let the Americans levy a 36 or 25 per cent tax which would have been collected by the American Treasury. How bright! Giving out Canadian money to the American Treasury.

There was another alternative which was to negotiate, to try to reach an agreement while protecting our American markets and try to save the greatest possible number of jobs in Canada. We had to find a compromise and that compromise was the 15 per cent tax.

This 15 per cent tax is not inconsistent with the position held by the Quebec Government since it had already decided to reconsider its forestry policy, according to Mr. MacDonald, well before the United States initiated any contervailing measure. I should say that the Federation of Lumber Producers is not so much against an increase if the Quebec Government decides that the 15 per cent tax will be used to reduce the price or the increased stumpage fees because some of those people thought the government was somehow in conflict with private industry or in competition with it. This will allow 120,000 producers . . . because it should not be forgotten that the Quebec Federation of Lumber Producers represent 120,000 owners of small private wooded lots, small businessmen. Those people will be in a position to develop their business, to have a place in the sun and open up some markets.

When the Opposition refers to sovereignty, I have to say that nothing in that Bill encroaches upon Canadian sovereignty.

Mr. Prud'homme: Come on!

Mr. Ferland: You can say what you like, gentlemen, the agreement was negotiated with the consent of the provinces. Of course . . . I see the Hon. Member for Ottawa—Vanier (Mr. Gauthier). I am sure that he will not agree about that, because negotiating with the consent of the provinces was never the strong point of the Liberal Government to which he has belonged for years. This is quite sure. He could never understand that. We are doing this with the approval of the provinces, with the approval of the Quebec Government. And speaking of sovereignty in Quebec, all Quebec Premiers, from Mr. Duplessis through Mr. Bourassa who is there again, Mr. Lévesque and everyone else—

Mr. Prud'homme: Hydroelectric power.

Mr. Ferland: Never mind electric power. We are dealing with lumber here. Let us not mix the hare and the hound. That has always been the Liberal position, to try and confuse everyone when there is a very clear-cut and specific matter at hand.

Mr. Prud'homme: It is said that one's precedent can become another's precedent.

Mr. Ferland: Madam Speaker, it would be interesting for once if Liberal Members would listen instead of chattering, as they do all the time when we—

The Acting Speaker (Mrs. Champagne): The Hon. Member for Ottawa—Vanier (Mr. Gauthier) on a point of order.

Mr. Gauthier: Madam Speaker, the Hon. Member has just suggested that nothing in the legislation affects this country's sovereignty. It is obvious he has not read the legislation, or the agreement, that I would like to remind him there are things in this Bill, Madam Speaker, things—

Mr. Bernier: Your comments are silly.

Mr. Rossi: The Hon. Member for Beauce did not even rise. He is the silly one.

The Acting Speaker (Mrs. Champagne): Order, please.

Mr. Rossi: Stop saying we are silly, because you did not even rise to speak.

The Acting Speaker (Mrs. Champagne): The Hon. Member for Ottawa—Vanier knows very well—

Mr. Rossi: Do not call others silly, you are the silly one.

The Acting Speaker (Mrs. Champagne): The Hon. Member for Bourassa (Mr. Rossi).

Mr. Rossi: Madam Speaker, those are unparliamentary terms.

The Acting Speaker (Mrs. Champagne): Order, please. Dealing first with the point of order raised by the Hon. Member for Ottawa—Vanier, I say its was not a point of order, but a point of debate in my view. The Hon. Member for Ottawa—Vanier.

Mr. Gauthier: Madam Speaker, the Hon. Member for Beauce has used language I submit is unparliamentary, and I want him to withdraw his unpleasant comment. Rise in your place, if you have the guts.

The Acting Speaker (Mrs. Champagne): I admit and I will admit to all Hon. Members that, what with the noise and exchanges, conversations in the House, at this point I did not hear the comments made by the Hon. Member for Beauce. He will decide whether he should withdraw.

The Hon. Member for Saint-Denis (Mr. Prud'homme) on a point of order.

Mr. Prud'homme: Madam Speaker, it is true that there was a lot of noise, but I think everyone heard the comments made by the Hon. Member for Beauce (Mr. Bernier). It could be that, in a spirit of co-operation, since we readily accepted that the matter be closed concerning his colleague's unfavourable comments about Quebecers, he might do the same and say that the matter is closed and he did not mean to say those things about us.

I for one, when my colleagues are not here, if it is not meant for me, I just ignore it, but if they look at me when saying those things, I presume they are directed to me. I suppose this was not the case. If it was not the case, I would appreciate—

Mr. Bernier: Madam Speaker, I said half of the comments made by Hon. Members opposite were silly. Let us say that half of them are not silly.

Mr. Prud'homme: Madam Speaker, may I call it 5 o'clock? This could make the proceedings easier.

The Acting Speaker (Mrs. Champagne): Order, please. It being 5 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS—MOTIONS

[*Translation*]

THE CONSTITUTION ACT, 1982

RIGHT TO LIFE OF UNBORN HUMAN PERSONS

The House resumed, from November 21, 1986, consideration of the motion of Mr. Mitges (Grey—Simcoe):

That, in the opinion of this House, the Government should consider the advisability of amending the *Constitution Act, 1982,* to include unborn human persons, and that the Governor General issue a Proclamation under the Great Seal of Canada to amend section 7 of the Canadian Charter of Rights so that it reads as follows:

"7. Everyone including a human foetus or unborn being has the right to life, liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice."

The Acting Speaker (Mrs. Champagne): The last time this motion was before the House the Hon. Member for Mégantic—Compton—Stanstead (Mr. Gérin) had the floor. He has four minutes left. The Hon. Member for Mégantic—Compton—Stanstead.

Mr. François Gérin (Parliamentary Secretary to Minister of Justice and Attorney General of Canada): Indeed, Madam Speaker, last November 21 I pointed out that this motion moved by the Hon. Member for Grey—Simcoe (Mr. Mitges), the topic of a major debate in Canada these days, has certain basic flaws.

First of all, for the benefit of my colleagues in the House and all our viewers, allow me to repeat the Hon. Member's motion:

That, in the opinion of this House, the Government should consider the advisability of amending the *Constitution Act, 1982*—

—which means amending the Constitution of Canada

to include unborn human persons, and that the Governor General issue a Proclamation under the Great Seal of Canada to amend section 7 of the Canadian Charter of Rights so that it reads as follow:

"7. Everyone including a human foetus or unborn being has the right to life, liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice."

First, Madam Speaker, I must point out that abortion is not now allowed in Canada, except in very special cases which are examined by hospital therapeutic abortion committees, doctors and people who normally have the expertise required to evaluate these cases. The general principle in Canada is

therefore that abortion is not only forbidden, but also subject to very severe penalties under the Criminel Code.

However, two points must be made. First, the famous therapeutic abortion committees for which special legislation was passed a few years ago are now granting, especially in Quebec, an unbelievably high proportion of authorizations.

Archbishop Fortier of the Sherbrooke diocese told me recently that, of 600 requests, a mere ten or so did not end with an abortion, either because the abortion request was withdrawn, because the women involved decided not to have the abortion, or because, in two cases, the therapeutic abortion committees rejected the request. It is therefore obvious that therapeutic abortion committees in Quebec are not examining carefully every request for abortion and are in fact granting abortion on demand.

I believe that this is not in accordance with our laws. In addition, Madam Speaker, Hon. Members will know that many people have tried to bring criminal charges against doctors who practice abortions openly without going through therapeutic abortion committees or, if they do, without applying the spirit and the letter of the law. We are still waiting for the rulings in the case of *Regina versus Morgentaler, Smoling and Scott*, for instance. The Supreme Court will perhaps say that, even though Dr. Morgentaler was acquitted several times, the law does not seem to have been respected and another trial is required.

You are indicating, Madam Speaker, that my time has expired. Four minutes is not very long for such an important subject as this one. But I am certain that the House will use the four hours of debate remaining to examine this issue very carefully.

• (1700)

[*English*]

Mr. Cyril Keeper (Winnipeg North Centre): Madam Speaker, the question before us today is one which has to be addressed. It is not a question that I can say I am pleased to speak to because it is not the kind of thing that brings pleasure to the debate, but it is a question that needs to be addressed and faced. The motion of the Hon. Member is on the question of whether abortion should fall within the purview of the Constitution. In other words, should women in Canada have access to therapeutic abortion as a constitutional right? Should the provinces and the federal Government get together and determine whether the availability of therapeutic abortions will be put in the Constitution?

First, let me question that notion. Why should we turn over such an important moral and medical matter to the courts? In a matter that so divides the country and our communities, a matter on which individuals must reflect, surely it is better handled in public policy, in legislation, so that we can see how it works, to what extent it works and to what extent it does not serve a public purpose. Legislation is much more readily amended than matters of constitutional import.

The resolution of the Hon. Member fails on the basis that it calls upon us to deal with this matter as a constitutional one. We know that legislative matters are at times difficult to get before the House and difficult to get amended. The present law concerning therapeutic abortion has been on the books for a number of years. Obviously there are people of differing views calling for an amendment to this legislation, but federal governments have backed away from facing up to this question and have chosen not to address it in the House. In fact the Government of the Hon. Member who proposed the motion has chosen not to.

While it is difficult to get legislation amended at times, it is even more difficult to amend constitutional matters, and for that reason I do not believe this should be a matter for the Constitution. For a matter of such deep concern to individuals, it makes more sense that it be a matter of legislation or public policy. If we were to debate and amend the existing law and live with it for a number of years, we could see how it worked and we could have the flexibility to change it if required.

I have a few words to say about the present law, Madam Speaker. The way the law reads presently, a woman who requires a therapeutic abortion must go before a committee of medical doctors. The committee decides whether or not she may have access to this medical procedure. The application of this law is unequal. It is not applied in the same way all over Canada nor is it applied in the same way for women of various income levels. There are inequities in the application of the law let alone the fundamental premises underlying it.

• (1710)

People who live in remote northern communities have less access to hospitals with therapeutic abortion committees and therefore fewer opportunities to apply for this medical procedure. Those who live in cities like Winnipeg have access to major hospitals with committees. A woman faced with the difficult decision of whether or not to have the procedure who lives in Winnipeg could have access to the law whereas a woman living in a remote part of northern Manitoba where there is no large hospital would not have the same access.

Women living below the poverty line cannot afford transportation from, say, Winnipeg to Minneapolis and have less access to this medical procedure than a woman with a middle or upper middle-class income who can afford to take a trip to the United States, spend a few days there, have the procedure and then return. The application of this law is unfair, by virtue of both income and location.

I would also like to discuss the matter of who should decide whether or not a woman should have a therapeutic abortion. Should this decision be made by a committee of doctors or should it be made by the individual who is in fact asking for this procedure? It seems to me that the making of this very difficult decision is better suited to an individual who may be

able to reflect upon this procedure and to consult with spiritual or medical advisers. The decision should be made by someone who may reflect upon taking a very difficult step. A committee is much more bureaucratic. People attempt to draw up guidelines and members of committees have other responsibilities. They can be very pressed to make decisions and may not have time to do the kind of adequate reflection that may be necessary when making such a very difficult decision. I think this kind of decision is much more suited to people who have opportunities to reflect upon it because it is obviously a very difficult one to make.

I wish to touch on the question of reducing the number of therapeutic abortions that take place in Canada. It is the contention of this motion that tougher laws and regulations will reduce the number of abortions that take place here. I would suggest that tougher laws will simply put us back to where we were before 1969 when people who needed therapeutic abortions ended up getting them under the table by people who were not qualified. Women's lives were put in danger. Rather than reducing the number of abortions that take place, tougher laws, though they will put the question out of sight, are likely to see that abortions will continue to take place.

A more effective strategy for reducing the number of therapeutic abortions in Canada, a worth-while and worthy objective that we should pursue actively, is to focus upon prevention. We must prevent situations in which women would consider taking this step. We need better education on contraception and better education in human relations for young people so that they will not be taken advantage of as readily. That way, fewer teenage girls will find themselves choosing between being a parent at a very young age, thus cutting off their education and personal development, or taking such a serious step as a therapeutic abortion.

I see that you are indicating that my time has run out, Madam Speaker. I would like to close by saying that this motion requires a great deal more study. There are various constitutional and policy questions that have been suggested by the Hon. Member in bringing forward this resolution.

Mr. Bill Domm (Peterborough): Madam Speaker, I rise today to speak on a motion proposed by a colleague of mine, the Hon. Member for Grey—Simcoe (Mr. Mitges), on a matter which I consider to be extremely important in that it deals with the protection of the unborn child. Abortion has been debated in Canada with varying degrees of vigour since 1967 when then Justice Minister Pierre Trudeau introduced changes to the abortion law which did not legalize abortion but rather made it permissible, when a committee of three doctors at an accredited hospital ruled that the continuation of pregnancy would be likely to endanger a woman's life or health.

Since that time, the subject has been raised in this House on many occasions, often to a further polarization of views, eliminating even the possibility of constructive compromise and efficient reform. That is why the motion raised by my hon. colleague is so significant. It allows us the opportunity of addressing this issue in an attempt to find some degree of common ground in order to protect and enhance human life.

After all, we are not suggesting a consensus for the sake of political expediency or partisan gain. Instead, we are engaging in productive dialogue that will enable us to improve the human condition. The former Hon. Member for Edmonton East, Mr. Yurko, stated while introducing two private Members' Bills on this subject in 1980:

> This is not a partisan issue. It is a moral issue of profound importance. It is an issue upon which each individual must reflect and make up his own mind.

When dealing with such a controversial subject matter, our first inclination is to pre-suppose a high degree of radicalism and extremism on both sides of the issue. I submit that while a certain amount of this is obviously in existence today, a great deal of the emotional and sometimes violent contentions are confined to select and limited interest groups. For the most part, Canadians are quite willing to strike a balance for the sake of more effective laws serving all of the public.

Contrary to most popular conceptions, it is the responsibility of democratic institutions to serve the people at large rather than follow the narrowly prescribed dictates of limited and specialized interest groups. Results obtained from surveys conducted in my riding reveal a substantial portion of individuals who take a moderate position between the more radical factions of pro-life and pro-choice supporters. I agree with figures suggesting that this group accounts for approximately 60 per cent on a national basis and I also support the contention that neither of the extremist positions can claim support from more than 25 per cent of the population. A review of Gallup polls on abortion taken in 1975, 1978 and 1983 indicated that only 16 to 23 per cent favoured abortion under any circumstances while an even smaller proportion, 14 per cent to 17 per cent, opposed it under any circumstances.

The motion on the floor today would amend the Constitution Act, 1982, by including unborn persons and would read as follows:

> Everyone including a human foetus or unborn being has the right to life, liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice.

● (1720)

In preparing and introducing this motion, the Hon. Member for Grey Simcoe is to be strongly commended for the strength of his conviction and the courage he has exhibited in dealing with this rather crucial topic. He has continually conducted passionate and at the same time logical discourse on a subject of an extremely sensitive nature. Therefore, in keeping with that tradition, I would like to take this opportunity to briefly review the question of abortion, which contains no easy answers for anyone who does not pretend to have a monopoly on morality or virtue.

Whether or not one supports or opposes liberation of the abortion law, there appears to exist a general agreement with

respect to the need in certain instances for terminating pregnancy. I seriously doubt that any well-intentioned individual could disagree with the destruction of a foetus if, in the opinion of qualified members of the medical profession, the pregnancy actually endangers the life of the mother and could even bring about her immediate death. This brings us to our current dilemma of attempting to frame legislation which adequately addresses the complex concerns involved while sympathetically considering the views of both the pro-life and the pro-choice advocates.

Both the content and application of the abortion reform law have been actively criticized since its inception. On the one hand those advocating the discrimination of therapeutic abortions believe that the rules are too awkward and confining. They feel that in the final analysis the present provisions restrict the rights and freedoms of women. Instead of a committee of three doctors deciding her fate, they contend that the decision should be left up to the individual concerned and her personal physician. Conversely, those who maintain the need to protect the foetus believe that the criterion of health as a justification for therapeutic abortion is too vague and does not adequately control against abortion on demand. They suggest that the condition of health should be eliminated or at least narrowly defined, restricting it to strictly physical health or by omitting socio-economic circumstances of the individual in assessing mental health or competence, for example.

The obvious difficulties involved in the various interpretations given the abortion law actually forced the Government in 1975 to establish a committee headed by Robin F. Badgley to investigate the legitimate concerns which had arisen as a result of the abortion reform law. The Badgley committee conducted exhaustive examinations in hospitals across Canada and determined that women did not have equal access to therapeutic abortion for various reasons, including a myriad of provincial rules and regulations governing the creation of therapeutic abortion clinics and hospitals, and the conflicting attitudes of members of the medical profession as well as hospital boards of directors. The most disturbing element of the Badgley committee's findings is that the problems identified in the report are just as prominent now as they have ever been.

The Hon. Member for Grey—Simcoe has given us a possible avenue to pursue in our desire to create an effective policy on abortion. When he last raised this issue during Private Members' hour in November, 1986, a number of legitimate concerns were raised. For instance, some warned he was being too rash considering the fact that polls revealed Canadians are evenly divided on the issue. Others suggested that the constitutional approach and the amending procedure is too complicated to be efficiently handled in Private Members' Business. All of the difficulties mentioned by Hon. Members are important, to be sure. However, they still do not bring us any closer to resolving the problems I outlined earlier.

In conclusion, I support the motion proposed by my hon. colleague to include unborn human persons in Section 7 of the Charter of Rights and Freedoms. It is improper and indeed I consider it to be immoral to deny children the right to life and the right not to be deprived of life save in accordance with principles of fundamental justice. However, having said that, I would like to emphasize that we cannot give rights to children at the expense of women. To do so would be to replace one injustice with another. For that reason I would like to close my remarks with an amendment which needs to be made for clarification and at the request of the mover of the original motion. Therefore I move, seconded by the Hon. Member for Cape Breton Highlands—Canso (Mr. O'Neil):

That the motion be amended in the paragraph numbered 7 in the English version by adding immediately after the word "unborn" the word "human".

The Acting Speaker (Mrs. Champagne): Is it the pleasure of the House to adopt the amendment?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mrs. Champagne): On division? It is debatable.

Mr. Cassidy: Point of order. I seriously question whether the House should be asked to vote on this point right now. The amendment is debatable and during the course of that debate Members will be able to comment on the general resolution as well. Therefore I suggest that it not be voted on at this time but be left open for debate.

[*Translation*]

The Acting Speaker (Mrs. Champagne): The Hon. Member for Saint-Denis (Mr. Prud'homme) on a point of order.

Mr. Prud'homme: Your ruling is a very easy one. We are now debating the amendment. You need not put the question immediately and, eventually, if we get to that point, we can vote on the amendment and the motion. There is no problem.

[*English*]

Mr. Keeper: Madam Speaker, I wonder if you might consider whether or not such an amendment is in order. The resolution is presented to us in the projected order of business so that we can have an opportunity to read it before debating it in the House. I suggest that if we allow amendments to Private Members' motions like this during the debate we then lose the opportunity to be forewarned about the nature of the resolution. It could even lead to a situation in which the committee with the responsibility for choosing what kinds of resolutions will come before us would be undercut because we could have an amendment which could change the meaning of such resolutions in a significant way.

[*Translation*]

Mr. Gérin: Madam Speaker, with regard to this amendment, on the contrary I believe it is possible to introduce amendments. However, in this event, all Hon. Members—eight or nine, I believe—who have already spoken have the

right to speak again on the amendment to explain to what extent this could change

• (1730)

[*English*]

Mr. Domm: By way of clarification, the amendment as read by myself, and duly moved and seconded, was brought into the House at the request of the mover of the main motion, not to change the intent or the content of the motion, but by way of an explanation. It was to say in this motion the Member was referring to human beings. All we are asking for is that clarification by the insertion of an omission of the word "human" after "unborn". The amendment is only to explain in clear words what the intent was of the mover of the main motion. I did not expect to get into debate, but if we are into debate I hope that you would defer a negative ruling, if that is your intent, until it is opportune for the Member who is sponsoring this motion to be present in the House. All the Member wishes to do is refer to this person, this human foetus, as an unborn human being. It can still be voted down, if you so desire, at the time the main motion is placed.

The Acting Speaker (Mrs. Champagne): The Table and the Chair have received this amendment and have considered it correct to be presented. I will put the question to the House. This amendment is debatable. Any Member who wishes to debate the amendment may rise and do so. Otherwise, I have to put the question. If Members do not wish to adopt the amendment at this time, it is debatable.

On debate the Hon. Member for Ottawa Centre (Mr. Cassidy).

Mr. Mike Cassidy (Ottawa Centre): Madam Speaker, I will speak on debate. I accept that you do have the right to make that ruling. I have put forward a point of order which suggested that I have some questions on your ruling, but I will talk specifically to the amendment.

The proposal in the amendment is to insert the word "human" after the word "unborn". It seems to me that a couple of things flow from that. One is parliamentary and one is in terms of the sense of the motion. The parliamentary question is this. There is a very real possibility that once debate begins on this amendment, which in my opinion has unfortunately been introduced by the Hon. Member for Peterborough (Mr. Domm), we will not return to debating the main subject of the motion of the Hon. Member for Grey—Simcoe (Mr. Mitges), but we will concentrate on the one narrow point of the whole matter which is before the House. I find that regrettable.

I appeal to the Hon. Member to consider withdrawing this proposed amendment and allowing the matter to be considered on the basis of the original motion. It would certainly be open to him, as a supporter of his hon. friend, to suggest that he consider that as an amendment that might be introduced in the event that this matter were to go before a legislative committee. In order to respond after a day's debate to objections which were raised in the House by saying that we will change this could lead us to a situation where we might get further suggestions for change proposed in six or seven weeks when the Bill comes back for the third round, and then further changes proposed when the Bill comes back for the fourth round, to the point where the House is being asked to do the work which, in my opinion, should properly be done in committee.

If it is the opinion or the desire of the Hon. Member who proposed this motion in the first place that he wished to distract the debate in the manner that is now taking place, then I regret that. I think that is improper and an unjustified use of the time of this House.

I have been struck by the tone of debate. I have taken the opportunity to read the debate of November 21 when this matter was first broached in the House of Commons. The tone of debate was that all Members, including the Member for Grey—Simcoe, did take a somewhat balanced approach to the situation. I happen to be in disagreement with the main motion but I note, for example, that the Hon. Member proposing the motion talked about the need for contraception and education and spoke of the fact that in an ideal world abortion would not be needed. Everyone is in agreement that it is not something that we desire. A number of other Hon. Members have also put both points of view even though, like the Hon. Member for Peterborough, they wind up declaring themselves to be for rather than against the motion that is before us.

My second point is this. The question of whether the foetus is a human being is obviously very much one of the questions which has been debated by people on the side of the Right to Life movement, by people who have been advocates of choice in matters of abortion, and is an extremely difficult question. It is so difficult that even in the Province of Quebec where the population is largely Roman Catholic, it has been felt as a matter of public policy that essentially federal law should be adapted and interpreted in a way which permits relatively free access to abortion services. That is a fact.

It is an issue which even theologians have not been able to adequately resolve at what point the attribute of humanity begins. Everybody agrees that it begins at the point of birth. But whether it begins at some point before then during the course of pregnancy, at the point of conception, or at the point of inception where a man and woman decide that they would like to conceive, who knows. It is a very difficult question. That is one of the reasons why this whole matter has been left to the opinion of the individuals involved, and many people have argued that it should be. That, of course, is the majority opinion of Canadians today.

What I am trying to say is that by inserting the word "human" into this resolution as originally proposed, effectively this is thwarting what might be a decision of the courts if this resolution in the end becomes a part of the Constitution. I am hoping that this matter will not be held to the Constitution. A number of Hon. Members have argued, as I would if I were speaking on the main motion, that it is wrong to put this matter into the constitutional forum when it has been admitted

by everybody that what we are really talking about is a question of whether we, as the Parliament of Canada, wish to see changes in the abortion law.

I suggest that a resolution that on the one hand would, if amended, refer to the right of the unborn human being to life, liberty and security, and then on the other hand say that you cannot take that away except in accordance with the principles of fundamental justice, would create enormous contradictions. What about the rights of the woman who bears the child, who is also a human being with 20, 25, 35 years of life on this planet, and who maybe has to consider her obligations to earn a living, or to other children already born, or to a deformed or crippled child whom she is devoting a great deal of energy to maintaining here on this planet?

I feel that the injection of this word would further complicate a resolution which in the first place I find complex and rather difficult to accept. Therefore, I conclude by asking in a very serious way the Hon. Member to stand up and withdraw his amendment. I am sure he would be allowed to do that on a point of order and with the consent of his seconder, and to indicate that he would perhaps like that to be proposed as an amendment in committee, and that it is the intention of the Hon. Member for Grey—Simcoe to propose such an amendment, if this matter goes to committee, but not to confound and confuse the debate on this difficult and sensitive issue in the House of Commons by having further debate on this particular amendment.

The Acting Speaker (Mrs. Champagne): We are debating on the amendment. Is the Hon. Member for Erie (Mr. Fretz) ready to debate on the amendment?

Mr. Girve Fretz (Erie): Madam Speaker, I am certainly pleased to speak today to the amendment to the motion that was put forth by my colleagues from Grey—Simcoe and Peterborough. I want to draw to the attention of the Hon. Member for Ottawa Centre (Mr. Cassidy) that I understand the Bill would not go to committee.

• (1740)

I welcome this opportunity because it brings to the foreground an especially sad and complex issue. It is an issue that should stir and upset the conscience of every male or female who would ever think of taking away a life, with never a chance to live.

I want to backtrack a moment and speak briefly about the history of legalized abortion. In 1969 parliamentarians were dealing with the idea of competing rights, the rights of what were thought to be only a clump of cells versus the rights of a woman. Some parliamentarians at that time thought they were being asked to legalize what was already taking place in the hospitals, in other words, to make legal a few hundred abortions a year for serious medical reasons.

Are we prepared to recognize that our laws must accord intrinsic worth and equal value to the life of every human being, regardless of its stage of development or condition? It is surely a specious argument to say that a foetus in any stage of development is not a person. What then is it? Science is slowly but inevitably providing the evidence to support the long held view of many people today that the separate identity and unique humanity of the foetus can only lead us to the conclusion that any foetus is a little human being who, given half a chance to grow and prosper, will some day be an adult dressed as you and I in this chamber today.

I have always believed that the humanness of the unborn child is the key issue in the abortion question. Instead of a few hundreds abortions to save the lives of women, we have the shame of our present day and age with 70,000 to 80,000 abortions a year, done for the sake of convenience in our local hospitals.

As a parliamentarian I am deeply disturbed, disappointed and distressed that compassionate people in just about every walk of life today turn a blind eye to the rights of the unborn. The Charter of Rights states that everyone has the right to life, to liberty, the right to security of the person, and the right not to be deprived thereof except in accordance with the principles of fundamental justice.

I mentioned in a speech a number of years ago in the House that if the development of the treatment of babies in the womb moved further into the earlier stages of pregnancy, the argument over the point at which the foetus becomes human would diminish in relevancy. I believe my thoughts have to be substantiated. With foetal treatment already taking place in the fourth month of gestation, we have moved back beyond the point at which even very recently the supporters of abortion had argued that the foetus could not be considered human. Except in situations which are clearly life threatening to the mother, the taking of the life of the unborn child will be increasingly difficult to justify, regardless of the stage of development.

Medical research has now revealed that despite the fact that most pregnancies are not detected until the sixth week, even by then the baby's heart has been beating for three weeks and brain waves can be read, the nervous system has been complete, and he or she is about to begin moving although the mother will not feel it for three and a half months more.

Recently, in the middle of October, I read of a procedure that allowed surgery to be performed on a foetus outside its mother's body. The baby, Michael, had a birth defect. He would have died without this operation. A team of surgeons successfully operated to correct a blocked urinary tract and then returned him to the uterus and sewed up the womb.

At the time of the operation, the foetus was only 23 weeks old, just under six months. Certainly it was a living being then and happily a living being now.

What further medical advances await us? I stated that the conscience of all must be alerted to those who disrespect and hold little value for life. I am particularly appalled at the

phenomenon of what I call a new evil: the development of chemical abortifacients. I quote:

> It is speculated that with the use of an oral abortifacient, the woman undergoing the killing of a new person within her uterus will not experience the guilt attendent upon the majority of surgical abortions. This is true insofar as she "will not be sure" if she has conceived, at what gestation age the baby was, nor exactly when she aborts the baby.

Such an abortion inducing drug may be marketed in France within a year. Will it be as easy now for a mother to abort a child as it is to cure a headache with an aspirin?

If we, together, can build a reasonable case for the belief that a child is human from conception; if we can bolster it with scientific evidence; if we can, over time, secure the attention of the medical profession, the courts, and certainly the politicians, and the people, I believe our argument will then prevail.

We must argue that this child—this foetus—is not the same person as the mother, that it is not part of the mother. He or she is a genetically unique being, totally dependent on the mother for a while, but possessed of the potential to become as strong and healthy and prosperous as any of us here today.

Let me make one last important point. We who support this position have a duty to put an end to the unwholesome practices of a society which condemns the unwed mother. This is the attitude that I believe led to the proliferation of illegal abortion which caused our law to be changed in the first place. I believe that any pregnant woman who has the courage to take her child to term deserves our full support as politicians, whether she keeps it or gives it up to the thousands of adoptive parents whose homes are warm and waiting. The child merits the concern and protection of society, regardless of the circumstances of conception and birth.

When life is granted and when life is produced, it is then that pro lifers must be at their most active, to replace rhetoric with dollars and helping hands to ensure that this life can be lived in conditions of decency and love, with basic needs satisfied. Otherwise, we receive the label of being hypocrites and do-gooders.

I believe there is a tremendous role for the church to play today. What an opportunity to reach out to bewildered, hurting people. It is not enough for the church to condemn and criticize, we need to offer a positive alternative to aborting babies. The church family can reach out today in love and sympathy to unwed pregnant women, assisting in every way possible.

If we can provide homes and ensure profitable lives for the infants who today are being aborted, then we can assure Canadians that every child born in this country can indeed be a wanted child.

[*Translation*]

Mr. Parry: On a point of order, Madam Speaker.

The Acting Speaker (Mrs. Champagne): The Hon. Member for Kenora—Rainy River (Mr. Parry) on a point of order.

Mr. Parry: Madam Speaker, I rise on a point of order with respect to the obvious discrepancy between the two bills, the one in English and the one in French as printed in the Projected Order of Business. I should like to know whether the amendment is in order when it is only presented in English. It is obvious, when referring to the French text, that the substance of the amendment is already included in the motion which means that there are two texts for the same motion under consideration, one in English and one in French which are different.

• (1750)

[*English*]

The Acting Speaker (Mrs. Champagne): The Chair does realize that the Hon. Member for Kenora—Rainy River (Mr. Parry) has a very valid point, and I will reserve on it for the time being, the amendment having been presented in the way it has. I think all Hon. Members can at this point continue with the debate and the next time the Bill comes up for debate, the Chair, with the help which has been given by all Hon. Members, will be able to rule on the discrepancy between the French version and the English version of the main motion.

Mr. Althouse: I wonder if you could indicate to the House what your position will be with regard to the Speaker's list. You have indicated we are now speaking on the amendment. In the event it is determined that the amendment was not in fact a necessity, that it was simply a printing error, will those Hon. Members have an opportunity to speak to the main motion, if they have already spoken to the amendment—even though the amendment was improperly put?

The Acting Speaker (Mrs. Champagne): The Chair does not see this as a printing error at all. Therefore, anyone who has spoken on the main motion can speak again. There is no problem. We will reserve on that point, but anyone who wants to speak again has the possibility to do so.

Mr. John Gormley (The Battlefords—Meadow Lake): Madam Speaker, I want to address a few words on the amendment and on the motion by my colleague, the Hon. Member for Grey—Simcoe (Mr. Mitges), as well. I think it will come as no surprise to Hon. Members of the House that I agree in both principle and in practice with the motion which has been proposed. I extend my congratulations to the Hon. Member for his courage and perseverance in moving the motion.

The particular amendment suggested is, in my opinion, strictly a technical amendment which will introduce the word "human" to clarify that the motion does indeed deal with "human beings", and in so doing comply with the French version.

It is more significant than simply an amendment that the word "human" is dealt with because of the general thrust of the motion that the Government should consider the advisability of protecting the human foetus along with the human being

in the Charter of Rights. Therefore, the role of humanness becomes very fundamental. If one reviews the Criminal Code thus far, the status of the "human being" is very ambiguous. Section 206 of the Criminal Code states that:

> A child becomes a human being . . . when it has completely proceeded, in a living state, from the body of its mother—

I think that this particular definition of humanness overlooks over a decade of medical research and development. We now have *in utero* surgery and more advanced research in genetics and foetal development, and it is clearly evident that a human being, distinctly and genetically different from its mother, does exist before the time in Section 206 when the human being simply emerges from the mother. Therefore, it is very important that we emphasize the humanness of this particular issue.

The motion, as it has been put, should be considered by all Hon. Members of the House within the framework that we are simply asking the Government to consider the advisability of amending the Charter of Rights and Freedoms. When Hon. Members vote on this motion, if they vote in the affirmative, that is they vote to agree with the motion, that is not saying the Government will change the Charter of Rights immediately or even proceed to do so. I would like to address this to those Hon. Members who have expressed some reservations about the amending formula and the degree of consultation required between the provinces and Ottawa. Now is the time for consultation. Now is the time we should consider this question as a constitutional question. However, this motion reads that the Government should be asked "to consider the advisability", and I hope Hon. Members will keep that in mind.

Most important, this motion is a call to accountability of Members of Parliament. It has been a very reasoned debate thus far. However, I am a little disappointed in my colleagues on the Government side as well as from the two Opposition Parties when I hear the argument that we need more consultation, that we must give this issue more time, that this issue is so morally delicate that it should not be addressed by politicians. These are some of the points raised, and I know they have been raised in good faith by Hon. Members of all Parties. However, it is because of the moral delicacy of this issue and because of the fundamental importance of this issue in Canadian society that I submit this motion should be a rallying point for Members of Parliament and for the Canadian people. It is vitally important that Hon. Members stand up and be counted on this issue. I do not think it is acceptable that Hon. Members say we should give the issue more time or further consultation.

Often polls and different polling data is introduced into discussion on this issue. I know all of us, regardless of what particular view we take on the sensitive issue of abortion, acknowledge there have been many polls done. However, I think we should, with a balanced and reasonable view, look at the most important poll of all, and that is the lengthy list of the numbers of abortions performed every year in Canada. I agree with Hon. Members of all Parties that in a perfect world there would be no abortion. I agree with the need for contraception and information. But this is not a perfect world. We have within a myriad of regulations in the Criminal Code an ambiguous collection of laws which allows over 70,000 abortions to be performed every year. That is some imperfection, Madam Speaker. It is an imperfection which is literally depriving Canada of a generation of citizens.

What do we do about that? We can no longer rely on the provinces through their administration of medical services plans or on hospitals under whose responsibility falls therapeutic abortion committees because to do so is to abdicate the fundamental responsibility of this issue. The fundamental question is life, humanness and the definition of where and when that life begins and how we, as Members of Parliament, should deal with the question of humanity. This is strictly a matter for at least the Criminal Code and quite probably, as this motion indicates, for the Canadian Charter of Rights and Freedoms.

We cannot, and should not, say any longer that it is someone else's responsibility. It is the responsibility of all 282 Members of this Parliament to see this issue is addressed.

In closing, I want to state again my strong and unwavering support for this motion put forward by the Hon. Member for Grey—Simcoe. I would like to ask—in fact, to put it in stronger terms, I would like to plead with Hon. Members to view this particular motion in its context. This motion asks the Government of Canada to consider the advisability of amending the Charter of Rights and Freedoms. I think we should ask the Government to consider looking at this issue. Regardless of what point of view one brings into this House, I think it is not too much to ask that the advisability be considered of entrenching a right to life of the unborn. I know that time does restrain all of us. I have a number of other points to make, but I will close by thanking you, Madam Speaker, for giving me this time. I would like to extend my thanks to all Hon. Members, particularly to the Hon. Member for Grey—Simcoe, and I would encourage all Hon. Members of Parliament to be heard on this issue.

• (1800)

The Acting Speaker (Mrs. Champagne): The hour provided for the consideration of Private Members' Business has now expired. Pursuant to Standing Order 36(2) this order shall be dropped to the bottom of the order of precedence on the Order Paper. It can be expected to be scheduled for debate next on February 13, 1987.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

HERBICIDES—USE OF WEED KILLER 2,4-D

Mr. Alan Redway (York East): Madam Speaker, as I was sitting here this evening, I wondered if you happened to be now or whether you had ever been a member of a service club. I happen to be a member of the Lions International, and I wondered if perhaps you might have been a Lioness. It does not really matter whether Your Honour is a member or have been a member of a service club, I know that you are definitely aware of all of the good works that the service clubs do, whether it be the Rotary Club, the Kiwanis Club, the Kinsmen, Civitan, Zonta, the Lions or whatever.

I know that you are aware, Madam Speaker, as well, that the main purpose of service clubs is to try to raise money to help the unfortunate, the disabled and to help out in one's own community and in other communities around the world.

Different service clubs have a variety of ways of raising money. For instance, my own club raises money by selling fertilizer every spring. Actually, every spring since 1965 I have been out on the trail in our own community knocking on doors, selling fertilizer. We have found in our community and in our club that the most popular form of fertilizer is, of course, one which contains a weed killer. That is quite understandable because we all know what a problem broad-leaf weeds can be, whether they be dandelions, plantains or whatever. Every spring we have to get out in the yard and dig them out and by late spring they are sprouting again, as they are in the fall. So all of us are interested in having something in the way of a weed killer that gets rid of weeds in our lawns, if we happen to have one.

It came as quite a shock to me to hear that it may very well be that the main weed killer ingredient in those fertilizers, and for that matter the main weed killer for all broad-leaf weeds, 2,4-D, may be banned in this country by the spring. Of course, spring is almost on us. March 21 of this year marks the beginning of spring. So it came as quite a shock to me to learn this information.

I investigated just what was going on. I found that 2,4-D apparently has been suspected of being a cancer-causing agent. That came as a real shock to me because I know that 2,4-D was developed some time after the end of the Second World War. It has been with us now for something in the order of 40 years. Not only is it used on our lawns as a weed killer, it is used by the forest industries to choke out the growth that may destroy young plants and young trees that are coming up. It is also used in our agricultural industries to control weeds among our grain crops, crops such as wheat, oats and barley, since apparently they are all forms of grass.

There will be quite an enormous impact on all of us individually in our everyday life at home and in our industries, including food, agriculture and forestry. There will be an enormous impact because I am told that last year there was some 4.5 million kilograms of 2,4-D sprayed on some seven million hectares of land in Canada and that around the world 2,4-D is used in some 1,000 different products. Last year they had sales around the world amounting to $14 bilion. If the manufacture of 2,4-D is suddenly shut down in the country, it will have an enormous impact upon all our lives.

• (1805)

I understand that the Province of Ontario and the Province of New Brunswick have already imposed some form of restriction on the sale of 2,4-D. Ontario, for instance, says that it has placed a moratorium on any new products which contain 2,4-D.

Three Departments of the federal Government are investigating the situation—the Department of the Environment, the Department of Agriculture, and the Department of National Health and Welfare. They will determine, apparently by spring, whether or not we should be banning 2,4-D in the country. Of course some say that 2,4-D is a pesticide and that it is a health hazard. However, I have been told by others, particularly a good friend and horticulturalist, a broadcaster on the subject of horticulture in Metropolitan Toronto by the name of Art Drysdale, that it is really not a pesticide, that it is really a hormone, and that it does not deserve all the bad publicity which it has been getting.

One way or another, whether it is a health hazard or whether it is a hormone which is not harmful, the federal and provincial Governments are investigating it. I understand that the Americans are also investigating to see whether or not they will shut down and ban the use of 2,4-D.

I hope the Parliamentary Secretary will throw some more light on the subject tonight, because it is of vital importance to all Canadians. Whether we be urban dwellers, whether we work in the forest industry, or whether we work in agriculture, it has a vital impact on all our lives. I am looking forward to hearing from the Parliamentary Secretary what is the latest word on the potential banning of 2,4-D this year.

Mr. Joe Price (Parliamentary Secretary to Minister of Labour): Madam Speaker, I am pleased to be able to respond more fully to the question raised by the Hon. Member for York East (Mr. Redway) on November 18, 1986.

As the Hon. Member indicated during his question, the herbicide 2,4-D has been registered for use in Canada for approximately 40 years. More recently, a consortium of companies which manufacture and sell 2,4-D formed a task force for the purpose of sponsoring a variety of studies on the chemical.

In June, 1986 the task force submitted to officials of the Health Protection Branch of the Department of National Health and Welfare the results of its first long-term feeding study in rats designed to determine the potential of 2,4-D to cause cancer under experimental conditions.

Officials of the Health Protection Branch conducted a comprehensive review of the information made available in the particular study. They concluded that the administration of 2,4-D in a lifetime feeding study to rodents produced a

statistically significant increase in the incidence of malignant brain tumors as compared with contemporary control animals.

In addition, Dr. Sheila Hoar and her co-workers at the United States National Cancer Institute have recently published the results of a study conducted in Kansas. The authors of this study have concluded that Kansas farmers using a variety of herbicides, in particular 2,4-D, were at an increased risk of developing a rare form of cancer. We believe that the evidence recently published by the doctor and her co-workers, when taken together with the experimental results demonstrated in rodents, suggests that 2,4-D may be a potential human carcinogen.

Officials of the Health Protection Branch have advised their colleagues in the Department of Agriculture that human exposure to 2,4-D should be kept to an absolute minimum and that alternate chemicals should be used wherever possible.

I see Madam Speaker signalling that I am running out of time. I should like to conclude by saying that consultations and the co-operation suggested in the studies are ongoing with the various Departments. Indeed some positions will be arrived at in the not too distant future.

• (1810)

TRADE—UNITED STATES DUTY ON CANADIAN SOFTWOOD LUMBER. (B) MINISTER'S POSITION—CANADIAN PROPOSAL

Mr. Maurice Foster (Algoma): Madam Speaker, on December 5, I put a question to the Minister for International Trade (Miss Carney) concerning the Government's plans with regard to the softwood lumber countervail duty which had already been imposed in a preliminary way on the industry. Since that time, the Government has totally capitulated to the United States and has not waited for the U.S. to impose or not impose a countervail duty. Instead the Government has imposed an export tax. There is a significant difference in the two arrangements. Clearly the Canadian softwood lumber industry is violently opposed to the Government imposing an export tax. People in the industry and many others believe that we could have defeated the U.S. softwood lumber coalition plan either in the trade tribunals in the United States, in the trade courts, or before the General Agreement on Tariffs and Trade panel in Geneva, Switzerland.

In any event, the Government has moved ahead with the imposition of an export tax which is most unfair. It infringes on our sovereignty and does not take into account the traditional arrangements we have had for native people. It is a decision which will come back to haunt the Government and future governments for many years to come. Outstanding constitutional experts and international legal experts during the past two weeks have said the same thing.

We are most concerned in my section of the country of northern Ontario. During the months of November and December, while this countervail duty of 15 per cent was in place, three major softwood lumber producers shut down operations or reduced the number of shifts. This would be bad enough if that were the end of the issue, but the softwood lumber industry does not make the estimated $550 million to $600 million a year which the 15 per cent export tax is expected to cost. The industry does not make that much profit now. How can companies absorb the tax and turn any profit at all? No industry can operate indefinitely without some profit margin.

It has been made clear in a letter from Trade Representative Yeutter and Secretary of Commerce Baldrige to the United States Coalition for Fair Lumber Imports that they intend to have control over where that money goes in Canada. It cannot be used for forestry related projects, for roads, or for supporting or encouraging the industry. Where will the money go, Madam Speaker? It will go to the provincial Governments but it cannot be used in support of the industry. The more distressing concern is that the United States Government is demanding the export tax of $550 million or $600 million be imposed at that same level as a stumpage charge by the provinces.

Stumpage charges are, of course, right across the board. When you impose that level of tax as stumpage, the total cost to the industry and to Canadian customers and other export customers will be closer to $870 million, as estimated by the United States. If the industry cannot afford a tax of $550 million or $600 million, how will it be able to afford a converted stumpage charge? Of course, the precedent will be set for the American pulp and paper industry to demand and receive a similar kind of tax to be imposed on the Canadian pulp and paper industry whose exports to the United States are two to three times as large as those of the softwood lumber industry.

• (1815)

Areas like my riding are faced with an incredible dilemma. Many plants had to shut down during the month of December. The industry does not know how it will pay this tax and still survive. I hope the Parliamentary Secretary will be able to give us some answers and some hope. I hope she will appreciate the dilemma that is faced.

The tax is unfair. Producers in Ontario pay a stumpage charge of something like $17.50 per thousand board feet while in British Columbia, the equivalent stumpage charge on similar kinds of softwood lumber is about $4.50. Yet the export tax is identical: 15 per cent across the board. It is much easier for B.C. lumber mill operators to pay the tax and still survive. In Ontario, the producers have to pay the very high stumpage fee while still paying the flat tax.

I hope the Government will move decisively on this because the industry is facing a terrible dilemma. Hundreds and thousands of jobs in northern Ontario will be lost due to this export tax.

Mrs. Jennifer Cossitt (Parliamentary Secretary to Minister of National Revenue): Madam Speaker, I am pleased to be able to respond to the question my colleague directed to the Minister for International Trade (Miss Carney) on December

5. It will be recalled that following the United States Commerce Department's preliminary determination on softwood lumber on October 16, a number of options were identified and assessed in close co-operation with industry and the provinces. None of these options were without significant problems and there were widely divergent views on how best to proceed.

It soon became apparent, however, that notwithstanding our strong case, a reversal of this preliminary determination was most unlikely and that the final ruling as well would go against us. In the circumstances, it was decided to explore the possibility of a negotiated solution which would protect Canadian interests to the greatest possible degree.

There is no doubt that the understanding signed on December 30 fully meets these objectives. The Minister pointed out previously that it recognizes the sovereign right of the provinces to manage their own resources. It ensures that any additional revenues will remain in Canada. Finally, it avoids creating a precedent in the implementation of United States countervailing law that could have an extremely damaging effect not only on our trade in lumber but on a wide range of other resource-based products.

These negotiations were carried out in the face of pressures from the United States for a far more stringent settlement. The pressures were successfully resisted and the settlement we signed was on our own terms. It represents, I believe, the best possible solution to a long and troublesome dispute.

The Acting Speaker (Mrs. Champagne): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 6.20 p.m.

HOUSE OF COMMONS

Tuesday, January 27, 1987

The House met at 11 a.m.

[*English*]

PRIVILEGE

COMMITTEE REPORT—POSSIBLE BREACH OF CONFIDENTIALITY

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I rise on a question of privilege. Mr. Speaker, yesterday after Question Period I granted interviews to the media in the customary manner outside the doors of the House of Commons. During the course of conversations with journalists they queried me concerning the report of the Standing Committee on Elections, Privileges and Procedure with respect to the registration of paid lobbyists, which report is to be tabled later today in the House of Commons. While I refrained from referring specifically to the report, during my remarks on the general theme of the registration of lobbyists I may have inadvertently revealed some of the contents of the report to the media. After reviewing press clippings this morning, Mr. Speaker, I recognized one of the comments as being mine.

If my colleagues on the committee feel such is the case, as I understand it is at least in the one case, I apologize to the House, and more particularly to the Chairman of the committee, the Hon. Member for Peace River (Mr. Cooper), and to the Hon. Member for Okanagan—Similkameen (Mr. King), the Hon. Member for Prince George—Bulkley Valley (Mr. McCuish) and the Hon. Member for Nickel Belt (Mr. Rodriguez) with whom I have worked on this committee. More than anything else, I want the report to be adopted in the non-partisan reform manner which characterized our committee's very fruitful deliberation.

Mr. Albert Cooper (Peace River): Mr. Speaker, may I say to the House that we are happy to accept the Member's apology for his good wishes toward the committee, for the work that we have done in the past and for the work that we will continue to do in the future.

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, I will not sit here and let my hon. friend, the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) take full responsibility for any inadvertent remarks. Yesterday after Question Period I, too, was accosted by a Mr. Iain Hunter from *The Ottawa Citizen* who wanted to get a copy of the report from me. I said that I could not give him a copy of the report because we had agreed that the matter would be dealt with at the press conference today. He then went on to question me about my response to the whole question of registering lobbyists and I discussed the matter in general. He may have taken from my comments to him remarks which then found their way into his articles in the paper.

I want to say to my friend that I, too, was in the same situation and I apologize to our chairman if anything that I may have said that was misinterpreted by Mr. Hunter in his article. I believe that our report got unanimous agreement in the committee. That took some doing because we spanned the political spectrum from somewhere to the right of Genghis Khan to Karl Marx.

Some Hon. Members: Oh, oh!

Mr. Rodriguez: I want to assure you, Mr. Speaker, that I sincerely hope nothing I said could throw any shadow on the fine work we did together as a committee.

Mr. Speaker: I want to thank all Hon. Members, certainly the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) for coming into the Chamber and making the statement that he has made. I compliment the Hon. Member for Peace River (Mr. Cooper) for his response, and I thank the Hon. Member for Nickel Belt (Mr. Rodriguez) for his contribution.

I might say to all Hon. Members that this is a signal, a salutary example of how these matters ought to be settled among Hon. Members in this Chamber. I thank Hon. Members for their co-operation and good sense of propriety as to what this place is all about.

ROUTINE PROCEEDINGS

[*English*]

VETERANS AFFAIRS

LOSS OF MICROFICHE IN THE MAIL

Hon. George Hees (Minister of Veterans Affairs): Just before I start my statement, Mr. Speaker, as the oldest living inhabitant of this place, I would just like to say that I have heard proceedings for many, many years and I want to congratulate the Members who have just made statements. That kind of sentiment makes this place a better place in which to live and work. I congratulate the Members on the attitude they have taken and for what they have said. What they did is very admirable, indeed.

I rise to inform the House of a very unfortunate incident involving loss of several microfiche sheets in the mail. The facts are quite straightforward.

Every month for the past 10 years, the Veterans Affairs head office has been forwarding standard pension payment information to our 31 district offices across Canada. The information is used by these offices to answer any questions disability pensioners may have about their cheques. It is a simple but very valuable service for pensioners. I was informed on January 9 that two of the 31 parcels forwarded from Charlottetown, and containing the data on the December cheque release, had been delivered in damaged condition. Worse, some of the contents were missing.

An investigation conducted by Veterans Affairs and Canada Post found no indication whatsoever of any wrongdoing. Quite the opposite, Mr. Speaker. The investigation found every reason to believe that the microfiche should have been packaged in a stronger container to ensure safe transmission by first-class mail. The result was that the two boxes had broken open while in transit with some of their contents falling out in the process. Even so, we took the added precaution of informing the RCMP. The RCMP advised my officials that they found no evidence to suspect that the loss of the microfiche was in any way intentional.

• (1110)

I would like to set out very briefly just what readable information is on these cards, and that is as follows: the pensioner's name, the name of the spouse and any dependent children, the service number, the amount of the cheque and the mailing address. In addition, and for a maximum of 10 per cent of the pensioners, the Social Insurance Number is given because that number corresponds to the pensioner's service number. However, the majority of the entries on the microfiche are coded and therefore of no value to an unauthorized person. A complete set would provide information on approximately 144,000 pensioners, and slightly less than a complete set is not accounted for.

While I am personally convinced that the information on these cards cannot be used to anyone's detriment, I fully acknowledge the seriousness of this matter. Indeed, I feel very badly that it has happened. It is one thing to make a mistake; it is even worse to know that the mistake could and perhaps even should have been foreseen and thereby prevented. Put simply, this material should not have been distributed in the way it was.

I can assure you, Mr. Speaker, that this material will not be distributed that way in the future. This method of distribution has been stopped and more secure methods will be found to permit us to continue this very important service for pensioners. In the meantime, steps have been taken to make sure that pensioners are not inconvenienced in any way. The two methods we will be using will be Telex and computer link-up.

I have prepared a very detailed information package concerning this matter and it will be distributed to every Member, every Senator and the news media immediately after I conclude this statement.

As a final point, and although I am satisfied that the information appearing on these cards cannot be used for improper purposes, I was furious when I learned about the incident. There is, however, a positive side to all of this. For 10 years, personal information on pensioners has been distributed to Veterans Affairs district offices in this manner. No one had any reason to believe that it was not secure because nothing like this, to the very best of our knowledge, had ever occurred before. We are now fully aware of the risks the department was unknowingly taking and this gives us the opportunity to safeguard our veterans' interests by tightening security and making as certain as humanly possible that this never happens again. At the same time, Mr. Speaker, I can assure you and all Hon. Members that we will make absolutely certain that veterans will continue to receive the good service they have come to expect and fully deserve.

[*Translation*]

Mr. Gaston Isabelle (Hull—Aylmer): Mr. Speaker, as the Official Opposition critic for Veterans Affairs, I first want to thank the Minister for having informed me of this incident which, fortunately, will have no serious consequences.

I think the Minister acted responsibly by making his statement before the House, not outside the House or to the press. I think he deserves to be congratulated and that his colleagues would do well to follow his example. Statements on incidents involving departments, whether they involve the Department of Veterans Affairs or any other department, should be made here in the House.

Nevertheless, one wonders what is going on, because Revenue Canada lost some microfiche not long ago. In addition, the Auditor General has criticized the Department of Veterans Affairs about overpayments, and today, we are told some microfiche were lost.

I realize it is not necessarily a matter of incompetence, but there was certainly negligence, because generally speaking a Minister is responsible for what goes on in his department. That is why Ministers must always be vigilant and monitor what is going on in their departments. They have that responsibility and cannot leave it to someone else.

In this particular incident, while part of the responsibility lies with the Department of Veterans Affairs, I realize that Canada Post has a far greater responsibility than the Department.

At Canada Post, mail delivery has been chaotic in recent years. For instance, a letter sent from Ottawa to Hull has to be routed via Montreal. This is absolutely crazy. We know what happened to mail sent from the main post office on Prince Edward Island. We know how the mail got lost. Fortunately, as I said, there was no confidential information. Everything was coded. Be that as it may, I do want to congratulate the Minister again for having selected other means to route the microfiche or the necessary information to regional offices in Canada, for the simple reason that we can no longer rely on

Canada Post. The Minister opted for telex, which I think is far more reliable.

Speaking of Canada Post, Mr. Speaker, my constituents and Canadian businessmen have been complaining about poor mail delivery, especially business mail. We are getting letters and telephone calls daily about this.

So I want to congratulate the Minister on having selected another means of delivering the microfiche to the 31 regional offices of Veterans Affairs Canada.

As I said before, Mr. Speaker, I am very pleased with the Minister's statement. I trust that with his political experience, he will be able to deal satisfactorily with this problem and will deal as quickly with any other problems that may arise in his department. I hope the other Ministers will take a leaf from the Minister's book in this respect.

Mr. Speaker, I congratulate the Minister and I want to thank him for having acted as responsibly as he did by making this statement before the House today.

[*English*]

Mr. Neil Young (Beaches): Mr. Speaker, at the outset, I too want to thank the Minister and his office for making me aware of this particular problem yesterday and for giving me the opportunity to discuss with the Minister the type of information that was stored on this microfiche. I found it refreshing as well that as soon as the Minister found out about this, he immediately ordered a full investigation into the circumstances surrounding this particular incident.

• (1120)

I am also assured that the information contained on the microfiche is such that the veterans and their families should not be concerned about its confidentiality. It is very limited in the information it provides. Veterans and their families should have no great concern about personal information which may be lying around out there and which could be a threat to their privacy and security.

I had the opportunity of reading the chronological sequence of events which took place between December 17 when those packages were mailed out, and January 13 when the Minister was informed. It seemed to me as I read through these events that the Minister should have been informed by his officials long before he was. I am sure the Minister has made known his views to his officials. I am also quite interested in why it took between December 29, a Monday—and I can appreciate that the festive season was involved—and January 15, some 18 days, before the RCMP were asked to investigate. It seems to me to be far too long before the police investigation was conducted.

In conclusion, personal information on Canadians which is stored in computers has to be secure. There have been incidents over the past several months which clearly indicate that security in all government Departments requires some re-examination. While I fully appreciate the efforts of the Minister as soon as it came to his attention to make sure everything was done to protect veterans and their families, I would also say to other Ministers of the Crown, let this be an example. If they have not already done so, I seriously urge them to sit down with their department officials responsible for information stored in computers and make damn sure the information is secure. This is for the protection of not only government departments but individual Canadians who could be seriously affected, in circumstances other than the present one, by a violation of privacy.

Again, congratulations to the Minister, and on that note I will not say anything else.

* * *

ELECTIONS, PRIVILEGES AND PROCEDURE

PRESENTATION OF FIRST REPORT OF STANDING COMMITTEE

Mr. Albert Cooper (Peace River): Mr. Speaker, I have the honour to present to the House in both official languages the first report of the Standing Committee on Elections, Privileges and Procedure. The report is presented as a result of the Government's discussion paper entitled "Lobbying and the Registration of Paid Lobbyists", which was referred to the committee in February of 1986. Our work was interrupted by the summer recess and the termination of the first session of this Parliament. However, through hard work and long hours we grappled with the subject, and I am pleased to tell you that the report I place before the House today, recommending the implementation of a registration system for paid lobbyists, has the unanimous support of the representatives on the committee from all Parties of this House.

I would like to especially thank the Hon. Member for Nickel Belt (Mr. Rodriguez), the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria), the Hon. Member for Okanagan—Similkameen (Mr. King) and the Hon. Member for Prince George—Bulkley Valley (Mr. McCuish) for their important contribution to this work, along with two staff members, the Clerk of the Committee, Sandy Birch, and Mr. Bruce Carson from the Library of Parliament. All of those individuals have allowed us to come together with a unanimous report which I think is both topical and significant.

[*Editor's Note: See today's Votes and Proceedings.*]

* * *

PETITIONS

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Roland de Corneille (Eglinton—Lawrence): Mr. Speaker, I rise to present a petition from a large number of people in Scarborough, Pickering, Agincourt, Whitby and

Toronto. They wish to petition the House of Commons to rescind a tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries in respect of free trade negotiations. The petition is presented because of a Bill before this House which they hope will be rejected.

I have another petition from Canadians living in Toronto and Scarborough who also wish to express their concern about rising book prices which has placed a strain on library book acquisition programs. They are particularly concerned because of their association with libraries and feel the Bill before the House will threaten those libraries and their ability to provide an adequate library service to Canadians.

I have another petition from residents of Don Mills, Ontario, and the City of North York. They are concerned about the retaliatory tariff on imported books which the Government has raised and which endangers the book publishing business, book sellers and distributors. They wish to express their discontent with this Bill and therefore humbly petition this House of Commons to rescind the Bill.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Roland de Corneille (Eglinton—Lawrence): I also have a petition signed by Canadians from Rainy River in northern Ontario and other places. They call upon Parliament to reject the proposals which will increase prescription drug prices for Canadians. They are concerned about the changes to the Patent Act and the problems to be faced by senior citizens and others who will have to pay higher prices for prescription drugs than would otherwise be the case if the Bill were not passed by this House.

[*Translation*]

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, pursuant to Standing Order 106, it is my duty to present—

[*English*]

—petitions which ask the Government of Canada to withdraw the tariff on books. Whereas the Government of Canada has imposed a retaliatory tariff on imported books in the English language which has limited access of Canadians to literature and information, and whereas the tariff has little negative effect on the publishing industry in the U.S. yet penalizes Canadian consumers, book publishers, sellers, distributors and Canada's culture, and whereas rising book prices have placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries, the petitioners humbly pray and call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book publishing industry and compromises federal policy on cultural industries in respect of the ongoing free trade negotiations.

[*Translation*]

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I also have two petitions concerning the Government's proposed legislation that will increase the price of drugs.

[*English*]

The petitioners humbly submit that the proposed changes to the Patent Act affect directly all Canadians not protected by private or government medicare programs. The federal government proposal will raise the cost, already high, of provincial health care programs. The monopoly granted to innovative pharmaceutical companies will prevent competition from generic companies and result in increased drug prices. It will also severely restrict the ability of average Canadians to buy necessary prescription drugs. Whereas the proposed changes to the Patent Act represent another example of Canadian Government concessions in the free trade negotiations with the United States, at the expense of average Canadians, the undersigned petitioners humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

• (1130)

REQUEST FOR DEPORTATION OF JOHN MICHAEL LEWIS

Mr. Benno Friesen (Surrey—White Rock—North Delta): Mr. Speaker, pursuant to Standing Order 106 the attached petition is certified correct. It contains 350 signatures and is in tandem with the one presented by the Hon. Member for Mission—Port Moody (Mr. St. Germain) which contained 8,000 signatures.

The undersigned protest in the strongest terms a ruling by the Immigration Appeal Board to permit John Michael Lewis, a convicted child molester, to remain in Canada. Wherefore the undersigned, your petitioners, humbly pray and call upon Parliament to request this ruling be overturned forthwith and demand his immediate deportation to the United States of America.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Maurice Foster (Algoma): Mr. Speaker, I have a petition which contains several dozen names from various communities in Ontario, protesting the imposition of the retaliatory tariff on English language books which the Government imposed last year in response to the cedar shakes and shingles countervail duty imposed by the United States. These petitioners outline that it will have a very negative impact upon the publishing industry and will penalize Canadian consumers, book publishers, book sellers, distributors, and Canadian culture generally. It will also place a real strain upon the budgets of the nation's public and specialized libraries. They call upon the Government to rescind this 10 per cent duty which is strictly retaliatory and really hurts Canadians more than the Americans it was designed to retaliate against.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Maurice Foster (Algoma): Mr. Speaker, I also have a petition with several dozen names of Canadian citizens in various communities in western and eastern Canada. They protest the Government's decision to amend the Patent Act, which will have an adverse impact upon the price of drugs, especially for elderly Canadians or senior citizens and those covered by drug programs. It will also reduce the competition by generic companies and will thus raise unnecessarily the price of prescription drugs to Canadians.

It is also pointed out by these petitioners that these changes to the Patent Act are being done as a concession in the free trade negotiations. Of course the impact is negative upon all Canadians, whereas the concessions under free trade will not necessarily be of any benefit to Canadians.

I hope the Government will respond in a positive way to these petitioners who are asking for a change in these decisions by the Government.

Mr. Neil Young (Beaches): Mr. Speaker, I also have the pleasure to present a petition which has been certified correct as to form and content. It is signed by a number of residents of the City of Toronto who state that the federal Government's proposals to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers and will severely restrict the ability of the average Canadian to buy necessary prescription drugs. The petitioners call upon Parliament to reject these proposals which will increase prescription drug prices for all Canadians.

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, it is my privilege to present a duly certified petition from a number of Canadians concerned about changes to the Patent Act. They see these changes resulting in higher drug prices both for individuals and for provincial drug plans. They also see them as another form of Canada granting concessions to the United States. They call upon Parliament to reject these proposed changes, which I sincerely hope Parliament will do.

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, I have the honour to table some of the thousands of signatures on petitions obtained in the City of Windsor in opposition to the Patent Act amendments which would drive up the prices of drugs for Canadians and impose a heavier burden upon taxpayers, primarily in the interests of the profit-making of multinational drug companies and in obedience to the direction of the Americans. With that, I table this petition, this petition, this petition, this petition, this petition, this petition, this petition, this petition, this petition, this petition, this petition, this petition, and that petition from the City of Windsor.

An Hon. Member: Can't you count?

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is a pleasure, and indeed an honour, to present a petition pursuant to Standing Order 106 concerning the changes the Government plans to make to the Patent Act. The petitioners indicate that the federal Government's proposals to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy necessary prescription drugs. They call upon the Government to come to its senses and reject the proposals in their tracks before the legislation continues any further. Indeed, they go on to say that the proposed changes are simply another example of Canadian Government concessions to the United States, at the expense of average Canadians, in its attempt to continue free trade negotiations.

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, with your indulgence, I would like to submit two petitions. One is from residents of Bristol, Shawville, Norway, Portage du Fort, and neighbouring communities who wish to express their desire that the Government reconsider the measures it is proposing to take in changing the Patent Act which, as we all know, will result in increased costs of drugs, prescription medicine, and the like.

[*Translation*]

Mr. Speaker, the other petition is signed by people from the town of Berthier and the riding of Bellechasse. They ask the Government of Canada to reconsider proposed amendments that would lead to an increase in the price of drugs, and they humbly pray that Parliament will reject this proposal that will increase the price of drugs for Canadian men and women.

[*English*]

CANADA—U.S. AUTO PACT—SAFEGUARDS

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I have the honour to present a petition consisting of another 250 names from my constituents in Essex—Windsor who are deeply concerned about indications from the Government that there are serious plans afoot to give up the safeguards in the Auto Pact. This would severely threaten the jobs of thousands of Essex County and Windsor workers, as well as the economic prosperity of the region. Therefore, these petitioners call upon the Government to reject completely any give-away of the safeguard provisions of the Auto Pact in the free trade talks with the United States.

* * *

• (1140)

STARRED QUESTION

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask you to call Starred Question No. 58.

CN RAIL LINES

Question No. *58—**Mr. St. Julien:**

Softwood Lumber Products Export Charge Act

1. From January 1, 1980, to date, what were Canadian National's revenues and expenditures with regard to the (a) Chapais subdivision (from Franquet to Chapais and Chibougamau, mile 72.1 to mile 199.l) (b) Taschereau subdivision (from La Sarre to Cochrane, Ontario, mile 99.0 to mile 181.0) (c) Val d'Or subdivision (from Senneterre to Val d'Or, Malartic and Noranda, mile 00.0 to mile 101.5) sections of line?

2. Did the government spend any money closing down CN lines in the Abitibi region during the same period and, if so, in what amounts?

Mr. David Kilgour (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the management of Canadian National Railways advises as follows:

1. Information regarding revenues and expenditures by subdivision, including those in the Abitibi area, is considered confidential and, for marketing reasons, cannot be communicated.

2. No.

Mr. Lewis: Mr. Speaker, I ask that the remaining questions be allowed to stand.

Some Hon. Members: Agreed.

Mr. Deputy Speaker: I wish to inform the House that because of the ministerial statement, Government Orders will be extended by 16 minutes, beginning at one o'clock today.

GOVERNMENT ORDERS

[*Translation*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed from Monday, January 26, 1987, consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee, and the amendment of Mr. McDermid (p. 2601).

Mr. Marc Ferland (Portneuf): Late yesterday afternoon, Mr. Speaker, I was unceremoniously interrupted by the Hon. Member for Ottawa—Vanier (Mr. Gauthier) who did not seem to appreciate the fact that we are trying to make him see the light with respect to the situation as it relates to Bill C-37.

As I was saying, the agreement on softwood lumber has no bearing whatsoever on Canada's sovereignty. Opposition Members have been unable to come up with any kind of solution to this question, and they are trying to convince Canadians that our sovereignty is on the line. That is utter nonsense because, pursuant to the provisions of the agreement, any information we might give the United States will be known to the public, and American officials will not have to come up here to check the facts.

The signing of this agreement is a major achievement. Compared with a suspension agreement, this settlement is infinitely more preferable. As in the case of a suspension agreement, the money remains in Canada, but what matters more is that it spares us the irksome control of the provinces' forestry management methods that would result from a suspension agreement.

The Opposition just cannot understand that if a countervailing duty had been imposed as we feared, and I hope all Hon. Members realize that, the forest industry would have had to assume the double burden of a tariff and an increased stumpage fee, for the only way for us to get rid of a countervailing duty would have been to increase stumpage fees to the point where the United States Department of Trade would unilaterally decide that the alleged subsidy was compensated for.

Mr. Speaker, the Opposition assuredly understands nothing, absolutely nothing about the softwood lumber issue and the benefits which this agreement will have for forestry workers in Canada.

Mr. Speaker, I suggest that the definition of a specialist given by Mr. Guy Antoine Lafleur, professor of political science at Laval University, applies perfectly well to our Opposition friends, and I quote: "I am very suspicious of specialists, for a specialist is someone who learns more and more about less and less, until he reaches the point where he knows everything about nothing."

Mr. Speaker, I feel that this remark applies perfectly well to members opposite who are really trying to convince Canadians that this lumber agreement does not benefit Canada, when the fact is that it is altogether beneficial to the forestry workers and industry.

[*English*]

Mr. Maurice Foster (Algoma): Mr. Speaker, I am pleased to have an opportunity to speak to Bill C-37 and the motion moved by the Government. I was interested in the comments made by the Hon. Member for Portneuf (Mr. Ferland) because he has obviously swallowed hook, line and sinker, the Government's position that this agreement really does not infringe on Canada's sovereignty. I would ask the Hon. Member to read statements made by Maxwell Cohen, one of Canada's foremost experts on international law who was a judge on the International Court of Justice in the Gulf of Maine resource dispute and a former Canadian Chairman of the International Joint Commission. He stated in the *Ottawa Citizen* on January 3:

The lumber deal is a dangerous precedent that threatens Canadian sovereignty.

He goes on to say:

It is a strange procedure to allow someone to monitor our own stuff.

And:

They maintained the unilateralness of something that is joint in effect because the Americans have a right to know everything about Canada's activity, information or anything else.

Edward English, a professor of economics at Carleton University, also stated in the *Ottawa Citizen* on January 3:

> Natural resources are a birthright that should not be surrendered to any foreign government.

He goes on to say:

> They are taking the same attitude that they do with the Soviets. That shows that the atmosphere of suspicion in Washington isn't restricted to East-West relations.

The Hon. Member should also take note of the comment by Robin Neill, an economic historian who said in the *Ottawa Citizen* on January 3, 1987:

> Even if Canada lost the case it would be better to take its hit now rather than gamble with the country's sovereignty for years to come.

If the Hon. Member does not believe those eminent individuals, he may want to listen to what Alberta's Don Getty said on January 5:

> Any tax on a provincial resource we feel very srongly must be the result of a federal-provincial agreement and we won't be part of any agreement that is not.

If the Hon. Member for Portneuf read those quotes he might not have been nearly as certain that our sovereignty is not being impaired.

We should also consider the letter from Malcolm Baldrige, Secretary of Commerce in the United States and Clayton Yeutter, the U.S. trade representative, which was obviously prepared and ready to be sent the day of the signing of the agreement. In their joint letter to Stanley Dennison, chairman of the Coalition for Fair Lumber Imports—perhaps unfair pricing for Canadians—they make it clear that Canada does not stipulate how the funds to be raised by this export tax will be spent. Any arrangements to transfer those funds to the provincial Governments or to transfer tax from a federal export tax to a provincial stumpage tax must be approved by the U.S. Government. Item four of the letter from Mr. Yeutter and Mr. Baldrige states that the United States:

> —would have to approve any changes in the export charge or calculation of the value of any replacement measures. Any changes made without U.S. Government approval would be considered a violation of the Understanding.

Does that sound like a sovereign country that will call its own shots with regard to natural resources?

• (1150)

Our natural resources, under our Constitution since about 1931, are the property of the provincial Governments.

The letter signed by Mr. Baldrige and Mr. Yeutter goes on to say that under this agreement the export charge which is being collected for Canada must not be used for any purpose such as a rebate, remission, deferral or non-collection of the export charge. It must not reduce in any way the price of stumpage or other charges on softwood lumber harvested from provincial Crown lands. The letter points out that the awarding of contracts for silviculture, road-building, recreational and other foresting activities is on a non-competition basis.

That is frightening enough, but the United States has made it very clear that not only is it going to control how that money collected is spent under this agreement—and there will be some $550 million to $600 million—but it is also going to control how that export charge is transferred to a stumpage charge.

The forest products industry in my constituency, and we have some of the largest mills in eastern Canada, asks how it can operate. It does not make $550 million or $600 million. How can it pay the tax and still have any profit without making cut-backs? I think the Tories are going to find that the export level to the United States will be severely dampened by this export tax. Although the Canadian forestry companies want to maintain their market share in the United States, they will not maintain it indefinitely if they are losing money. A few companies in my constituency have said they are switching to more hardwood operation and laying off shifts in the softwood operation. They want to monitor the situation but are not going to ship nearly as much to the U.S.

There are two factors over and above this development. Although the present situation is bad, it may very well get a lot worse. The Hon. Member for Porneuf is obviously not aware of this. The United States is demanding that when the export tax is transferred to a stumpage charge, the stumpage fees charged by the provincial Governments will match the percentage or volume of softwood lumber which goes into exports to the United States, We cannot impose a stumpage charge just on the trees which are used for export to the United States, the stumpage charge will be applied right across the board on all trees, including the lumber from those trees which ends up being used domestically and for export to the European countries and so on.

If the industry is feeling poor today because it does not make $550 million to $600 million in profits, which is the export charge it will have to pay, it is going to feel even worse because it is going to pay a lot more. The United States has indicated it estimates that when the tax is transferred from an export tax to a stumpage charge, the actual amount of tax which will have to be imposed as a stumpage charge will increase from the $600 million to about $870 million. It is little wonder that the forest products industry is devastated by this deal. It has not only spent $10 million fighting this in the United States trade courts and tribunals, but it is now facing an export tax and then an even larger stumpage charge which will absolutely devastate that industry. It will not be able to function or make a reasonable profit.

I see this legislation as devastating. It is a bad decision by the Government and it will live to rue its decision. It will take years to make an agreement with the provincial Governments, and in the meantime our softwood lumber industry will suffer dramatically and intensively for many, many years due to this agreement.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it saddens me to think that this is the last opportunity we will have at this stage to speak to Bill C-37, an Act to impose an export tax on exporting softwood lumber to the United States,

because the Government has decided to, in a sense, muzzle debate. It has cut off debate on a very critical and complex issue.

An example of this complexity is reflected in today's *Globe and Mail* which reports: "Little progress made in the lumber tax talks". Of course, these talks are an attempt to determine how on earth the Government will convert the 15 per cent export tax into increased stumpage rates for each of the respective provinces and territories.

As you know, Mr. Speaker, the United States lumber lobby claimed that the Canadian industry receives a 32 per cent stumpage subsidy as a result of the low provincial charges across Canada. These stumpage rates are charged on a province-by-province basis. They are different from one province to another. Yet somehow or other this across the board 15 per cent tax has to be integrated into changed stumpage rates. That is a very complex situation, but the Government has decided to curtail and cut off debate, to muzzle and close down debate on this critical issue in the House of Commons, therefore making it impossible for us to explore thoroughly the various complications attached to Bill C-37. I regret the Government has decided to do that.

I think we have to recognize that this action taken by the United States Government is really a back door approach to price fixing in the United States. The combines legislation of the United States prohibits price fixing by corporations. It does not allow monopoly control of the market-place, which can be done in Canada as a result of our weak and toothless combines legislation. This is a back door approach by the United States for its lumber industry to ratchet up the price of softwood and curtail competition from our industrious, creative and energetic Canadian marketeers in the United States. The sad thing is that the Government of Canada has agreed to allow the Americans to do this. While we were reinvesting in terms of modernizing our forest industry, the Americans were deinvesting in their forest industry, enabling part of its softwood industry to continue as outmoded, redundant and uncompetitive. Now, of course, they are using this back door approach to obtain their share of the market-place which Canadian entrepreneurs and marketeers took from them as a result of our aggressive forest industry.

I do not understand why the Government has decided to co-operate with the United States on this issue, particularly after the Minister of State for International Trade (Miss Carney) and the Secretary of State for External Affairs (Mr. Clark) said in this House on a number of occasions that what the United States was doing was illegal and inappropriate, it had no case and it was something that Canada must fight. However, they in a sense caved in and agreed to go along with this situation. That is history now. We have to now decide on the most appropriate way to proceed at this point.

May I suggest that the Government commit itself, very publicly, that appropriate portions of the $600 million which Canada will collect from this export tax on lumber going to the United States will be returned to the provinces to reinvest totally in our forest resource. There are a number of alternatives the Government might want to pursue.

• (1200)

Last weekend, after having held a number of meetings in my constituency, I came away with a list of suggestions which were put forward with respect to how my constituents feel the Government of British Columbia ought to be reinvesting this $400 million which it will receive in terms of developing the forest resource to ensure that it is maintained as a continuous resource.

One of the suggestions brought to my attention included the development of markets other than the American market. It was suggested that support be given to various private and public organizations to go out and identify and develop new markets for our softwood products. Hand-in-hand with that would be support for the retooling of some of our mills to meet the demands of these new markets, be they in the Far East, Latin American, Africa or Europe.

Another suggestion involved the whole area of reforestation. We find a rather abysmal state of affairs in certain provinces where the appropriate amount of tree planting and silviculture is completely inadequate. The Province of British Columbia certainly falls into that category. On a recent tour to Finland it was pointed out to me that for every tree that is cut in that country four trees are replanted. Then, over the years, as a result of brushing, thinning, spacing and fertilizing the poorer trees are culled, leaving one tree to grow in the best possible and most productive fashion. In Canada, for every three trees we cut down we replant only one. The replanting of that one tree is often poorly done. Consequently, even that one tree that is planted does not often see the completion of its life cycle.

Apart from money going into reforestation and various silviculture practices we would certainly want to see money invested in brushing, thinning and spacing, fertilization, the development of nurseries and the putting in place of an infrastructure to ensure that appropriate stocks are available for replanting at various elevations, as is required in provinces such as British Columbia.

It was also suggested that money be invested in pest and fire control techniques and methods. In central British Columbia at this time there is an infestation of spruce budworm which is affecting 500,000 hectares. There is now something other than chemical spraying to contain and control the continuation of such infestations. Specifically, the biological agent BT is being used. Now that there will be adequate moneys at our disposal, control of infestations of this type of pest can be contemplated.

Also, money which is collected from the export tax ought to go into research and development into new and improved techniques for disease and pest control and for the development of more sophisticated fire control techniques. There are a variety of excellent measures that can and must be taken to follow up on the $600 million that the provinces will now have

at their disposal to ensure the long-term continuation of our forest resource.

I have become concerned about this matter because of the recent musings of the Premier of British Columbia who was quoted as saying that he did not know whether or not all of the $400 million would be reinvested in the forest industry. He has said that the Government of British Columbia might decide to use this money for other purposes. We saw a similar situation take place with respect to the amount of money the federal Government has given the Province of British Columbia for health care and post-secondary education. We find that the province has taken these funds and diverted them into all sorts of projects that are perhaps more visible and more politically advantageous. We simply do not want to see that happen in this case.

In closing, I would say that, while we are disappointed that we will not have an opportunity to continue debate at this stage on Bill C-37, we hope the Government will be steadfast in ensuring that the $600 million collected from this lumber export tax goes to the respective provinces and that they, too, commit the money to investment in the development of the forest resource.

Mr. Roland de Corneille (Eglinton—Lawrence): Mr. Speaker, Bill C-37 implements a Memorandum of Understanding with the United States that is a disaster and a defeat. I say this not only because of what so many others who are knowledgeable on the subject have said but because all one has to do is cite Clause 6 of the agreement to come to the same conclusion. If one looks at Clause 6 one will see that it states the following:

> The Government of Canada will take no action, and will take all reasonable steps to ensure that no other governmental body in Canada takes any action, directly or indirectly, which has the effect of offsetting or reducing the export charge or replacement measures—

That phrase alone indicates the completeness of the prohibition of the Government of Canada on the taking of steps within our own country to bring about some amelioration of suffering or of the unfair impact this agreement will have on various aspects of our lumber industry, or other industries that are related to it.

In a letter dated December 30, 1986, from the U.S. Trade Representative Clayton Yeutter and the Secretary of Commerce Malcolm Baldrige to the Coalition for Fair Lumber Imports they identify seven different types of Canadian government assistance to the industry that the United States will not accept. In fact, not only have they been kind enough to sign an agreement with us telling what we cannot do, they have also made it clear to their American counterparts that they have seen to it we are bound hand and foot. In this letter they make that clear. It also serves as a warning to Canada that this is an all-encompassing understanding and agreement. The United States will monitor it and see to it that Canada will not go beyond or impede any limitations set upon us.

What is it that the Americans will not accept? They will not accept anywhere from Canada, either from the federal Government or the provinces, or any other body, rebates, remission or deferral of the export charge. They will not tolerate provision of grants or low-cost loans. They will not allow exemption from other federal or provincial charges. They will not accept assumption of obligations currently borne by the industry reduction of stumpage fees, changes in the way that the volume of timber harvest is measured, and the non-competitive awarding of contracts for silviculture, road-building, recreational and other foresting activities. My goodness, they will even watch over our shoulders to see what we are doing recreationally. They will look to see that we do not do anything in our own recreational fields that would impair, impede or have anything to do with the forest agreement.

We are told that Canada and the provinces will provide full and complete privileges to the United States in order for it to monitor our forest industry on a quarterly basis. The Americans will come up here every quarter and go through our books, check us out, to ensure that we are abiding by their rules. That is the promise that has been made. We will be under surveillance as a result of this agreement. We also find that the Government of the Prime Minister (Mr. Mulroney) has taken away from the provinces the right to govern their own resources.

While this is a disastrous agreement from the very terms which I have cited, it has been estimated by the Canadian Forest Industries Council that this tax will eventually cost between 10 per cent and 20 per cent of the current Canadian production, that is, $600 million in 1987, and between 15,000 and 17,000 jobs. Therefore, it is simple to conclude that even an ordinary citizen who listens to the terms of the agreement which have been made would be stunned to think that we would agree to such a surveillance and to such a form of humiliation. But those who are more sophisticated in working with those matters find that there is a much stronger condemnation than I made. The Government knows that the condemnations exist. That is why it has moved to choke off debate in the House of Commons. That is why it has said that the previous question shall be now put, a parliamentary manoeuvre to stifle debate and cut it off, similar in effect to closure. It knows if the Canadian people have the facts and the truth about this agreement brought to their attention powerfully enough and long enough, Canadians will scream out with outrage and will not allow this Bill to be carried on in this hurried way. Of course, the Government wishes to hurry away this embarrassment, this sell-out.

• (1210)

Sir Winston Churchill was allowed to rise day after day in the British House of Commons to warn Britain that Chamberlain was selling out to Hitler. In this House of Commons we are muzzled as we warn Canadians that we are being sold out by a Government with no sense of direction, that is stumbling and staggering around, and which cannot find resolve to

defend our sovereignty. A quick fix for a few dollars is more important to the Government than our national survival, our credibility and honour, and our ability to manoeuvre our sovereignty.

This agreement has been condemned by people such as Dean Maxwell Cohen, who is one of our great international lawyers. Over the decades, he has helped Canada negotiate agreements such as the agreement on the sea, the matter of the extension of our limits to 200 miles. He has been involved in Canadian efforts to guarantee, protect, and uphold our sovereignty in international courts. He does not speak out in a rash way, but he has said:

> The lumber deal is a dangerous precedent that threatens Canadian sovereignty.

In that one sentence is the condemnation of what has been done.

Mr. Adam Zimmerman, chairman of a major resource-based company, Noranda Inc., looking at it from his perspective of private enterprise says that if the agreement is an indication of what is in store, Canada is "bound hand and foot and tied to a tree."

Others in this country who hold responsible positions, for example, Premiers of our provinces, have spoken out. The Premier of Ontario in reviewing what has been done to us through this agreement stated that "They will have the thumb screws on us, the Americans. They will have the thumb screws on us at all times. If we don't behave, they will put the blocks to us. I don't like that".

It is not only the Premier of Ontario, David Peterson, who has spoken out, so has Mr. Pauley, the Premier of Manitoba. One is a Liberal, the other is an NDP. Then we hear Brian Peckford, who is enraged by another sell-out, the sell-out to France by this Government and he says:

> Apparently, when France rattles its swords, Canada bends 1its knees—

Mr. Peckford is a Tory. Therefore, a Liberal, NDP, and a Tory Premier have this same observation, that the Government does not know how to negotiate. Peterson, Pawley, and Peckford, these three Premiers speak out as to what they feel is happening.

Do I need to recount for people's minds what the Government has done in its track record of negotiations on fish, hogs, FIRA, the national energy policy, the polar sea ice-breaker, Star Wars, shakes and shingles, defending our culture, acid rain, caving into multinationals on patents and on the matter of the cost of drugs which is so important to medicare, and on the Auto Pact? Peterson, Pawley, and Peckford say it for us all this Government has brought to us nothing but compromise and appeasement. It is time not merely that this Bill be turned around, but that the Government's entire policy be turned around if Canada is going to survive.

Mr. Neil Young (Beaches): Mr. Speaker, I welcome the opportunity to participate in the debate on Bill C-37 entitled the Softwood Lumber Products Export Charge Act.

I have had an opportunity to read both the Bill and the Letters of Understanding on this export tax that were signed by the Government with the United States Government. I am quite sure, Mr. Speaker, that you will be interested in a quote of something said in the House some years ago by Tommy Douglas, who was once the Premier of Saskatchewan, and subsequently the Leader of the New Democratic Party in Ottawa. What Tommy Douglas said at one time is equally appropriate in describing what the Government has negotiated with the United States Government. What Mr. Douglas said was, "It's bad enough to be hewers of wood and drawers of water, but it's even worse when someone else decides how much wood you will hew and how much water you will be allowed to carry." That is exactly what the Government has done in these negotiations.

At the conclusion of the negotiations the Minister for International Trade (Miss Carney) in her attempt to justify the actions of the Government to Canadians said that Canada had received a good deal because the American negotiators had blinked. I am not surprised that the American negotiators blinked. They could not believe their good luck at what the Government had negotiated.

Tommy Douglas also had something to say about that type of attitude from Canada Government officials. When a Canadian came away from discussions with the United States thinking that he had received the best part of the deal, he said: "When a Yankee trader tells you that you are a tough negotiator, you know you have been taken to the cleaners." The Canadian people have been taken to the cleaners by the Government, and not for the first time.

In looking at the conduct of the Government in these negotiations, and coming here with a background of some 17 years of experience in labour-management negotiations, I have never seen a party enter negotiations by giving away the store before the negotiations begin. That is exactly what the Government has done. Before it started negotiating with the Americans, it began negotiating with itself. In the process, it has sold Canada down the river and, as I say, not for the first time. Even before the negotiations began, the Americans, on behalf of the pharmaceutical industry in the United States, demanded that Canada change its policy on patent law insofar as pharmaceutical products were concerned. We know what the result of that is. There is now a Bill in committee which gives the American multinational drug companies everything they ever wanted, and more than that.

The history of Canada's policy on pharmaceutical products is a policy that was demanded by Canadians prior to 1969, and it has found a broad section of support since that policy was changed. Since 1969 there has been no patent protection for pharmaceutical products in Canada, which has resulted in reducing drug prices for Canadians to among the cheapest in the world, whereas prior to 1969 Canadians were paying some of the highest prices for drugs.

• (1220)

The policy adopted in 1969, which the Goverment is trying to change today, did not come about by accident. It came about as a result of great concerns expressed by Canadians about the high cost of drugs. It also came about as a result of no less than four studies during the 1960s, including the last one which was a study by a House of Commons committee comprised of members from all sides of the House. Canadians were paying such high prices for drugs, the committee concluded, because the multinational corporations enjoyed a monopoly on drug pricing, which monopoly was driving up prices and keeping them up.

What the Government of the day decided to do, based on the recommendations from these four major studies, was to remove patent protection from drugs to allow Canadian generic manufacturers to enter the field and copy high-priced drugs, thus providing Canadians with lower priced drugs.

Since 1969, as a result of pressure from the pharmaceutical industry, no less than another four studies were conducted into Canada's policy. Everyone concluded that Canada's policy was a correct one. It was certainly of great benefit to Canadian consumers. The last study, which was one of the most major examinations of Canada's policy respecting the Patent Act and also a major investigation into the pharmaceutical industry not only in Canada but world-wide, was conducted by Professor Harry Eastman. Professor Eastman tabled his report in the House of Commons in 1985 and concluded a number of things. In the most recent figures available to him he clearly showed that in 1983 alone Canadians saved $211 million as a result of Canada's policy. He made some minor recommendations to keep the multinational drug companies happy. In essence, he said that Canada's policy was fine and it should not be changed.

But what did this Government do, Mr. Speaker? Because the pharmaceutical companies could not persuade Governments since 1969 to change Canada's policy, they went after Ronnie Reagan in the United States. Ronnie Reagan listened to them, came to Canada and said to our Prime Minister (Mr. Mulroney) "We want that policy changed". That is exactly what the Government did. It changed the policy, not because it is in Canada's interest, not because it is in Canadian consumers interests but because it is in Ronnie Reagan's interest and the drug companies based in the United States.

As a result of that change in policy, Mr. Speaker, over the next 10 years alone it is estimated that it will cost Canadian consumers an additional $4.3 billion in increased drug prices because Ronnie Reagan asked the Government to change policy.

Apart from what the Government is doing with the present piece of legislation, we are changing a policy because the Americans are demanding that we change the policy and I find that terribly offensive. It is offensive to me as a Canadian, and I think most Canadians across the country find it equally as offensive. If the Government does not change its course and its way of thinking as it negotiates with people in the United States on free trade, we will find what the Prime Minister himself said when he was seeking the leadership of the Conservative Party speaking about free trade, that "When you climb into bed with an elephant and you are a mouse, when that elephant rolls over, the mouse is likely to get crushed". That is exactly what will happen in these negotiations unless the crew over there smartens up.

[*Translation*]

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, I also wish to rise in this debate on Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products.

First, I would like to deal with the motion which aims at closing the debate before all parliamentarians have been able to express their views on this very important matter which threathens the very existence of Canada. There are only 70 members in the Opposition while the Government has 210 members. I therefore do not understand why there should be such a motion to close the debate instead of letting it continue normally.

Unfortunately, Mr. Speaker, that is not what is happening. The strategy of this Conservative Government is to reduce the length of debates both in the House and in committee, and we had a very clear example of it this morning. In the Committee on Government Operations, a motion was moved to call back Canada Post before the committee, but the chairman ruled the motion out of order because a witness was scheduled to appear. Then, there was an agreement to hear the witness before the debate on the motion, but later on, when time came for debate, there was not a single Conservative member left in the committee and it had to adjourn because of a lack of quorum.

Such is the strategy used by the Government so that Canadians will be unable to see how it is selling out Canada.

Mr. Speaker, we have to remember that the two major objectives of the Canadian Confederation were to protect sovereignty and deliver the mail. These two objectives are being ignored by this Government. The agreement under consideration in the House completely ignores Canadian sovereignty, and since November 5, when we learned about the postal plan of the Government, the mail delivery service in Canada has suffered tremendously, in both rural and urban areas.

However, this debate deals with Bill C-37 and there will be other opportunities to contribute to this other debate which is now going on throughout Canada, and I hope that we shall have such an opportunity in this House.

Let us go back to the question of sovereignty, Mr. Speaker. I would like to dwell on that, because representing as I do an urban area my constituents are not that much interested in the technical problems behind such an agreement.

Mr. Speaker, sovereignty is something that is most important to my fellow citizens and to myself. I would like to state, first, that I am a Canadian by adoption and not by birth. I came to this country when I was 16. That was my choice. After coming here, I decided to stay and to make this my country. I am proud of it. Today, when we see what a foreign government is allowed to do, and it is a foreign country even though we are friends of the United States! Are we to give away everything because we are friends? Or will we defend our own rights, Mr. Speaker? There is the whole question.

Today, we let the United States interfere in our own affairs, and require us to levy taxes. If tomorrow morning the United States—they did that before—decide they are against unemployment insurance coverage for our fishermen, are we going to stop paying UI benefits to our Atlantic fishermen during our Canadian winter? If the United States decide they are against unemployment insurance being paid during maternity leave, are we going to stop paying UI benefits during maternity leaves just because the Americans want us to do so? If the Americans decide they are against medicare in Canada, are we going to do away with medicare? If the Americans decide they are against our offering preferential interest rates on small business loans, are we going to abolish that preferential interest rate? That, Mr. Speaker, is the whole question. That is what this is all about, sovereignty. Of course, the Hon. Member said earlier today that, had we not accepted the agreement, the American Government would have levied a surtax and then the whole Canadian industry would have been penalized. Come now: that is not a sound argument. Now, every time the Americans say they will force a tax upon us, we will respond by saying we will levy it ourselves. If sovereignty is not at stake, what is?

Members say we are exaggerating, they say Liberals have no solutions. Of course we have a solution, Mr. Speaker. There is an international tribunal dealing with those matters. We should fight to the end to keep our sovereign rights as a sovereign nation. And I think that the Liberals have proved it in the past. We stood our ground and we got what we wanted, whereas in this case, the Conservative Government is slowly selling out the country.

Mr. Speaker, the Canadian Council of Forest Industries has calculated that this tax will eventually bring about the loss of some 10 to 20 per cent of present Canadian production, which will mean $600 million in 1987, and some 15,000 to 17,000 jobs. These include 6,000 jobs in sawing and sawmilling and 11,000 jobs in related and support industries.

Mr. Speaker, these are not our projections but those of the Canadian Council of Forest Industries, which is, by any standard, an important organization in this area.

According to Mr. Bob Rivard of the Canadian Lumbermen's Association, our lumber production could decline by as much as 25 percent in 1987.

As for Widman Management Ltd. of Vancouver, British Columbia, they predict that about forty sawmills will be forced to shut down.

Therefore, Mr. Speaker, we will not only lose our sovereignty but also drive an industry close to bankruptcy. That is what this Bill is about and the Conservative Government is so embarrassed that it will not even allow its own Members to rise and speak on the issue. We may be wrong, but if we are, why do you not stand up and say so and try to explain to the Canadian people why you are doing this, rather than keep silent, as you have been doing since this morning—and all day yesterday, as far as I can see. Are there only Liberals and New Democrats to rise and speak for Canadian sovereignty?

Therefore, Mr. Speaker, if the Tory Members think that such an agreement does not jeopardize our Canadian sovereignty, they should, the 210 of them, rise one after the other and say so. There is no point in introducing a closure motion to pass such a Bill. They have an absolute majority. It is incredible that in a democratic system such steps are taken and it is unfortunate that the parliamentary reform has now become a joke. How can we refer to parliamentary reform, how can we suggest that a Member has a role to play if he is prevented from speaking in the House or in committee for any reason? This morning, two members of the Opposition and four Tory Members showed up. They could have accepted and discussed the motion and if they disagreed, they could have voted against and the motion would have been rejected. However, they decided to leave and since there was no quorum, the motion was not even discussed.

Therefore, Mr. Speaker, it is clear that the Government has no direction and no plan; it is only trying to sell out Canada.

• (1230)

[*English*]

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, Bill C-37 is derived from a trade issue. Of course, this issue lies within the broader and more controversial question of free trade with the United States and the concern this has brought to many of us about future implications of the free trade negotiations on Canadian sovereignty.

I need not remind the House of the history of the legislation with which we are dealing today. The Canadian softwood lumber industry has for some time competed effectively in the American market by virtue of its efficiency and adaptability. This should warn us about the Americans' future tendency to examine all of our effectively competing industries to find excuses, explaining why Canadian industries have in their own markets competed so effectively.

The history of this controversy is that the Americans reached the conclusion that Canadian softwood lumber was being subsidized by low stumpage fees. However, in 1983 the issue was fought when an attempt was made to impose a countervailing duty and we won. We need not deal with the story of bluster, threat and subsequent surrender that is the

history of the legislation before us. Nor is it necessary to review the consequences of this legislation on Canadian trading partners, other than the United States. If the export tax continues to be in force, other nations will identify this as an abrogation of GATT.

In the negotiations with the provinces, whatever substitute taxes or levies are imposed, other complications will be introduced. When looking at the agreement, one is struck by its similarity to an agreement which might be found under American law. There is constant reference to the power of the United States Government over the implementation of whatever may substitute for the export tax. The question has become one of sovereignty.

The agreement refers to the ability and, indeed, the power of the American Government to exercise its judgment over the appropriateness of whatever we might do when making arrangements with the provinces and how any money that results from any new imposition or, indeed, the export tax will be used. It has power over whether or not this money will be used to enhance the forestry industry, to retrain workers or, indeed, to build roads. What has occurred is a challenge to our sovereignty.

I am sure that when the Canadian people review the history of recent dealings with the Americans they will recall that in the life of this Government the Americans asked for and received changes in the national energy policy, a substitution of something called Investment Canada for FIRA and changes in the Patent Act that would chiefly benefit American-owned multinational drug companies.

When Canadians look back on that short period of time, they will reflect upon the fact that Gulf and Western asked for Prentice-Hall and said that if it did not get it, it would impose a scorched-earth policy. So they asked for and got Prentice-Hall.

• (1240)

In the same period of time an American submarine sailed merrily through our waters. They asked for and got permission without conceding the infringement upon Canadian sovereignty. We test their Cruise missiles. We obeyed them when we resigned the NORAD agreement and ignored the fact that it involved an abrogation of the ABM Treaty. If one looks at the history of the last couple of years one finds example after example of concessions to the Americans, and one must seriously ask whether there is anything left that one might refer to as sovereignty.

One of the significant issues raised by this further concession to the Americans is the question, if the Government continues in office, of whether there will be a Canada left to be concerned about sovereignty.

If one examines the export tax and the manner of its implementation, and the conflicts it occasions between the eastern provinces and the western provinces and between one kind of softwood dependent business and another, one sees a contribution to another problem in this country, divisiveness between its various parts. I want to take particular note of the inequitable application of this tax as between original producers and remanufacturers.

I was surprised to find in my mail just yesterday a letter from a Windsor concern. One does not normally associate the City of Windsor with softwood lumber. One would not have thought softwood lumber would be of significant importance in that city. The letter is from Raymond Clavette, General Manager of Qualipack Wood Products in Tecumseh, my home town. It calls attention to some of the stupidity involved in the application of the export tax. He says:

> Our Company, "Qualipack Wood Products Ltd." manufactures pallets and crates for the local market and we also operate a remanufacturing centre for Canadian Wholesalers shipping to the U.S. We employ 16 people and have been anticipating good growth to bring our employment up to approximately 30 people.

However, now he has discovered that this export tax is applied not only to the mill value of the lumber but on the remanufactured lumber. That includes the price of lumber f.o.b. the mill, the freight to Windsor, which I am sure you can imagine is quite considerable, the cost of remanufacturing, and the wholesalers' profit. He goes on to say:

> I strongly believe that applying the tax to freight, remanufacturing, and wholesaling is totally out of line—

It is, and one must wonder how the Government could be so stupid in allowing it to apply to a category of softwood products to which it was not intended to apply.

We have heard other similar examples. There is a British Columbia firm which would normally have paid something like $350 in tax on a given lot of lumber product, and that has now become $1,000. It surely must be evident that that is an exorbitant sum which threatens the very survival of that remanufacturer, as it does some 100 other remanufacturers in this country. This is shameful and should be corrected.

We have this sad story evolving in Windsor. Mr. Clavette says:

> This type of tax on remanufactured goods would leave us no alternative but to move our operation to the U.S. since we could not compete with the U.S. remanufacturing centres under these conditions.

Windsor does not need another example of Government stupidity causing the loss of jobs in that city.

Mr. George Henderson (Egmont): Mr. Speaker, I want to make a few brief points on Bill C-37 as it affects Atlantic Canada. When I last spoke I mentioned that there were only five companies in Atlantic Canada exempt from this tax. Most of those five companies have larger concerns. We have a great number of very small companies that tell me they are going to be hurt very badly by the imposition of this 15 per cent tax. I also pointed out the other great concern of lumber producers in Atlantic Canada regarding stumpage. Producers in New Brunswick and Nova Scotia pay the highest stumpage fees in Canada. On top of that, the companies tell me that more lumber from Quebec and Ontario is coming into the Atlantic

region in competition with the local producers because of this most regressive piece of legislation.

I want to refer to Clause 6 in the Memorandum of Understanding, which is a clause abo;ut which we have a lot of concern. It provides that the Government of Canada will take no action and will take all reasonable steps to ensure that no other government body in Canada takes any action, directly or indirectly, which has the effect of offsetting or reducing the export charge. That means provincial Governments, Crown corporations, and any other agency of government.

• (1250)

In my last speech on the Bill I mentioned how silviculture and reforestation were playing a major role in my province of Prince Edward Island and how it was very dependent upon help from both the federal and provincial Governments. Most of the land which is being returned to forestry was originally purchased by the Land Development Corporation of Prince Edward Island. The poorest class of that land, class 3, was leased to the Department of Forestry of Prince Edward Island, and in turn programs were designed by the provincial Government over the years. When I was a member of the provincial Government we started that program in conjunction with the federal Government through DREE agreements. At one time it was part of the comprehensive development plan. Since that development plan was phased out, it was part of the ordinary DREE agreements with the provinces.

I wonder what relationship clause 6 may have with future agreements with my province as far as reforestation is concerned. It is a direct subsidy which goes into the reforestation of class 3 lands. When the Americans see these agreements, I wonder whether they will say "Canada, you are breaking the agreement, our Memorandum of Understanding".

Furthermore, in early January, President Reagan pledged in writing that, "I will take action if Canada does not live up to its terms of agreement". He was referring to the agreement signed by our Government, and it was in a letter from the President to the United States forestry industry. He also said that if Canada did not live up to the terms of the agreement, action might include tariffs. This means that if any form of action is taken whatsoever to help the forestry industry, the President and the American industry will return with more tariffs. That is the way I read it.

Similarly, in the letter of December 30, 1986 to the Coalition for Fair Lumber Imports, U.S. Trade Representative Clayton Yeutter and Secretary of Commerce Malcolm Baldrige identified seven different types of Canadian Government assistancse to industry which the United States would not accept. These included a rebate, remission, or deferral of an export charge, provision of grants or low-cost loans, exemption from other federal or provincial government charges, assumption of obligations currently borne by the industry; reduction in stumpage or other fees, changes in the way the volume of timber harvest is measured, and non-competitive awarding of contracts for silviculture, road-building, recreation, and other forestry activities. In other words, in the interpretation of the United States Clause 6 severely limits if not outright prohibits Canada from helping the forest industry and the communities involved. This is where I have a great deal of concern about the Bill.

The forest industry in Atlantic Canada certainly needs some upgrading. The mills need help; they are not very affluent. In fact, they need a lot of help in order to upgrade their equipment and productivity. From where will they receive help? I can only say that without some of the DREE grants, or DRIE grants as they are called now, and some help from the provincial governments, many of the small operations could not improve their technology and efficiency.

I wonder how the Americans will look at some of the spraying programs of the Government of New Brunswick. What would happen to the many forests in Atlantic Canada which were hit hard by the spruce budworm if there were no spraying programs? Unless action is taken by aerial spraying or other means, we will have no forests to talk about.

These are my concerns. We have seen many things happen between our Government and the Government of the United States. We could look at fisheries and the taxes placed on fresh fish and salt cod going to the United States. We could also look at how the Government was supposed to have tremendous relations with our good neighbours south of the border. After the Prime Minister (Mr. Mulroney) met with President Reagan at the Shamrock Summit he indicated that there would be great new innovations in the control of acid rain by the two countries. However, we have found out that once again the United States is reneging on that commitment.

Of course, the Americans are fighting a deficit situation. They are implementing a new tax Bill. They cannot spend, under legislation, a whole lot of money on some programs which are very important to Canada. Therefore, they are not adhering to their agreements. They come up here and tell the Government that they will do something. They use nice words but there is no action. We have seen much of this. We have seen the Government's reaction to Christmas tree operations. There are many very unsatisfied people in Atlantic Canada in terms of the tax which Canada placed upon the importation of American Christmas trees. It is a big industry.

I would like to refer to a letter to Mr. Jim Barkhouse from Mr. Duncan Walker—

Mr. Deputy Speaker: I regret to interrupt the Hon. Member but his time has expired. Could I ask him to conclude very briefly, please.

Mr. Henderson: I just want to put this letter on record. It is from Duncan Walker, a Christmas tree producer in Nova Scotia. He wrote about the tax and how it would affect the Christmas tree industry, a very important industry. They are here today to express their concerns to Members of Parliament. He said:

I have been a Tory all my life, but with moves like this tariff, it is becoming increasingly difficult to stay one. This is also the feeling of a large number of the Tories in the industry.

The Government is foolish if it ever thinks it will elect anyone in Atlantic Canda when it imposes user fees and taxes which once again hurt the poorest part of the country.

Mr. Langdon: Mr. Speaker, I rise on a point of order. Since the Hon. Member has points which he has been unable to develop fully, I would like to ask for the unanimous consent of the House for him to expand his points about the Christmas tree industry, which are clearly important to Atlantic Canada and very much related to this matter.

Some Hon. Members: Agreed.

Mr. Cardiff: No.

Mr. Deputy Speaker: There is no unanimous consent.

• (1300)

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, I rise to express some of my views and those of a number of constituents and others who live in areas that are not directly involved with the lumber export tax. However, they have many concerns about the Government's incompetence in this situation and some of its implications on Canadian sovereignty.

There are some direct implications on the area of communications and culture, an area in which I work very hard. The link between the lumber industry and the free trade negotiations generally, and the health, vitality and independence of the communications and cultural sector are very important issues. Therefore, I want to examine some of the effects the export tax will have on the lumber industry and the Canadian economy as a whole.

The New Democratic Party believes that this agreement is a very dangerous assault on Canadian sovereignty. For example, the replacement of the export charge with stumpage increases can only be done through American agreement that the value of the stumpage increase alternative must be equivalent to the export charge.

While there has been considerable consensus that the stumpage, particularly in British Columbia, is low and should be increased, we take great offence to the idea that the United States should decide on the value of this resource which our Constitution regards as provincially controlled. Furthermore, this sets a dangerous precedent for other industries because the United States has identified many irritants in other industries, some of which are vital to the health and economic welfare of families and communities in Canada.

The American interpretation of the agreement specifically prohibits: "The provision of grants, low-cost loans and other benefits" to the forest industry by either the federal or provincial Governments. In other words, the Government has agreed not to extend any subsidies, as described by the Americans, to the forest industry which might in their view offset the export tax. The NDP and many independent experts have argued that there must be government support for modernization in the industry. There are some old mills in the industry, especially on the British Columbia coast where assistance is needed to help the industry build new facilities that are capable of producing higher value added and more finished products. However, these programs and even those to train displaced workers in the forest industry would be subject to American control. That is an offensive intrusion into economic decision-making in Canada. The United States has the power to shape the evolution of a vital, major exporting Canadian industry that is absolutely essential to our economy. We have never experienced so much intrusion into our decision-making.

The fact that the export tax applies only to the United States is illegal according to the rules under the General Agreement on Tariffs and Trade. The Government admits that this tax is contrary to commitments it has made under GATT and that our forest competitors from Sweden, for example, could go to GATT and insist that we similarly increase our forest product prices on goods exported to the EEC and elsewhere where Sweden competes with us. The Government's action has created the potential for more damage to the industry and its exports to other parts of the world.

Canadians are extremely concerned about the ineptness and vacillation on the part of the Government in this matter and do not accept the argument that it was necessary to have such an agreement in order to keep the money in Canada.

The transition from an export charge to stumpage increase can only be made through a federal-provincial agreement. Yet, the provinces have very different histories, with different methods of applying stumpage fees with these industries. For example, the stumpage fee in British Columbia is approximately one-third of that in Ontario and Quebec. Will Ontario and Quebec have to raise their stumpage as much as British Columbia, or can British Columbia change its system if Ontario does not wish to do the same? These are complicated issues that we expect will cause enormous difficulties in relationships between the provinces.

The fundamental concern of Canadians is that this measure represents a precedent for the United States to exert pressure for other concessions it is demanding with respect to other resource industries, agriculture and the cultural industries. The Americans have not been shy in demanding these concessions in negotiations. For instance, the copyright committee held hearings a year ago last summer, where American corporations, such as CBS, NBC and ABC made the most outlandish demands for further compensation from the Canadian Government and broadcasters in Canada. They claimed that the enormous amount they were making in Canada from their cultural exports was not enough. One of the outstanding irritants between Canada and the United States is in broadcasting where millions and millions of dollars are at stake. We are opposed to any negotiation of our cultural industries.

We saw as a result of the American action on shakes and shingles the absolutely ludicrous 10 per cent tariff on books, which only hurt our own book publishing industry. It was a very prejudicial action because it discriminates against English language books and against books in Britain as well as the United States. The Government has shown very poor judgment in its negotiations. It took steps which it believed to be swift, sure and effective, but which were in fact more harmful to our industry than that in the United States.

I am very dismayed about the long-term effects of this extremely misguided provision. Anomalies have been raised about this provision, but the Minister has responded to them in a most casual, off-hand manner. She says that they will be investigated. Yet we are dealing with the life or death of a community with a single industry that will not be exempt from this tax, while the industry in a nearby town will be exempt. These measures are only damaging our economy and affecting the political relationships between communities and provinces.

Our Party will fight this misguided approach as hard as we can because of the economic consequences to those communities, and the long-term political consequences for a country that wants to run its own affairs and is perfectly capable of doing so. We are already spending far too much money on the cultural industry in the United States, from which we may face even greater interference.

• (1310)

[*Translation*]

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, by asking us to adopt Bill C-37 which imposes a charge on the export of softwood lumber, the Government is in fact asking us to ratify and approve the shameful agreement on softwood lumber now in place between the Canadian Government and the U.S. Government. I am not saying this only because I sit on the opposite side of the House. This reflects the views of many important people who play a key role in Canada's lumber industry, people who have expressed themselves in similar terms. For instance, Mr. Adam Zimmerman, President of MacMillan-Bloedel Ltd., one of Canada's biggest lumber companies. Mr. Zimmerman is President of the Canadian Forest Industries Council and thus represents a large number of people in the industry in Canada. On December 31 last year, he said in *The Ottawa Citizen*, and I quote:

> In one fell swoop, the softwood lumber agreement has made an industrial paraplegic of the lumber industry.

Those are strong words from a President of the Canadian Forest Industries Council, Mr. Speaker. On January 6, he said: We have given up our sovereignty and ruined our industry. Those are prophetic words from someone who knows the lumber industry. Professor Max Cohen, one of Canada's greatest experts on international law, who sat on the International Court of Justice, is a former President of the International Joint Commission and is now a professor of international law, said on January 3, again as reported in *The Ottawa Citizen*:

> The lumber deal is a dangerous precedent that threatens Canadian sovereignty.

He went on to say:

> It is a strange procedure to allow someone else to monitor our own stuff—They maintained the unilateralness of something that is joint in effect because the Americans have a right to know everything about Canada's activity, information or anything else.

Here we have another expert in his field who, after looking at the agreement between Canada and the United States, is firmly opposed to it and in this specific case talks about a violation of our sovereignty. I understand how Mr. Cohen feels because, if I may get into some of the details, the Minister claimed that Clause 5(a) of the Agreement protects Canada's sovereignty. However, she tends to forget that the following clause, Clause 5(b), obliges Canada to consult with the United States, and if the United States disapproves of a measure imposed by Canada to replace the export tax, they may object. The Canadian Government has made the Canadian lumber industry fair game for whatever the Americans may want to inflict on the industry.

President Reagan has promised to take action if the Canadian Government does not observe the agreement according to his interpretation. And in the letter, the infamous letter sent on December 30 to the U.S. Coalition for Fair Lumber Imports by trade representative Clayton Yeutter and Secretary of Commerce Malcolm Baldrige, seven areas were identified where the Americans could object if any level of government in Canada attempted to help the lumber industry. I will name the two areas I find particularly obnoxious. There is the exemption. What would happen if for any reason, the Canadian Government decided to exempt certain lumber companies from the tax? A number of specific examples were raised in the House, but the Minister for International Trade (Miss Carney) did not comment. There are some lumber companies, especially in eastern Canada that import U.S. lumber to process and then export to the United States. Do you know what we will have to do if we want to exempt these companies, these sawmills? We will have to go to the United States to have the exemption approved. I think that is unconscionable. There are obvious cases where the provinces and the Canadian Government should themselves be able to judge whether or not a sawmill or lumber company should be exempted from the tax. But no, we first have to go down on our knees before the Americans and ask whether they agree to an exemption. I must say I find this caving in to the Americans profoundly nauseating.

But there is worse. On the list of seven capital sins, the seven types of measures the Canadian Government may not take to help its industry, we find granting subsidies or low interest loans to the industry. This means that the Americans will now be sticking their noses in every single decision the Canadian Government makes with respect to regional development grants. What happens if the Canadian Government decides to help a lumber company or a sawmill? It has to go and ask Uncle Sam whether it may proceed.

Mr. Speaker, do you understand why we on this side of the House are opposed to Bill C-37? I would go on, but my time is up.

Mr. Deputy Speaker: Order. The Hon. Member will have four minutes this afternoon to finish his speech.

It being 1.16 p.m., I do now leave the chair until two o'clock this afternoon.

At 1.16 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

DOMINION COAL COMPANY OF CANADA

PLIGHT OF FORMER EMPLOYEES

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, shortly before Christmas I drew the attention of the House and the Government to the plight of the former employees of the Dominion Coal Company of Canada. The Government, through its Crown corporation the Cape Breton Development Corporation, has completely ignored the plea for assistance that I made on behalf of those individuals last December.

In this day and age, in a country as rich as Canada, people should not be made to live under such circumstances. The Cape Breton Development Corporation has no legal responsibility for these people; on that there is no dispute. However, there are many who argue that this Crown corporation has a very large moral responsibility to assist these individuals. These people have devoted their lives to the coal industry and the island of Cape Breton, and are owed something by this Crown corporation.

I call upon the Minister of Regional Industrial Expansion (Mr. Côté) to come to the assistance of these people at once. Many of these people are living well below the poverty line. It is time for the Minister to initiate an investigation into this matter, report to Parliament forthwith, and provide substantial funds for these individuals.

* * *

CROWN CORPORATIONS

SUCCESSFUL PRIVATIZATION

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, in November, 1984, the Government announced its agenda for economic renewal which included a policy of privatizing those Crown corporations that no longer serve a public policy purpose.

The goal of privatization is not primarily to correct the mistakes of the past but, rather, to ensure the best possible future for the companies and their employees. To date, six Crown corporations, including Canadian Arsenals, de Havilland, and Canadair have been sold. In every case the divestiture was successful.

Privatization reduces the size of government, stimulates private initiative, promotes competition and better use of resources, and improves the efficiency of the corporation by subjecting it to the practicalities of the market-place and by reducing the opportunities for political and bureaucratic interference.

I congratulate the Minister of State for Privatization (Mrs. McDougall) and urge her to proceed with privatization of the Petro-Canada empire as soon as possible.

* * *

CANADA POST CORPORATION

RETENTION OF SATURDAY SERVICE IN RURAL AREAS ADVOCATED

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, Saturday service at the post office is being cut off in rural areas. We have received documentation from Sudbury in this regard. This move continues the pattern of treating rural citizens as second-class citizens when it comes to postal service.

When the plan for the Post Office was announced it was done so after its development behind closed doors. As a consequence, when Conservative back-benchers saw how terrible the plan was for rural Canadians, they revolted. Even the Prime Minister (Mr. Mulroney) was quoted as saying that no longer would rural citizens be treated as second-class citizens.

The committee has held its hearings, and they were a farce. The plans are still in place to cut back on service in rural Canada. Rural Canadians are still being treated as second-class citizens. They have been forced to organize. They have organized a group called Rural Dignity, which is holding meetings across the country and which is seeking a meeting with the Minister. The Minister has refused to meet with this group. He has refused to respond to its request for a meeting. The committee continues to refuse calls for public hearings with regard to postal service.

We on this side of the House call for the first-class treatment of rural residents. We call for a reinstatement of Saturday delivery in rural areas. We ask the Government to reverse its policy of cut-backs in rural service.

S.O. 21

THE ECONOMY

APPEARANCE OF DR. WEITZMAN BEFORE PARLIAMENTARY COMMITTEE

Mr. Fernand Jourdenais (La Prairie): Mr. Speaker, I would like to draw to the attention of the House the fact that Dr. Weitzman appeared as a witness this morning in front of the Standing Committee on Labour, Employment and Immigration.

Dr. Weitzman is known world-wide as the author of *The Share Economy: Conquering Stagflation*, which is acclaimed in many quarters as the best idea since Keynes.

We were privileged to have had the opportunity to hear Dr. Weitzman. We encourage the Government to follow suit with the examination of labour force adjustment.

[*Translation*]

Mr. Speaker, I extend my sincere thanks to Mr. Weitzman for sharing with us here his expertise and knowledge.

* * *

[*English*]

SCIENCE AND TECHNOLOGY

SIZE OF FUNDING FOR NATIONAL RESEARCH COUNCIL

Mr. David Berger (Laurier): Mr. Speaker, "Was there ever a worse year for science and technology than 1986?" This question was asked by the English magazine, *New Scientist*, in a year-end editorial pointing to, among other things, the *Challenger* and Chernobyl disasters.

Similarly, many Canadians could not be faulted for asking: was there ever a worse year for science and technolgy in Canada? Let us face it. The Minister of State for Science and Technology (Mr. Oberle) had a downright miserable year in 1986. But he has the opportunity to redeem himself in 1987. He could start off by cancelling his ill-considered cuts at the National Research Council. In light of new revelations that these cuts could seriously damage our air defences, the Minister should immediately order that the cuts be cancelled.

• (1405)

The Minister does not need the task force that he appointed to tell him what is right and what is wrong. How much more evidence does he need? Our national security is at risk. The Minister should act now.

TRADE

CANADA-UNITED STATES SOFTWOOD LUMBER AGREEMENT—CRITICISM OF ONTARIO PREMIER'S POSITION

Mr. Benno Friesen (Surrey—White Rock—North Delta): Mr. Speaker, the following is an editorial statement which was read by Warren Barker of radio station CKNW. I wish to read it unedited:

Among the provinces Ontario is the principal critic of the softwood lumber deal with the Americans.

Ontario Premier David Peterson has become a loud voice in the chorus protesting that the 15 per cent export tax jeopardizes Canadians' sovereignty and creates a dangerous precedent, under which the U.S. may now demand similar concessions from a string of other Canadian export industries.

The December 30th softwood lumber agreement did not create the precedent. The real precedent—the landmark "special deal" on over-the-border trade—was the Canada-U.S. Auto Pact, which for a generation has enriched Ontario. While Peterson condemns Ottawa for making an agreement with Washington to protect the forest industry, the Ontario Premier is loudly defending the special deal that has artificially concentrated a disproportionate share of the North American auto industry in his province. Peterson demands that the Mulroney Government scuttle free trade negotiations rather than consider any revision of the Auto Pact.

The Americans argued that our lumber industry was unfairly subsidized. But what about government subsidies to the auto manufacturing industry in central Canada—particularly Ontario?—

Mr. Speaker: I regret to advise the Hon. Member that his time has expired.

* * *

CANADIAN ARMED FORCES

APPOINTMENT OF FEMALE GENERAL

Mr. Derek Blackburn (Brant): Mr. Speaker, all Members of the House should note with pride the appointment of Canada's first female General. Brigadier-General Sheila Hellstrom has breached one of the last bastions of male domination in Canadian society. She has done so on her own merits.

Brigadier-General Hellstrom has been a member of the Armed Forces for 30 years. She earned her promotion by working her way up through the ranks. It is also important to note that Brigadier-General Hellstrom spent her entire career in either personnel or administration. I am not denigrating her chosen career. But it must be tough to reach the rank of General in a narrow field. After all, there are only so many senior positions in personnel and administration.

We may see more women Generals if more areas were open to them in the Canadian Armed Forces. That will only happen when the Government realizes that women should compete with men on the basis of individual merit for all positions in the Armed Forces. I look forward to the day when the promotion of a woman to the rank of General is no news at all.

BANKS AND BANKING

SPREAD BETWEEN BANK RATE AND PRIME RATES

Mr. Reginald Stackhouse (Scarborough West): Mr. Speaker, recent reductions of prime rates by major Canadian banks have been like a sleight of hand trick designed to persuade people that appearance is reality. The appearance last week was the cut in prime rates. The reality was that one week ago the spread between the bank rate and the prime rate was 1.55. Today it is 1.51. The reality is no significant difference at all.

This situation is all the more shocking when we realize that one year ago the spread between these two rates was .67. In one year the spread between the bank rate and the prime rate has more than doubled. The Government and the Bank of Canada are helping the economy by slashing interest rates. When will the chartered banks do their part?

* * *

FISHERIES

EFFECT OF CANADA-FRANCE AGREEMENT ON NEWFOUNDLAND FISHERMEN

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, this morning Newfoundlanders were alarmed when they realized that a very important bilateral agreement had been struck between Canada and France which negatively affects the fishermen of Newfoundland, their traditional rights, and fishing grounds. Apparently that agreement was struck without consultation with any Member of Parliament from Newfoundland, including the Hon. Member for St. John's West (Mr. Crosbie), who is Newfoundland's sole cabinet representative.

The Member for St. John's West, as Newfoundland's cabinet representative, this morning said that he too was concerned with the way this matter was managed. If that is the case, if we are being told now that an agreement which negatively affects our people for a long time was reached without any consultation with our sole cabinet representative, then I demand, on behalf of all Newfoundlanders, that the agreement be declared null and void by the Government, and that it be renegotiated with Newfoundland's best interests at heart.

* * *

• (1410)

CANADIAN ARMED FORCES

APPOINTMENT OF FEMALE GENERAL

Mr. Stan Darling (Parry Sound—Muskoka): Mr. Speaker, may I join with my colleague, the Hon. Member for Brant (Mr. Blackburn), in stating that Canadian history is being made today of the utmost importance. I am delighted that the Minister of National Defence (Mr. Beatty) has just appointed the first woman to the rank of General since Confederation. Sheila Hellstrom, a native of Nova Scotia, is today promoted to Director General, Personnel Carriers Officers. This is a key position within the Canadian Armed Forces and all Canadians may be justifiably proud of this event.

Ms. Hellstrom first served her country in 1954 as a Flight Cadet in the Royal Canadian Air Force and received her commission two years later. She has an impressive history with our Armed Forces and is an excellent choice on the part of the Minister. I sincerely hope that this is the first of a trend to appoint women of Canada to postings of such dignity and importance.

I might say, Mr. Speaker, that I have been advocating the appointment of a woman General to at least six Ministers of National Defence. I wish to commend the present one for finally bringing this about.

* * *

CANADA MORTGAGE AND HOUSING CORPORATION

RENT INCREASES AT BRACONDALE HOUSE, TORONTO

Mr. Neil Young (Beaches): Mr. Speaker, tenants at Bracondale House, an apartment building for seniors and low to moderate income households in Toronto, are angry and outraged at the rent increases being imposed by CMHC.

Yearly increases of between 11 per cent and 21 per cent will continue for the next three years. Compounded over that period of time, a two-bedroom apartment rent will go up an incredible 77 per cent.

Tenants in the private market would have some recourse to this sort of extortion by going to the Residential Tenancy Commission where, in 1987, property owners must justify rent increases over 5.2 per cent.

CMHC went ahead with exorbitant increases of over 10 per cent at Main Square in my riding last year and the year before. The Government refused to have those increases submitted for independent appraisal by the Ontario Residential Tenancy Commission. It seems that the Government is becoming more brazen and uncaring in squeezing those Canadians of moderate income who have chosen to live in CMHC controlled housing. It should be ashamed of itself, Mr. Speaker.

Oral Questions

THE ECONOMY

IMPROVED ECONOMIC STATISTICS

Mr. Bob Hicks (Scarborough East): I have nothing but good news, Mr. Speaker. Canadians continue to applaud the Government's increased job creation, low interest rates for consumer loans and mortgages, stable inflation, increased housing starts, and improved federal government finances.

Since September, 1984, some 660,000 jobs have been created, resulting in a decline in the unemployment rate from 11.7 per cent to its current 9.4 per cent. Over three-quarters of these jobs have been full-time. This compares with the previous Government's record of less than 20 per cent full-time job creation.

For the first time in almost 20 years, home buyers can obtain a six-month mortgage for 8 per cent. What a far cry from the 20 per cent to 22 per cent mortgage rates of six and seven years ago. Dreams of owning a home are once again a reality for thousands of additional Canadians as housing starts continue to rise to meet consumer demands. Our Government has met the challenge for an improved economy and all Canadians are benefiting.

* * *

[*Translation*]

FOREST INDUSTRY

NECESSITY TO REPEAL TARIFF ON AMERICAN CHRISTMAS TREES

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, today Canadian Christmas tree producers came to Parliament Hill and tried to have the Minister of Finance (Mr. Wilson) realize the situation in which he has placed them.

When the Minister of Finance levied a 30 percent duty on American Christmas tree imports, he jeopardized the very existence of Canadian producers who export for nearly $90 million's worth of trees to the United States.

The Canadian Christmas tree industry is shaken because the Americans threaten to hit it with retaliatory measures.

Until now, the Minister of Finance has turned a deaf ear to the representations of our producers.

Time is of the essence, and the Minister must abolish the tariff on American trees, failing which American producers will ask for retaliatory measures that could mean the loss of thousands of jobs in Canada.

[*English*]

HEALTH

INCREASE IN INCIDENCE OF AIDS DISEASE

Mr. Jim Jepson (London East): Mr. Speaker, more and more Canadians are becoming increasingly alarmed by the increased incidence of AIDS. The latest medical evidence reports that the rate of disease in British Columbia has now risen to 65.6 per million people for the month of November compared to a rate of 46.6 in October. As of mid-December, 823 cases of the deadly AIDS virus were reported and 432 victims died as a result.

• (1415)

Education is certainly an important vehicle in making the public aware. However, we must recognize that the root of this problem lies with alternative lifestyles practised by some Canadians, including homosexuals and intravenous drug users. This has spilled over into heterosexual relationships in which one partner has practised both heterosexual and homosexual relations.

Unequivocally, we as a society should not encourage deviation from the norm of sexual relationships between men and women. With the passing of Bill 7 in Ontario by the provincial Liberal Government of Premier Peterson, the Ontario Government is doing just that. Clearly we must get to the root cause of this problem and not get sidetracked by surface issues.

ORAL QUESTION PERIOD

[*English*]

THE ADMINISTRATION

CONFLICT OF INTEREST GUIDELINES—COMPLIANCE BY MINISTERS

Hon. Bob Kaplan (York Centre): Mr. Speaker, on July 24 last after the revelations about the former Minister of Regional Industrial expansion, I asked the Deputy Prime Minister in this House to take steps to ensure that Ministers were obeying the conflict of interest guidelines. The Deputy Prime Minister refused to do so saying that compliance was up to the Ministers. Now we have the spectacle of the blind trust of the Minister of State for Transport.

Again, are the Deputy Prime Minister and the Government prepared to take steps to ensure that these Ministers are not simply telling the Assistant Deputy Registrar General that they are complying with the guidelines but that in fact they are complying with the guidelines?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the process is very clear. The conflict of interest guidelines are established, and they are administered by the Assistant Deputy Registrar

General. If the Hon. Member has any specific recommendations to make, I would be pleased to receive them.

TRUSTEES OF BLIND TRUSTS

Hon. Bob Kaplan (York Centre): Mr. Speaker, let me ask the Deputy Prime Minister for this assurance, because when I met this morning with the Assistant Deputy Registrar General he refused to give me the assurance that none of the Ministers have among their blind trustees spouses, business associates, or riding association executives. No such assurance was given to me by the official to whom I spoke this morning and I would ask the Deputy Prime Minister for that assurance.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, here we go again. The Hon. Member is perpetuating innuendo in his question and is implying that that is the case. I cannot give him that categorical assurance right at the present time but I will undertake to find out.

[*Translation*]

REQUEST THAT GOVERNMENT ESTABLISH PUBLIC JUDICIAL INQUIRY

Hon. Bob Kaplan (York Centre): Mr. Speaker, I think that what the Deputy Prime Minister has just stated is very serious, and since the question of standards with regard to conflicts of interest does not involve criminal law in Canada, nor the current investigation by the RCMP, I would like to ask him whether he is ready to give Canadians a public judicial inquiry in order to give us all the facts on those issues and others.

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am really surprised that that question is coming from an Hon. Member who is a former Solicitor General. He knows very well that it is the considered opinion of the senior law officers of the Crown, of legal experts across the country, and of most people who have looked at this matter in a serious way that anything that would impair, impede or interfere with the RCMP investigation at this time would certainly not be in the best interests of seeing justice carried out.

OERLIKON CORPORATION—EMPLOYMENT OF FORMER BRIGADIER-GENERAL

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, my question is for the Minister of National Defence. On June 12, 1986, when the $1-billion contract was awarded to Oerlikon, Mr. J. B. Peart was the Chief of Staff of the then Minister of Defence and subsequently became a senior policy adviser to the present Minister. What information did Mr. Peart give to the Assistant Deputy Registrar General to convince him that Mr. Peart had no significant official dealings during the period of one year immediately prior to the termination of his service in public office? Would he table the relevant data in the House?

• (1420)

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, because of the privacy legislation I cannot table the letter sent by Brigadier-General Peart. I can say that in the letter he indicated to the Assistant Deputy Registrar General that, first, he was not involved with the dossier, that it was handled by the office of the Associate Minister of National Defence. Secondly, he had joined the staff of my predecessor after the short list had been drawn up for the awarding of the LLAD contract.

MINISTER'S RESPONSIBILITY

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, the Minister of Defence will know that the Assistant Deputy Registrar General does not do in-depth investigations. The ultimate responsibility for compliance rests with the Minister. What did the Minister do to ensure that Mr. Peart was not in an apparent conflict of interest? In other words, what transpired between the Minister and Mr. Peart to avoid this apparent conflict of interest?

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, in this case I did what I would do with any employee looking to go to the private sector. I asked him to comply fully with the conflict of interest guidelines, to disclose fully to the Assistant Deputy Registrar General, to seek the advice of the Assistant Deputy Registrar General, and to follow it.

* * *

FISHERIES

CANADA-FRANCE AGREEMENT—EFFECT ON NEWFOUNDLAND COD FISHERY

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Minister of Fisheries and Oceans. Yesterday the news of an interim agreement between the Government of Canada and the Government of France concerning fishing of our northern cod stocks off the coast of Newfoundland leaked out, producing outrage in that province. The industry opposes this agreement. The unions affected oppose it. The Government of Newfoundland opposes it. Therefore, how could the Government of Canada ever agree to something which is totally opposed by the people of Newfoundland?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I indicated to the media yesterday that the agreement reached between Canada and France on the weekend would be released as soon as editorial measures were completed. That release has taken place in this hour. The agreement will move us along the road to resolving a very unsatisfactory situation, the boundary dispute between Canada and France, which must be resolved in the long-term interests

of the fishery and to the benefit of Canadian fishermen throughout Atlantic Canada.

Mr. Broadbent: I would add, all being done at the expense of the people of Newfoundland.

EXTENT OF CONSULTATIONS

Hon. Edward Broadbent (Oshawa): Mr. Speaker, the Government has made much of the need for process in reaching decisions. The industry, the unions, and the Government of Newfoundland were part of all the discussions up until the December meeting. Why were those central players in this decision cut out entirely when the Government entered into this secret deal with the Government of France?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, the agreement does not exceed conditions which have been the subject of extensive negotiations with the Government of Newfoundland and the industry. It will assure once and for all an end to the blatant overfishing by France in this disputed zone. I must add that the benefit to be received by Atlantic fishermen by the ending of this overfishing will far exceed any modest cost to get France to sit down and negotiate this very important question.

Mr. Broadbent: If the Minister contacts Newfoundland now he will find that all over the province on radio programs they are conducting a referendum on Confederation as a result of the incompetence and insensitivity of the Government.

Some Hon. Members: Hear, hear!

REQUEST THAT GOVERNMENT WITHDRAW FROM AGREEMENT

Hon. Edward Broadbent (Oshawa): Mr. Speaker, the Minister of Transport, who is snickering over there, has publicly expressed opposition to the process of this agreement. The industry, the fishermen, and the Government of Newfoundland are all opposed. Therefore, will the Government now give us its assurances that it will not make an agreement with France on this important matter unless it has the support of the people of Newfoundland?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, the Hon. Leader of the NDP may never come to realize that from time to time Governments must take difficult decisions and act. In this case we will be able to demonstrate very clearly, as these negotiations proceed, that a substantial long-term benefit will accrue to all of the fishermen of Newfoundland and Atlantic Canada if a successful conclusion is reached on this very difficult problem.

• (1425)

I might add that in the process of this negotiation not one fish, not one additional benefit, has been given away by Canada.

GOVERNMENT POLICY

Mr. George Baker (Gander—Twillingate): Mr. Speaker, to conserve fish stocks the Government banned Canadians from fishing on the Nose of the Banks; to conserve fish stocks the Government restricted Canadians from fishing on the south coast of Newfoundland; and to conserve fish stocks it has reduced the fishing quotas for Canadians in the northern cod stock. Since all that was done to conserve fish stocks, I ask the Minister of Fisheries why the Americans are allowed to fish the Nose of the Banks, the French, unrestricted, on the south coast of Newfoundland, and now, worst of all, we learn of quotas being given to the French in the northern cod stock. Is it because the word "conserve" to the Government means to con Canadians and to serve foreigners?

Some Hon. Members: Hear, hear!

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, if I might be permitted a response, in June of last year a number of important initiatives were taken and announced by the Government to protect Canada's sovereignty and to ensure a strengthening of our vigilance and our surveillance of the resources along our 200 mile limit. The remaining unresolved problem is to remove this irritant of an unresolved boundary dispute with France and blatant overfishing. I might add again that we have not given one additional fish, by way of a commitment to France, to achieve the signed agreement which is being announced today.

Mr. Baker: To have this Minister representing Canadian fishing interests in negotiations with the Americans and with the French is like having a jellyfish in with a bunch of sharks.

ALLOCATION OF QUOTA TO FRENCH VESSELS

Mr. George Baker (Gander—Twillingate): Mr. Speaker, can the Minister explain to Canadian fishermen why he has asked them to conserve the cod resources in the northern cod stock and reduced their fishing quotas, while at the same time a major policy change was being made in secret, behind the scenes, to give a foreign country a quota in that very zone? Does he think the Canadian fishermen will swallow that hook, line, and sinker? They will not, you know.

Some Hon. Members: Resign.

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, once again the Opposition does not want to hear the response. It would do well for the Hon. Member and the opposition Party which was in government to reflect on all the reasons that led to Canada being in this unsatisfactory state where French trawlers are blatantly overfishing in the disputed area. We have now achieved an agreement, an agreement whereby that boundary decision will be referred to international third party arbitration, solving once and for all a problem, and bringing untold benefits to Newfoundland fishermen.

NEED TO CONSERVE COD STOCKS

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, we can always get an agreement if we are prepared to go down on our knees. In the fishery sector paper which the Minister tabled in November at the First Ministers' Conference it says:

> Resources surplus to Canadian needs should be allocated to foreign fleets in accordance with bilateral treaty obligations and international law, but conditional primarily on conservation co-operation.

Why did the Minister, in violation of this agreement by provincial Fishery Ministers, agree with the French to give them an extra 15,000 tonnes when Canadian fishermen had been cut back in order to conserve stocks?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I hope the Hon. Members who like to fire first and ask questions later will read the text of the agreement which is being released in this hour, and the terms under which these negotiations will conclude. The Hon. Member will see that we have given nothing in addition to that contained in the 1987 groundfish plan which was published at the end of December, and nothing that industry was not well aware of in terms of contemplating the conditions under which this important boundary dispute would be referred for international arbitration.

• (1430)

REQUEST THAT AGREEMENT RATIFICATION BE POSTPONED

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, considering that even the codfather, who is a member of the Cabinet, does not agree with this process, will the Minister either postpone ratification or cancel this deal until it has been brought into conformity with the agreement that had been reached by the provincial Fisheries Ministers and is acceptable to the province and the people of Newfoundland?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I would prefer to be known as the codfather, not my hon. colleague.

Mr. Rodriguez: You are a flounder.

Some Hon. Members: Oh, oh!

Mr. Siddon: Some of the opposition Members are floundering.

Mr. Speaker: Perhaps the Hon Minister could answer the question as directly as possible.

Mr. Siddon: We had three choices in this serious matter of overfishing by France in a disputed area outside the islands of St. Pierre and Miquelon. They were to continue to ignore the overfishing, fight by way of direct confrontation between two nations, or negotiate. We chose the latter course—

Mr. Broadbent: Or to sell out.

Mr. Siddon: —and have acted in the best interests of the Atlantic fishermen.

INTERESTS OF CANADIAN FISHERMEN

Mr. George Henderson (Egmont): Mr. Speaker, my question is directed to the Minister of Fisheries and Oceans. It concerns this outrageous decision to allow factory freezer trawlers from France into the Gulf of St. Lawrence. The Minister has not consulted the Premier of Newfoundland or the Premiers of the other three Atlantic provinces. He says that this agreement will go to arbitration. He knows that it will take four years and there will be nothing left to arbitrate. The Minister has given everything away.

When will he begin looking after the interests of the fishermen of Atlantic Canada, the fishermen of British Columbia, and certainly those most affected, the fishermen of Newfoundland especially in the area of the northern cod stocks?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, that is exactly what this Minister is doing and will continue to do as we gradually and forcefully turn all of the fish resources within our 200-mile economic limit to the advantage of Canadian fishermen. While previous Governments may not have had the courage to address this serious question of sovereignty over our resources and tough negotiations with countries such as France, this Government does have the courage and is not giving away any interests of Canadian fishermen in the process.

Mr. Henderson: It does not take much courage to give everything away.

MINISTER'S POSITION

Mr. George Henderson (Egmont): Mr. Speaker, we need someone who has a strong will to stand up to foreigners. How can the Minister decrease allocations for Canadian fishermen on the one hand while, on the other, give all our fish away to the foreigners? How can he do that and expect to have any kind of respect at all from the fishing industry?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, the phraseology in the Hon. Member's question reveals his total misunderstanding and, I suggest, almost total ignorance of the situation. He referred to a total giveaway—

Mr. Tobin: Who are you trying to kid? You are the expert on ignorance.

Mr. Siddon: There has been no giveaway. In fact this is a positive step forward that is long overdue. It will pay many benefits to the industry in Atlantic Canada about which I have been maintaining close contact with the office of the Minister of Fisheries in Newfoundland and other representatives of the fishing industry.

[*Translation*]

NATIONAL DEFENCE

LIMITATIONS IMPOSED ON FORMER EMPLOYEES' ACTIVITIES

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have a question for the Minister of National Defence. Will the Minister explain how it is that our officials can leave the Department of National Defence and immediately take charge of the Government Relations department with Oerlikon Aerospace in Ottawa without being in violation of the Government's guidelines under which former civil servants are barred from making representations to their former department on behalf of a corporation for a one-year period?

[*English*]

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, I believe that I can repeat the answer that I gave yesterday to exactly the same question. It is the obligation of all Government employees covered by the conflict of interest guidelines, who are leaving to seek outside employment, to disclose fully to the Assistant Deputy Registrar General, to seek the guidance of the Assistant Deputy Registrar General, and to abide by his decision.

APPLICATION OF CONFLICT OF INTEREST GUIDELINES

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, we are talking about the integrity of the Government. We are also talking about the integrity of the guidelines which say that, for a period of a year, former office holders shall not make representations on behalf of a company to their former department. What good are those guidelines if the Government will not enforce them in order to prevent real or apparent conflict of interest when a senior defence official can leave the Government and show up the next day as a lobbyist seeking government work. What good are guidelines that allow that?

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, I believe the question is essentially rhetorical. The obligation of any employee of the Government who is leaving to seek outside employment is to seek the advice and counsel of the Assistant Deputy Registrar General, to disclose fully the situation to the Assistant Deputy Registrar General, and to abide by the decision taken.

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FISHERIES

CANADA-FRANCE AGREEMENT—CABINET DECISION

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, my question is directed to the Minister of Fisheries and Oceans whose answers today to Members in the House have all the attractiveness of a beached sculpin to the fishermen of Newfoundland. The people of Newfoundland want to know whether anyone in Ottawa is representing their interests around the cabinet table? Will the Minister tell us whether or not the Newfoundland representative in the federal Cabinet, the Member for St. John's West, was consulted or advised in advance of this decision being taken with respect to the French fleet?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, when a Government deliberates on very difficult matters and reaches a decision, a Government takes that decision. That is exactly what this Government has done. We have an example here of overfishing by France, to the extent of tens of thousands of tonnes of fish a year in the disputed area. That problem must be resolved once and for all. I hear the Opposition saying that we should not solve that problem to the benefit of Atlantic Canada.

Mr. Manly: You have not solved it.

INTERESTS OF NEWFOUNDLAND

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, the opposition Member is saying that Newfoundlanders want to know whether they have a voice, a squeak, or the sound of silence sitting around the cabinet table. Was the Member for St. John's West—

Mr. Clark (Yellowhead): Order.

Mr. Tobin: —our representative in the Cabinet, consulted before this decision was taken, or is he braying like a banshee in Newfoundland while quietly agreeing to this agreement in Ottawa? He cannot have it both ways.

Mr. Speaker: Of course the Chair is reluctant to interfere in a matter about which the Hon. Member feels very strongly and concerns the province from which he comes, but Hon. Members will realize that the question of where one Minister was when cabinet matters were discussed is not appropriate for the Chamber.

Mr. Tobin: Supplementary, Mr. Speaker.

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I believe the question has been asked. I will only assure the Hon. Member that as always, his colleague, the Minister of Transport, speaks very loudly, strongly and positively—

Mr. Tobin: Was he consulted?

Mr. Siddon: —on behalf of the interests of the Newfoundland fishery. I would just conclude my response by saying that there is no bloody way that we are going to give up fish to France in an exchange or any way that diminishes the rights and economic viability of the fishermen of Atlantic Canada and Newfoundland.

Some Hon. Members: Hear, hear!

EXTERNAL AFFAIRS

ALLEGED EXPORT OF MILITARY EQUIPMENT TO CHILE

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. He will recall that just four months ago Chilean dictator Pinochet made the following pronouncement: "We are going to get tough. Those people talking about human rights must be expelled from the country or locked up". The Minister will know that last year he authorized the export of $11.261 million worth of military equipment to Chile. Does the Minister feel that he has blood on his hands—

Some Hon. Members: Oh, oh!

Mr. Riis: —for permitting the export of military equipment to a regime that tortures and jails its own citizens?

Mr. Speaker: Order. I would ask the Hon. Member if it might not be appropriate to put that question another way. I think the very vivid words he used and the direction in which they were pointed are perhaps exceeding what is necessary to make the point. I would ask the Hon. Member to put the question again in more appropriate words.

• (1440)

Mr. Riis: Will the Secretary of State for External Affairs explain to the House why he personally approved the export of over $11 million worth of arms to Chile?

Right Hon. Joe Clark (Secretary of State for External Affairs): May I thank you, Mr. Speaker, for your intervention. I had thought there were lows to which the New Democratic Party could not sink, but I guess I was wrong.

Some Hon. Members: Hear, hear!

Mr. Crosbie: Right down in the scum.

Miss MacDonald: Right on.

Mr. Speaker: Hon. Members will know that the Chair is always reluctant to intervene. However, when the Chair has intervened, I would hope that might be the end to the matter.

Mr. Clark (Yellowhead): The Hon. Member, I believe, knows, and it would be well for the House to know, that the content of those export orders to Chile had to do primarily with electrical equipment, not to do with arms, matters which are technically described as defence equipment.

While I am on my feet I should repeat to the Hon. Member my request made three times and ignored three times, that if he is seriously interested in contributing to more effective export control laws in our country, he can help us with positive suggestions of how that might be done.

Some Hon. Members: Oh, oh!

Mr. Gray (Windsor West): Order.

Mr. Clark (Yellowhead): I have asked him three times. I have heard a resounding silence because he is interested only in scurrilous accusations and not in effective results.

Miss MacDonald: Right on.

Some Hon. Members: Hear, hear!

Mr. Speaker: Perhaps the Hon. Member for Kamloops—Shuswap in this question can offer some of the suggestions.

Some Hon. Members: Oh, oh!

Miss MacDonald: That would be unusual.

Mr. Nystrom: Joe Clark sure needs them.

Mr. Riis: Mr. Speaker, three times I have asked and three times I have been denied lists of the equipment which has been shipped to countries like Chile. I have been denied them at every request—

Mr. Blackburn (Brant): Why?

Mr. Riis: —which I will repeat, and perhaps this time the Secretary of State for External Affairs will see fit to provide that list of so-called non-military goods.

ALLEGED EXPORT OF MILITARY EQUIPMENT TO SYRIA

Mr. Nelson A. Riis (Kamloops—Shuswap): Not only did the Minister approve the sale of $11 million worth of military equipment to Chile, but to other countries as well. Would the Minister explain why the Government of Canada, through himself, approved the export of military equipment to Syria, a country which has been condemned by many countries as actively supporting terrorism in the Middle East and Europe? Why are we exporting arms to that country?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, again to be clear, we are not exporting arms to Syria. I will make a deal with the Hon. Member for Kamloops—Shuswap.

Mr. Gray (Windsor West): Watch it.

Mr. Clark (Yellowhead): I will be prepared on a confidential basis—and I will make the assumption that since he is an Hon. Member of the House I can trust his word and confidence—I will make available to him the details of those particular exports with regard to Chile, on a confidential basis, if he will agree—

Mr. Orlikow: Why confidential?

Ms. Jewett: Why not to all of us?

Mr. Clark (Yellowhead): Why confidential? Because there are commercial confidences involved here.

Mr. Cassidy: What about human rights?

Mr. Blackburn (Brant): Get out of the business.

Mr. Clark (Yellowhead): There are thousands of Canadian jobs involved here. I know the New Democratic Party does not care about Canadian jobs, but I do.

Some Hon. Members: Hear, hear!

Mr. Blackburn (Brant): You should get out of the arms business.

* * *

[*Translation*]

THE ADMINISTRATION

ALLEGED CONTRADICTIONS CONCERNING OERLIKON PRODUCED DEFENCE SYSTEM

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I have a question for the Minister of National Defence concerning the Oerlikon affair.

In his letter dated October 2, 1986 and addressed to my colleague from Renfrew—Nipissing—Pembroke the Minister wrote, and I quote:

The Oerlikon-Burhle project met all specifications— including the requirement that it be fully operational in any kind of weather.

I have here a document from Oerlikon Aerospace which contradicts the Minister, so my question is this: Why did he give such assurances concerning a $1 billion project, knowing as he did that such was not the case?

[*English*]

Hon. Perrin Beatty (Minister of National Defence): Because, Mr. Speaker, the evaluation team which looked at Oerlikon and the other proposals found that the Oerlikon proposal was able to shoot down anything which was able to fly in any weather.

MINISTER'S POSITION

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I am glad the Minister said that. I also have a document from the Department of National Defence which states that it is essential "that the LLAD system deployed in defence of the brigades—" not just in the air "—be capable of defending in all weather conditions". How can the Minister justify spending that kind of money? How can he justify the response he just made when it is clearly in contradiction to both the Oerlikon document and the review made by the Minister's own department, which I have right here in my hand? How can he explain that?

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, the review which was made by my department was anxious to determine whether or not the Oerlikon system would be capable of shooting down anything able to fly and the response was, yes it would.

Mr. Speaker: The Hon. Member for Western Arctic.

Mr. Cassidy: It shot down the Government.

An Hon. Member: You guys never could fly.

Mr. Gauthier: You never could fly in your life.

* * *

THE PAPACY

POSSIBLE VISIT BY POPE TO FORT SIMPSON, N.W.T.

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, my question is addressed to the Secretary of State for External Affairs. As a result of the meeting yesterday between the Prime Minister and His Holiness the Pope, can it now be confirmed that the Pope will be visiting Fort Simpson in the Northwest Territories next fall? And have the dates for such a visit been set?

An Hon. Member: Good question.

Mr. Blackburn (Brant): Don't waffle now, Joe.

Some Hon. Members: Oh, oh!

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the Prime Minister met His Holiness in the Vatican. I can confirm that the visit to Fort Simpson will occur. His Holiness expressed a very strong desire to come to Canada and the Prime Minister, of course, indicated how welcome he would be. There was a question as to dates. The Hon. Member will know that this is an invitation which has been issued in the course of a parochial visit on the part of the Canadian Conference of Catholic Bishops. They will be discussing with the Pope the establishment of the date.

* * *

TRADE

PROPOSED UNITED STATES' WHEAT SALE TO CHINA

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, my question is directed to the Minister responsible for the Canadian Wheat Board. The Minister will be aware of reports today indicating that the United States has extended its unfair trade practices to China by selling to China one million metric tonnes of heavily subsidized wheat. Has the Government sent an appropriately worded message to Washington indicating that the Canadian Government has a strong displeasure at this kind of trade action?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, the Hon. Member raises, I think, what everyone would agree is a very serious matter. The Hon. Member should know that what has been extended is an offer,

and the Chinese have not yet purchased. We continually say to the Americans that we do not think their approach to markets will work and, better than sending them messages, we have been taking action.

Mr. Nystrom: It hasn't worked.

Mr. Mayer: In fact our percentage of world wheat markets actually went up last year—

Mr. Nystrom: The price went down.

Mr. Mayer: —and the prospects in the coming year are that we are going to increase our markets again. We are taking action, not just sending protests.

UNITED STATES' TRADE POLICIES

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, the Minister has publicly supported and defended U.S. action in Algeria. Does the Minister not believe it is time he stopped defending the United States' unfair policies and started taking action on behalf of Canadian farmers instead?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, the Hon. Member should know that I have not been defending the American actions.

Mr. Benjamin: You sure did.

Mr. Mayer: We have been saying consistently, and loudly and clearly, that we do not—

Some Hon. Members: Oh, oh!

Mr. Axworthy: Spineless.

Mr. Mayer: We all know you can print anything in the press—

Mr. Riis: Blame the media.

Mr. Mayer: —so what the Hon. Member is holding up does not hold any weight as far as I am concerned. We have been publicly and consistently raising protests not only about what the Americans are doing but about what the Europeans are doing. We are not supporting the Americans, we are supporting our farmers, that is what we are doing.

* * *

NATIONAL DEFENCE

WEATHER CAPABILITY OF LOW LEVEL AIR DEFENCE SYSTEM

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Mr. Speaker, my question is directed to the Minister of National Defence. Last fall when I asked questions regarding the all-weather capability of the Low Level Air Defence system awarded to Oerlikon, the Associate Minister of National Defence stated: "All weather does not include blizzards, sleet, hail, hurricanes and tornadoes". In answer to the same question the Low Level Air Defence Project Manager, Mr. Dave Hampson, stated recently: "This system will fight anywhere in any weather". How can the Minister expect the public to share his confidence in this system when the Associate Minister and the chief official involved cannot themselves agree on its capability?

• (1450)

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, first, let me sincerely say to the Hon. Member that I am pleased to see him back and pleased to see him in good health.

Some Hon. Members: Hear, hear!

Mr. Beatty: Mr. Speaker, as I understand what the Hon. Member is saying, my colleague, the Associate Minister of National Defence, said that the system could shoot down anything that could fly in any weather. The disagreement was with whether it might even be able to go beyond that. The critical question is: if something can fly and attack either our bases or our troops can it be shot down? The answer is yes.

ALLEGED CONFLICTING STATEMENTS

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Mr. Speaker, the former Associate Minister of National Defence announced that the Low Level Air Defence system will provide protection "under all weather conditions", which is contrary to what has been said, while the chief technical adviser of the Low Level Air Defence project office has stated the system "will be useless in foul weather". What does the Minister really expect the public to believe when Ministers disagree with each other, when officials disagree with each other, and when Ministers disagree with their own officials?

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, the Hon. Member has received an offer of a full briefing with regard to our LLAD system. We will be offering the same thing to all members of the Defence Committee this Thursday.

I suppose the question the Hon. member would want answered is this: if it can fly, can it be shot down? The answer is yes. If it cannot fly, it cannot be shot down.

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[*Translation*]

FINANCE

ALLEGED USURIOUS INTEREST RATES CHARGED BY CREDIT CARD COMPANIES—GOVERNMENT POSITION

Mr. Robert Toupin (Terrebonne): Mr. Speaker, my question is directed to the Minister of State for Finance.

Yesterday the Minister said that he was looking forward to acting on the report of the Standing Committee on Finance, Trade and Economic Affairs regarding credit card interest rates.

Mr. Speaker, will the Minister make sure that the action he is talking about will include both a decrease in and a ceiling on credit card usurious interest rates of up to nearly 29 per cent?

[*English*]

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, the Hon. Member for Scarborough West brought this subject to the attention of the House over a year ago.

Mr. Blackburn (Brant): Then do something about it!

Mr. Hockin: It has been looked at very carefully by the Government.

I want to thank the Hon. Member for raising this issue. With regard to ceilings, the concern that any Government would have with ceilings is that ceilings very often become floors. What we have to do is take a look at this question in the broadest possible context. We have to look at not only the levels themselves but the terms of the interest rate being calculated, as well as the amount of the loan on which the interest rate is calculated. There have been concerns expressed about all three of these issues. They must all be considered in the Government's response.

REQUEST FOR GOVERNMENT ACTION

Mr. Robert Toupin (Terrebonne): Mr. Speaker, what I really think and hope is that in fact the Minister is, first, conscious of the gravity of this situation and, second, conscious of the necessity to take immediate action in this matter. As the Minister has just said, the Conservative Member for Scarborough West finds it unconscionable.

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, the Hon. Member wants the Government to act on ceilings only. We will act across the whole range when the time is appropriate.

Some Hon. Members: When?

Mr. Hockin: I remind the Hon. Member today, as I did yesterday, the market itself yields all sorts of different interest rates for different credit cards, and I ask him to shop around.

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PORNOGRAPHY

INTRODUCTION OF LEGISLATION

Mr. Lee Clark (Brandon—Souris): Mr. Speaker, my question is addressed to the Minister of Justice who knows that many Canadians were very disappointed when his predecessor's proposed legislation on pornography died at the end of the session. Can the Minister of Justice reassure the House that legislation will be introduced into the House in the very near future and that it will be strong and effective legislation?

Hon. Ray Hnatyshyn (Minister of Justice and Attorney General of Canada): Yes, Mr. Speaker.

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TARIFFS

TARIFF ON U.S. CHRISTMAS TREES—EFFECT ON CANADIAN INDUSTRY

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my question is for the Minister of Finance. The implementation of the 30 per cent tariff on the importation of American Christmas trees is threatening Canadian Christmas tree producers. In particular, it has a very negative effect on the Nova Scotia industry which is valued at approximately $25 million.

Will the Minister of Finance give an undertaking to the Christmas tree producers in this country, accede to the request of the Premier of the Province of Nova Scotia and eliminate this tariff forthwith, a move which will restore stability and confidence in this most important sector of our economy?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I have responded to that question on a number of occasions, and as recently as two days ago in response to the Hon. Member for Cape Breton Highlands—Canso.

We are very conscious of the concerns of the Christmas tree growers in Nova Scotia, as well as in other parts of the country, including Quebec. We raised this issue at the discussions that were held between the Prime Minister, Vice-President Bush and Secretary Baker last week. We are looking for ways of trying to resolve the matter on a joint basis with the United States. I hope that we will be seeing good progress over the coming weeks and months.

Mr. Penner: Rescind the tariff.

REQUEST FOR ESTABLISHMENT OF COMPENSATION FUND

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, I remind the Minister of Finance that shingles cannot be made out of Christmas trees.

Some Hon. Members: Order, order.

Mr. Dingwall: If the Minister of Finance is so confident about the outcome of his discussions with his American counterparts, will he not undertake to set aside a sum of money in trust so that in the event those discussions break down, or in the event the Americans retaliate against Canada in this particular sector, the Christmas tree growers will have a fund

that will directly benefit them? If the Minister is so confident, will he now put his money where his mouth is?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, let me remind the Hon. Member that this action was not taken with a great deal of pleasure on the part of the Government. I made that quite clear at the time the announcement was made last May. But we have a national problem, a problem that we felt necessitated a strong response to the Government of the United States in order to make it very clear that the protectionist actions it had undertaken were wrong and had to be dealt with. We took that action. We got our message very clearly through to Washington. If we had not taken strong action, I am sure the Hon. Member would be on his feet saying: "Why are you not taking the action? Why are you not showing the Americans that you are against this type of protection?" That is the reason why.

Mr. Penner: Rescind the tariff on Christmas trees.

Mr. Dingwall: Supplementary question, Mr. Speaker—

Mr. Speaker: The Hon. Member for Essex—Windsor.

REQUEST THAT TARIFF BE ABOLISHED

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, a Christmas tree war may be very amusing to the Minister of Finance. If he really believes that the message has gotten through clearly to the United States then why is he not prepared now to cut out that tariff and give security to these workers for the future?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, it is very interesting to hear the two sides of the fence on which the Hon. Member plays the trade issue. On the one hand he says: "You guys better stand up to those Americans and hold firm on the Auto Pact and make sure you do some things that protect the sovereignty of Canada, because if you do not we are going to whip you and we are going to whip you hard". Then he turns around and says: "Roll over, Mike. Roll over and do those things that the Americans want you to do". On which side is the Hon. Member?

Some Hon. Members: Hear, hear!

Mr. Speaker: The Hon. Member for Essex-Windsor on a short question, please.

MINISTER'S POSITION

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I have hoped for many years that the Minister would roll over and find some sensible—

• (1500)

Mr. Speaker: I have been hoping for some minutes that the Hon. Member would put his second question succinctly.

Some Hon. Members: Oh, oh!

Mr. Langdon: My supplementary question to the Minister is this. Since there has been so much discussion with reference to this issue, as he has outlined, why does he continue to defend what was a bad decision to start with and remains a bad decision, especially because it will lead to potential retaliation in the future?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I have always said that the decision by the Americans to impose a tariff on shakes and shingles was a bad decision. The Hon. Member and I are in full agreement on that.

POSSIBLE ACTION BY UNITED STATES

Mr. Pat Nowlan (Annapolis Valley—Hants): Mr. Speaker, it is not a question of any individual rolling over. The industry will roll over and be dead if action is not taken. I wonder if the Minister knows that in the first week of February the American Christmas Tree Association is meeting in Atlantic City, and it will start preparation for its retaliatory action against the massive importation of Canadian Christmas trees, $30 million alone from Nova Scotia, against $1 million of American Christmas trees that come into Canada.

Why has the Minister of Finance taken a national problem of shakes and shingles and levered and lumbered the Christmas tree industry of Atlantic Canada, particularly Nova Scotia?

Some Hon. Members: Hear, hear!

An Hon. Member: The Opposition wishes it could ask questions like that.

Mr. Benjamin: Say goodbye, Pat.

Mr. Speaker: Order, please. Nobody is going to say that was a planted question.

Some Hon. Members: Oh, oh!

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I cannot outdo you on that, and I will not even try.

That is probably the first good question that we have had in a long time.

Mr. Riis: Let's hear a good answer, Mike.

Mr. Wilson (Etobicoke Centre): I will shortly be meeting with the representatives of the Christmas tree industry. I was supposed to be meeting with them two minutes ago, and I will leave right from the Chamber to meet with them. I am sure the matters that the Hon. Members have raised will be the subject of our discussion.

We are concerned about the possible actions that the United States may take. This is the very reason why we have taken the matter as forcefully as we have with the Americans, and why we are following through and trying to find a resolution of this matter.

Mr. Benjamin: Promise you won't send Carney.

* * *

PRIVILEGE

OMISSION FROM QUOTATION

Mr. Speaker: I wish to advise the House that I am now ready to deal with the complaint raised by the Hon. Member for Davenport (Mr. Caccia). The point raised by the Hon. Member for Davenport concerned a reply given to a question by the Hon. Minister of the Environment (Mr. McMillan) on Thursday, January 22, 1987. The essence of the complaint of the Hon. Member for Davenport was that there was a discrepancy between the *Hansard* record of the Hon. Minister's reply and the electronic record of his reply. I wish to inform the House that there is a perfectly satisfactory explanation for this discrepancy.

I have received a letter from the Editor in Chief of English *Hansard* which pointed out that, in the interests of accuracy, *Hansard* obtained a copy of the report in question that the Minister was referring to when he gave his reply, and noted that the Minister had omitted from his answer two words which were contained in the report. *Hansard* included these two words in the printed record, in spite of the fact that they had been omitted by the Minister. The Hon. Minister did not alter his "blues", and is completely innocent of any attempt to change the meaning of what he said in the House.

Hansard has the responsibility of producing an accurate report which does not change the meaning of anything said in the House. To perform this task a certain amount of editorial flexibility must be allowed.

In his letter to me the Editor of *Hansard* apologizes for an error in judgment, and for having embarrassed the Hon. Minister of the Environment, and the Hon. Member for Davenport. However, I do not attach any great blame to *Hansard*. They were only trying to perform their task in a professional manner by ensuring that the reply of the Minister conformed to the wording of the report to which the Minister was referring.

I recognize the Hon. Member for Winnipeg North Centre (Mr. Keeper) on a question of privilege.

* * *

PRIVILEGE

RULING OF CHAIRMAN OF COMMITTEE ON GOVERNMENT OPERATIONS

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, my question of privilege arises out of the proceedings this morning before the Standing Committee on Government Operations. I wish to make it quite clear that I consider this a question of privilege, because the actions before that committee prevented me from doing my job as a Member of Parliament. I will relate to you my reasons for coming to that conclusion.

In the specific instance this morning, my job was to call for public hearings into the Post Office plan. This is a matter of public policy which the committee has the responsibility to investigate. There were impediments and blocks put in my way when making this call for such hearings. The impediments were as follows. One, an unprecedented ruling by the chairman of the Committee that a motion before the Committee to call for public hearings on the Post Office was out of order. This is a matter under consideration by that committee. That was the first impediment. After I discussed this with the Chairman by way of a point of order, the chairman agreed that this motion would be considered at the end of the meeting. So this was understood by the members of the committee.

The second impediment was when I asked the committee to call for these hearings. By the end of the meeting, all the government members of the committee, except for the chairperson, had left the room, had vacated and abandoned the committee. Therefore, they robbed the committee of a quorum and the opportunity to consider the motion.

The effect of these impediments was that I was prevented from doing my job as a Member of Parliament, and calling upon Parliament, through its Committee, to perform the function of holding public hearings with regard to a plan that was being considered.

Mr. Speaker: I hesitate to interrupt the Hon. Member, but may I ask him whether he will have another opportunity to make the representations at the Committee which he feels he was not able to make today?

Mr. Keeper: I do not know, and I will explain why. The next scheduled meeting of the committee is on February 5, which is some time from now. This matter is fast proceeding, since the Minister only has 60 days within which to consider public input. The reason I say that I do not know whether I will have the opportunity is that I took the opportunity to bring the resolution forward at the meeting this morning. We previously had *in camera* meetings, at which this was considered. This was the first opportunity in a public forum to ask the Committee to call for these hearings. The committee could have voted me down, or debated it out. By way of ruling the motion out of order, and by way of abandoning the committee, it simply refused to give me an opportunity to call for the committee to fulfil one of its functions. I do not know whether I will have an opportunity to call for this again, because I do not know whether they will behave in the same manner at another meeting.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I wish to briefly respond to the Hon. Member's point with

respect to the alleged breach of privilege in a committee hearing.

First, as we all know, the committees are masters of their own destiny. I think the Hon. Member had the opportunity to place his motion on the floor. There may have been some discussion as to when it came on the committee's agenda but I do not think the Member can complain that he was prevented from putting the motion on the floor of the committee.

• (1510)

Second, it is unfortunate that the Hon. Member commented that Members had other business on a busy day, such as Tuesday. They might have had other meetings to go to. I do not think it is in order to comment on this matter without thinking about the fact that the Member had his opportunity. He placed his motion on the floor at committee. We have all lost votes in committee—

Mr. Keeper: There was no vote.

Mr. Lewis: We have all had quorums disappear on us. I think the Hon. Member will have an opportunity at another meeting to place his motion on the floor. Let the will of the committee decide. This activity goes on daily, Mr. Speaker, and I cannot see that it is a question of privilege. The Member's privileges have not been abridged. I submit, therefore, that there is no question of privilege to be considered by the Chair.

Hon. Herb Gray (Windsor West): Mr. Speaker, the Government and its supporters make much of the change in the rules of the House whereby so much of the work of the House is done in committees. The Government and its supporters claim that the rules as they are now give unprecedented power to Members with respect to legislation and the operations of Government. If this is to be the case, the system must work fairly for all Members, including those of the Opposition.

There may be those who argue that the propriety of raising such a matter in this Chamber is perhaps of some question. However, I submit that you, Sir, at the very least have moral authority if not formal authority on behalf of all Members of this House to ensure that all portions of our parliamentary system, as they pertain to the House of Commons and its committees, are operating fairly for all Members. Nothing more quickly undermines the credibility, in the eyes of the public suggestions, particularly on behalf of the Government, that Parliament now works better, more fully and more freely in the interests of individual Members of Parliament if there is a multiplying of cases, piling one on top of the other, which indicate that Members in support of the Government are doing things but which have the result, whether intentional or not, of preventing or making it difficult for Members of the Opposition Parties to do the jobs for which they are elected.

I submit, Mr. Speaker, that you do have authority, at least moral authority, to ensure that all portions of our system, including the committees, are operating fairly for all concerned. I respectfully urge you to take very seriously the submissions of the Hon. Member who has just spoken and to take such steps as you can, as I feel you want to take to make sure that the committee system as well as what goes on in this House of Commons operates fairly for all concerned in the interests of the effective operation and, perhaps more important, the integrity and good reputation of this House of Commons.

Mr. Speaker: The Hon. Member for Selkirk—Interlake (Mr. Holtmann). I will recognize the Hon. Member for Winnipeg North Centre (Mr. Keeper) in a moment.

Mr. Felix Holtmann (Selkirk—Interlake): Mr. Speaker, I have a short intervention on this issue brought forward by the Hon. Member for Winnipeg North Centre (Mr. Keeper). Like this House, which has a standard set of orders for the day which establishes what it is going to discuss and lays it out, the committee also has business meetings to set its agenda. In fact, the agenda was set and duly transmitted to committee members about what we were going to do today, and what we were going to do the following Thursday and next week. The Hon. Member sat in on this meeting. But here we were commencing a committee hearing with a Member jumping up to change that whole direction agreed to at a meeting which he attended.

I have been at a committee meeting and seen a chairman make a ruling. I guess a Member could question, according to Beauchesne, the ruling of the Chair, and if that exercise had been carried out this morning we would have had no problem. But that did not happen.

Mr. Speaker: Perhaps I could put the same question that I put to the Hon. Member for Winnipeg North Centre (Mr. Keeper). Could the Hon. Member for Selkirk—Interlake (Mr. Holtmann) give the Chair any assistance as to when the next occasion might be that the Hon. Member for Winnipeg North Centre might raise the matter that he wished to raise?

Mr. Holtmann: Mr. Speaker, as chairman of the committee, I had asked the Hon. Member whether he would like to attend a special *in camera* session to adjust our agenda, to which he replied no.

Mr. John Gormley (The Battlefords—Meadow Lake): Mr. Speaker, as deputy chairman of the committee, I would like to try to offer some assistance to the Chair. As the chairman has mentioned, the committee met *in camera* on January 20 to set a specific agenda. At that meeting we discussed the very point which the Hon. Member raised today in his motion and there was committee concurrence to deal with the matter at a later point. In agreement with my chairman, the opportunity again was put to the Member to discuss a specific time or date for this issue. The motion today was made in the presence of a number of members of the media. With all due respect to the Member, I really question whether he was dealing more with

the agenda or more with a topical news item of particular concern to him.

Mr. Keeper: Mr. Speaker, I just want to respond to some of the statements that have been made by way of information.

First, I want to respond to two points which the Deputy House Leader made. I think he would want to be aware of these facts because they affect the operation of all committees, not just our committee. The Deputy House Leader said that I had an opportunity to present the motion. That was not the case. I invite him to read the record of the committee. There was no opportunity to present the motion.

Second, people leave committees. I want to inform the Deputy House Leader that these Members left the committee after there had been an understanding with the Chair that the resolution would be dealt with toward the end of the meeting. It was within the allotted time for the committee, between 9 and 11. It was not any unusual time. I wanted the Deputy House Leader to be aware of those two points.

Third, there was a standard set of orders, I think my colleague said. The business of the committee was discussed in an *in camera* session. I made my proposal at that point. I did not discuss it publicly because I wanted to respect the confidence of the committee, which has been a matter of controversy before. My first opportunity to raise the matter was in public session. I must say that even the order that came out of the *in camera* session was not presented to the public session by way of a motion, which I think would be a normal procedure. Whatever comes out of the *in camera* session to the public session to adopt as the business of the committee by way of a motion was not done.

The chairman on a previous occasion had allowed such a motion by a government Member to be tabled before the committee. That is in the minutes of the committee. On a previous occasion when hearing a witness, a Government Member introduced a motion for us to take certain action. He allowed that. He reversed his own ruling.

What I was seeking was an opportunity to deal with this matter in a public forum because I found that the *in camera* sessions had not dealt with it adequately. What I was seeking was an opportunity to call upon the committee to do its public work. Obviously, the media was there. That is part of our work in this environment. I do not know what else to say.

[*Translation*]

Mr. Gagliano: Mr. Speaker, I too would like to rise on this question of privilege because I was present at that committee meeting and I feel that my privilege as a Member was affected. I would like to make two sets of remarks, Mr. Speaker. I will start with the decision of the committee Chairman not to accept the motion because we had a witness, whereas in a similar circumstance, on December 4, 1986, when a witness was being questioned, the chairman of that same Committee, the same chairman accepted a motion by Government Members. Although some discussion had taken place, we decided as opposition Members to accept the reasons put forward and for the sake of the witnesses and media attending, we reached an agreement that the motion would be debated after the committee had heard all the witnesses.

• (1520)

After hearing all the evidence, Mr. Speaker, Members left one after the other and the committee had to adjourn for want of a quorum. Mr. Speaker, although Members are free to withdraw at will from a Committee meeting, I consider that the chairman was applying a double standard system in his decision, and we also tend to think that the behavior of the Members on that occasion was not proper, unless they had good reasons, and I am willing to say that it was not the case, so we have serious doubts, we are left to wonder why. Why was there an agreement to debate the motion at the end of the meeting at which time in fact we were left without a quorum?

Mr. Speaker: I wish to thank Hon. Members for the views expressed. Hon. Members will know that it is unusual for the Chair to get involved in committee matters. This is therefore a very difficult situation for the Chair as we are dealing with a substantive claim, and also a difficult situation for the Hon. Member for Winnipeg North Centre (Mr. Keeper). I think the question is quite simple. Would there be a situation in a Committee meeting where the Hon. Member might have leave to introduce a motion or a statement, possibly in another form, the right to . . . It is of course a problem for the Chair, and I believe that in the present situation we might be better advised to adjourn this debate for a while to examine whether the possibility exists where a Member might raise the question on another occasion in a committee meeting. If that were the case, there would be no point in pursuing this discussion.

[*English*]

As a consequence, I will adjourn this debate and perhaps the Hon. Member can have a discussion with his colleagues in the committee to work out the problem among themselves.

If the complaint that comes to the Chair is that a Member has no opportunity at all to speak in a committee, that causes the Chair concern because it gets close to breaking the fundamental rule of privilege by closing off the right of free speech. I would reiterate by saying that I would hope the committees would work together in such a way that the Chair is not put in the position of exercising an authority which in the long history of Parliament it has been deemed wise for the Chair not to exercise. There can always be the accusation that the Chair is interfering in the affairs of the committee.

The Hon. Member for Windsor West (Mr. Gray) said that the Chair has a certain moral authority in a case like this, even if the Chair might not have the strict procedural authority to intervene. I recognize that the Chair, exercising common sense, and calling on the good sense of all Hon. Members, does have a certain moral authority, but that moral authority can certainly get pretty thin if the Chair exercises it too often.

If Hon. Members would leave this matter for a few days, I would invite them to discuss it, and if after that the Hon. Member for Winnipeg North Centre still feels that his complaint is there I shall hear the Hon. Member.

GOVERNMENT ORDERS

[*Translation*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee, and the amendment of Mr. McDermid (p. 2601).

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, I had the floor when the House adjourned for lunch, and as you will recall, I was describing the seven capital sins mentioned in the December 30 letter sent to the Coalition for Fair Lumber Imports by the American Trade Representative, Clayton Yeutter, and the American Secretary for Trade, Malcolm Baldrige. The letter identified seven types of measures which the Americans would not accept that Canada, that is either the federal Government or the provinces, take to help the lumber industry.

I had just pointed out that the granting of subsidies or low cost loans to a lumber company would be viewed by the American Government as a violation of the odious agreement between the two countries.

To continue, the letter also mentions forest management as a forbidden area of intervention. This means that provincial Governments would not be able to develop reforestation programs.

Yet, as we know, in many Canadian provinces, especially my own Province of Quebec, there is an acute need for reforestation. Forest management and stock renewal have long been neglected in Quebec. In many parts of my province, log cutters have to go further and further to find trees to harvest, which increases their operational costs.

In addition, the Quebec Government has just announced measures to promote reforestation in the province and members of the industry will be asked to contribute. The representatives of the forest industry whom I had an opportunity to meet recently told me that it is financially impossible for them to contribute to the reforestation program of the Quebec Government while paying a 15 per cent tax on the wood they export to the United States.

This means that this odious agreement between the Canadian Government and the Government of the United States on the lumber issue threatens the reforestation programs of the various Canadian provinces. This is one more thing which leads me to say that this agreement between our two countries came about because the Canadian Government decided to capitulate and go down on its knees before the American Government.

Mr. Speaker, this is one of the reasons why Members on this side of the House are strongly opposed to giving second and even third reading to Bill C-37. We would prefer the Bill to be shelved. The only way to get out of this mess would be for the Canadian Government to get back to the table with the Americans to negotiate a more reasonable agreement which would benefit, not harm or diminish, the Canadian forest industry.

That is what we want, Mr. Speaker. Since my allotted time has expired, I shall now resume my seat.

• (1530)

Mr. André Harvey (Chicoutimi): Mr. Speaker, I welcome this opportunity to comment on a Bill that is extremely important for the entire country. We must not forget that the forestry industry involves one million Canadian workers, with over 200,000 in Quebec.

The previous speaker pointed out that our Canadian forests had been neglected, especially the forests in Quebec. I think that is an indication of the previous Liberal administration's failure to act, Mr. Speaker.

Agreed, we have not been sufficiently concerned about reforestation in Canada, and that is why this Government has signed a number of very important agreements with the provinces, including Quebec. It signed an agreement involving $300 million a few months ago, to help make up for the lack of reforestation in recent years.

Mr. Speaker, Members from ridings where the forestry industry is very important have a hard time keeping a straight face when Liberal Members make comments that are sometimes entirely incorrect. I remember the Hon. Member for Ottawa—Vanier (Mr. Gauthier) who said that all the provinces were against this agreement. I think it is absurd to say that, when we all know that nine provinces out of ten spoke out in favour of the agreement and that the province that was opposed has about 4.5 per cent of total production in the industry.

Mr. Speaker, I think people should know that this Government is fully aware of the importance of the forestry sector. How could anyone be against an agreement introduced here in the House that will enable us to inject another $600 million into rescuing our Canadian forests? Instead of letting the Americans skim off $1.4 billion, we will be able to reinvest that money here in our own forests.

I think this amply demonstrates that Members who do not represent ridings with forest areas are not well-informed on the subject. How could anyone say that the provinces are opposed when the Quebec Minister of Trade has said that this is a very important agreement, because of what it contains and also in terms of Quebec's sovereignty? I would like to quote what was said by Mr. MacDonald of the Quebec Government, which is certainly not against the agreement, Mr. Speaker. He said,

and I quote: "I would like to draw a parallel to clear up the misunderstanding about the differences referred to by Miss Carney. We are talking here about monitoring. A shareholder of a company receives a financial statement every year. He can look at the statement and find out what has been happening. If a decision to impose countervail had been made, the United States would have had the right to send in a team of internal auditors regularly to check our books. The difference is that under the present agreement, we will be producing our own statistics which will then be made available to the parties concerned. If the Americans want to look at those figures, they may do so. But there will be no team of internal auditors traipsing around our Department of Forestry."

Mr. Speaker, this means that even the Liberal Party will have access to the statistics published by the Canadian governments concerned.

I may point out that the official Opposition, as represented by the speakers I have heard up to now, consists mainly of Members from basically urban ridings. I do not have the impression that the Member for Ottawa—Vanier (Mr. Gauthier) has a lot of forestry activity in his riding.

I would like to take this opportunity to read to you part of an editorial by Michel Roy who is possibly one of the most objective journalists in Canada and who described even better than I could what motivates Liberal Members in their eloquent rhetoric on practically every subject.

This particular issue, with its forestry connection, is a good example of the confusion reigning in the Liberal Party, Mr. Speaker. Later on, I will have an opportunity to address the Liberals' confusion about the economy, the Constitution and national defence—three issues on which that party has no idea where it is going, and in which Canadians cannot place their trust.

To get back to the debate on this Bill, Mr. Roy pointed out, and I quote:

"The Opposition whose exaggerated language gives a gross caricature of a very disturbing issue for the future of the Canadian economy will not be taken seriously by Canadians who are aware of the facts. And the Canadian people will not listen either to its criticism because they know that the Liberal Party has no clear policy on free trade". To say the least.

We only have to read over excerpts from the proceedings of a seminar held by western Liberals on July 2 and 3 to learn about the spokesman of the Liberal Party on trade, the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy). We also have to read the comments of Senator Van Roggen who is not a Tory senator. That Liberal senator is an authority on trade and he attended the seminar led by the Liberal Member for Winnipeg—Fort Garry.

Senator Roggen said the following: "You heard no fair-minded statement at our seminar. There was only an appeal to your lowest instincts".

Therefore, I think, Mr. Speaker that such a statement made by a Liberal senator, a Canadian authority on trade relations, has resulted in the Liberal spokesman on trade issues, the Hon. Member for Winnipeg—Fort Garry, losing all credibility.

The same senator added this:

"Canada is now part of a world that is increasingly competitive and protectionnist and which no longer allows for discussing and waiting indefinitely before taking action." I will say to my dear colleagues opposite that the *status quo* is unacceptable and provides no solution for the future. Current and future economic prospects in Canada are inextricably linked with those in the United States, whether we like it or not, and Ottawa had better realize it and act accordingly."

This is what this Government has done, Mr. Speaker, negotiating day after day agreements of major importance to all Canadian provinces, and this agreement that has just been reached is a good illustration of this Government's pattern of action. We were used to living in a country where quarrels and frictions were the way of life. This has changed over the last two and a half years. And the results are there to prove it.

All this to say, Mr. Speaker, that in the area of trade relations and the economy, this Government has absolutely no lesson to learn from the official Opposition, and especially from their trade critic, the Hon. Member for Winnipeg—Fort Garry who even in western Canada is yet unable to strike a consensus among Liberals on the matter of freer trade negotiations with the Americans.

Mr. Speaker, they keep talking about sovereignty. The best way for a country to exercize its sovereignty is in the first instance to ensure an economic renewal, and if this Government has failed to prove it in two and a half years, remember the Liberal Party's record. During the last five years of their mandate, they were creating 1,255 jobs a month, while this Government has created 25,000 jobs a month for two and a half years. In all areas of Canada the unemployment rate is steadily declining, Mr. Speaker.

It is interesting to hear Liberals talk about sovereignty, about protecting our sovereignty when we know so well that in Liberal parlance this is the be-all and end-all of the constitutional issue in Canada. After having put Quebecers to sleep for fifteen, twenty years, Mr. Speaker, they threw us out in 1982. It is also interesting to see Members from the New Democratic Party use the word "sovereignty" on each and every occasion. I look forward to the next convention of the New Democratic Party, to see how far they will bend backwards to get votes in Quebec.

You may rest assured, Mr. Speaker, that Quebecers remember where the New Democratic Members were in 1982 when it was time to defend minority rights. All that, and certainly I will have the opportunity to return to that in other debates, to illustrate the Liberal Party's lack of specific policies, the total absence of programs on economic matters, on constitutional matters. How can we have confidence in a

party that has governed during three-quarters of a century and that has just passed a resolution at its convention to withdraw from NATO? I am anxious to see the Liberal Party with its electoral platform and its resolutions. I think, Mr. Speaker, they will have to strap their suspenders tight, because when the time comes to look at the record of this Government's management, it will be a pleasure to confront it with Liberal goals, and especially to point out the Liberal Party's economic failure, in the face of which we had to assume our responsibilities two and one-half years ago.

• (1540)

Mr. Alain Tardif (Richmond—Wolfe): Thank you, Mr. Speaker. I too am very pleased to take the floor for the second time and express my views on this very important measure. If I may, I should like to refer generally to the conclusion of my colleague from Chicoutimi who has just spoken to this subject and referred to the Liberal record over the past twenty years. Well, I am glad to point out to him that during the past twenty years under the administration of the Liberal Party which I represent and to which I belong, it never had to face as many difficulties as this Government did in only two years. I think Canadians will know what I am referring to when I say that.

In any case, Mr. Speaker, they talk about Liberal Members as being totally unfamiliar with the lumber industry, they talk about some of my Party colleagues who spoke strongly against this measure as being babes in the woods, most of them representing urban ridings, they say. My colleague who rose before me and spoke on this matter appears to be patting himself on the back while saying: I know this business because I represent in the House a riding or a region where lumber is a major industry.

Mr. Speaker, how very strange, how very peculiar that the Hon. Member who uttered these words should go on to say: Hats off to the Government for signing the agreement, we will recoup $600 million and be in a strong position to help the forest industry. He made that kind of statement after telling us that his Government had signed a $300 million agreement with the Province of Quebec.

But that is the whole problem, Mr. Speaker, and the most eloquent proof that the Hon. Member from Chicoutimi (Mr. Harvey) knows absolutely nothing of the consequences of this major Bill, for this is precisely the reason why the political party I am a member of has denounced, denounces and will continue to denounce this initiative. Of course, if instead of investing them in the United States, Canada had had the choice, the freedom and possibility to do with these $600 million as it pleased, the critics from this side would have been a lot less caustic. But that is beside the point. That is not at all the result of this agreement. The result of this agreement is this: this 15 per cent export tax will cost our producers some $600 million. But what makes this problem particularly difficult is that the Canadian Government and the provincial governments will not be able to use this money as they please, meaning that they won't be able to spend or invest these large amounts of money in the areas of activity of their choice. That is the reason we say—and I think we have every reason to do so—that this is an extremely painful and serious blow to our sovereignty.

On the one hand, the Canadian Government, because it feared being imposed a burden heavier than this 15 per cent tax, has yielded to the United States. Mr. Speaker, I feel it has kowtowed to them, as a way of saying: Yes, gentlemen, we are going to do exactly what you want, we are going to collect this 15 per cent export tax, and we will try to convince Canadians that we are collecting, thanks to this agreement, $600 million which otherwise would have been spent in the United States. If we can, we will have them believe that because of this agreement, they are $600 million richer. That is utterly false. In order for that to be true, we would have to presume that Canada would have lost its case during the hearings which are held in the United States on similar issues.

Mr. Speaker, I find the situation of our trade relations with the United States all the more tragic since this is an issue of vital importance for Canadians and Quebecers. It affects 250,000 jobs in Quebec and nearly one million jobs in Canada. We just have to look at how many jobs are involved to see how important this is.

Mr. Speaker, what is frightening in the recent agreement is the precedent it could set. I believe that Canadians and Quebecers have every reason to be worried about the future.

I represent a riding which is a major lumber producer. Pulp and paper is also important in my constituency. I have the privilege to have in my constituency the dynamic Cascades group, the Kruger company and Domtar, which account for thousands of jobs and use wood products in their operations.

It is therefore quite reasonable to fear the worst, namely that in the near future, the Americans will tell us: Canada is sending us a product whose major component is wood. We are going to impose a tax to curtail exports of this product to our country, which is one of your best customers. I think that this will happen in the case of many other products and materials.

That is why the agreement signed by the Government should be rejected outright, not because of potential threats, but because of very real threats which will become evident within a few months or years.

Another thing which I find just as unfortunate is that the Canadian Government will be forced to interfere in areas of provincial jurisdiction in one way or another. The Canadian Government will decide how this money is distributed by telling the provinces: You cannot do such or such a thing with this money because, if you do, for instance to stimulate the forest industry, our agreement with the Americans could be denounced since our good friends, the Americans, have reserved the right to denounce the agreement with 30 days' notice.

What I am saying, Mr. Speaker, is that it is really sad and disastrous that the Government does not allow a more thorough, a more in-depth debate and has decided with that notice to curtail the debate in order to deliver the goods to their good American friends, and show them once again that Canada is just a tiny partner, and that this tiny partner is willing to do whatever the Americans wish in the end.

Mr. Speaker, that decision will have painful and dramatic effects in the long run, and thousands of jobs will be lost in Quebec as well as in every other province.

The problem may prove to be particularly severe in Quebec. My colleagues before me have described the situation as it exists in Quebec. The problems of the forest industry may have been overlooked these past few years. Massive investments will have to be made in that strategic area. The Government will have to do its share, but so will producers. They will have to contribute huge amounts of money. Producers will therefore be forced in a way to co-operate, to share in the reforestation process, and on top of that participation, they will have to pay the famous 15 per cent tax.

I don't think you have to be an accountant, an expert in that field to understand that lumber producers in Quebec, in the very short term, will be clearly powerless, will be at a clear disadvantage in comparison with other producers in other provinces.

That is another outcome of that Bill, Mr. Speaker.

A number of speakers have also dealt at length with the disastrous consequences of that agreement on the very important lumber sector.

In concluding, Mr. Speaker, I will once again urge all my colleagues in the ministerial team opposite to take a closer, deeper look at this matter. They will realize that this Bill will have other consequences, other impacts beyond the fact that the $600 million will stay in Canada rather than go to the United States. I believe that if they took the trouble to meet with producers, they would soon realize the painful and dramatic consequence or consequences of that agreement on those producers and on a very large number of jobs, as I said earlier. Some people have said that 250,000 jobs may be affected in Quebec.

• (1550)

[*English*]

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, I wanted to participate in the dying moments of the debate on this very important subject. It is interesting to note that today we had another example of a tough negotiator on the Government side. First, we had General Custer who is not here now, but she is probably somewhere. Today the Minister of Fisheries and Oceans (Mr. Siddon) gave us an example of his negotiating skill with the French Government. Look how tough he was, Mr. Speaker. He has given away everything.

Mr. Fulton: Fifteen thousand extra tonnes.

Mr. Rodriguez: That is right, 15,000 extra tonnes, and no agreement on conservation of the fish stocks. He just gave it away. That is really tough negotiating. The Minister for International Trade (Miss Carney) negotiated with the western premiers with respect to the National Energy Program. Even I could come out a winner if I gave everything away. She negotiated with the Governments in the Atlantic regions with respect to offshore resources. Anyone can come up smelling like roses if they are prepared to surrender certain interests like the national interests of the country.

My colleague, the Hon. Member for Essex—Windsor (Mr. Langdon) was saying to me that the way in which the Minister negotiated with the Americans was all political and she really gave up on this softwood lumber issue. I replied that there seems to me to be more to it than meets the eye. I thought what was really betrayed was the courage, conviction, perseverance and determination to stand firm when the interests of the nation are at stake. As a democratic socialist, I believe in the decentralization of political power and the evolution of federal powers. I think there are certain concerns which are vital to the existence of the nation. One of those concerns has to be our relationship with other countries. Another concern has to do with the natural resources of the country.

Mr. Vander Zalm, the Premier of British Columbia, obviously convinced the Conservative Government that his position should carry the day, which was that we should negotiate our rights. But, we cannot have a foreign power telling a sovereign nation how it is going to exploit its resources. We cannot have a foreign nation telling us what stumpage fees we are going to charge. We cannot have a foreign nation telling us which particular remanufacturing will be exempt and which will not, and how much tax we have to put on. No self-respecting nation would allow itself to be pushed around like that, but this Conservative Government did. The dangerous part about that is that a precedent is set. The Americans had a patsy negotiating with them, and once they found the soft spot they proceeded to push the Government around on softwood. What will be next, the Auto Pact?

Mr. Fulton: Steel and fish.

Mr. Rodriguez: Whatever.

An Hon. Member: Nickel.

Mr. Rodriguez: You have it, brother. The Conservatives have allowed themselves to be pushed around. They have allowed this to happen. John A. Macdonald is probably rolling over right now at the sad and sorry state to which the Conservative Party has fallen. For example, what came out of the initial ruling of the Commerce Department in the United States—

Mr. Fulton: October 16.

Mr. Rodriguez: —on October 16? It stated it was British Columbia and Ontario which was really subsidizing the softwood industry with low stumpage fees. The Atlantic region had the highest stumpage fees of the whole nation. There was some feeling even among the First Ministers when they met in the west on this issue that the Atlantic Provinces would be exempt from the 15 per cent export tax. But after General Custer finished negotiating at Little Big Horn in Waikiki, it turned out that the Atlantic region got included. Then there was a fight to get some exclusions and exemptions and who got exempted, Mr. Speaker?

Mr. Fulton: Irving.

Mr. Rodriguez: Irving is not exactly a struggling softwood lumber producer. I think it owns just about everything that is not planted and rooted.

Mr. Fulton: Or tied down.

Mr. Rodriguez: All the small and medium producers of softwood lumber in the Atlantic region are now subject to this 15 per cent tax.

Mr. Langdon: Ninety-seven of them.

Mr. Rodriguez: Ninety-seven in at least 40 single industry towns in the Atlantic region. There are all sorts of studies done about the single industry towns. Here is one particular situation where the Government has been digging the hole and acting as pallbearer for the single industry towns in the Atlantic region. One would get the distinct impression during this last week as we have been debating this particular Bill that we are pallbearers for those communities in the Atlantic region which depend on the softwood lumber industry. They are now subject to this 15 per cent. That is tough negotiating?

The Prime Minister (Mr. Mulroney) gave the ball to the Minister of State for International Trade. He said: "I have given her the ball. Watch her go". She took the ball and what did she do with it?

• (1600)

She said: "We looked the Americans in the eye and they blinked three times". As far as she was concerned it was a blinking contest. What has she done in the process? We had such a good case, one which we won in 1983. Right was on our side. Yet in this process of negotiation she even gave away our right to prosecute the matter before the GATT.

Surely, if it was believed that we were right and that we had won the case in 1983 then the response should have been: "I will see you in court, brother". The Minister said: "Blink, blink, blink," and it was gone. If we had such a good case then why did we not say to the Premier of British Columbia: "In the interests of Canada and our sovereignty, Mr. Premier, you just sit tight there in British Columbia. We are going to prosecute this case. The Americans are wrong. They are dead wrong in accusing Canada of subsidizing our softwood lumber industry."

I think we should have fought the case in court. We are now just whipped on the issue, and we will be whipped down the line on another issue while all the Government can do in terms of retaliation is pick on Christmas trees and books. Just look how tough we are. We sell $30 million worth of Christmas trees to the Americans and they sell us $1 million worth. What do we do? We are going to be tough and tax their Christmas tree imports into Canada. We are going to tax reading. That is Tory toughness. I think the Government should be ashamed of itself for having sold away the birthright of this nation with respect to this particular issue. It is a marshmallow government. I think it should be dismissed to the dustbin of history.

Mr. Fulton: As soon as possible.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Humber—Port au Port—St. Barbe (Mr. Tobin)—Unemployment insurance—Payment of benefits in Atlantic region. (b) Regional disparity; the Hon. Member for Parkdale—High Park (Mr. Witer)—External affairs—Lifting of sanctions against Soviet Union; the Hon. Member for Cape Breton—East Richmond (Mr. Dingwall)—Natural resources—Utilization of Nova Scotia and New Brunswick coal in Ontario—Request for study. (b) Request for government consideration.

GOVERNMENT ORDERS

[*English*]

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Miss Carney that Bill C-37, an Act respecting the imposition of a charge on the export of certain softwood lumber products, be read the second time and referred to a legislative committee, and the amendment of Mr. McDermid (p. 2601).

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: The question is on the amendment of Mr. McDermid:

That the question be now put.

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the yeas have it.

And more than five Members having risen:

Mr. Deputy Speaker: Call in the Members.

The House divided on the amendment (Mr. McDermid) which was agreed to on the following division:

(*Division No. 48*)

YEAS

Members

Andre
Attewell
Beatty
Belsher
Bernier
Bertrand
Binns
Blais
Blenkarn
Blouin
Bouchard
Bourgault
Brightwell
Brisco
Browes
Cadieux
Caldwell
Cardiff
Clark
(Brandon—Souris)
Clifford
Clinch
Coates
Collins
Comeau
Cook
Cooper
Côté
(Lac-Saint-Jean)
Côté
(Langelier)
Crofton
Crombie
Crosbie
(St. John's West)
Crosby
(Halifax West)
Crouse
Darling
Daubney
de Cotret
Desjardins
Domm
Dorin
Duguay
Edwards
Epp
(Provencher)
Fennell
Ferland
Fontaine
Forrestall
Fraleigh
Fretz
Friesen
Gagnon
Gass
Gérin
Gervais
Girard
Gormley
Gray
(Bonaventure—Îles-de-la-Madeleine)
Gustafson
Halliday
Hamilton
Hardey
Harvey
Hawkes
Hicks
Hnatyshyn
Hockin
Holtmann
Horner
Howie
James
Jepson
Jourdenais
Kelleher
Kempling
Kilgour
Kindy
King
Ladouceur
Landry
La Salle
Lawrence
Layton
Leblanc
Lesick
Lewis
Lopez
MacDonald
(Kingston and the Islands)
MacDougall
(Timiskaming)
MacKay
Mantha
Martin
Mayer
Mazankowski
McCrossan
McCuish
McDougall
(St. Paul's)
McInnes
McKenzie
McKinnon
McMillan
Merrithew
Minaker
Moore
Nicholson
(Niagara Falls)
Nickerson
Nowlan
Oberle
Oostrom
Pennock
Peterson
Pietz
Porter
Ravis
Redway
Reid
Reimer
St. Germain
Schellenberg
(Nanaimo—Alberni)
Schellenberger
(Wetaskiwin)
Scott
(Victoria—Haliburton)
Scott
(Hamilton—Wentworth)
Scowen
Shields
Siddon
Sparrow
Stackhouse
Stevens
Stewart
Tardif
(Charlesbourg)
Thacker
Towers
Tremblay
(Québec-Est)
Tremblay
(Lotbinière)
Tupper
Turner
(Ottawa—Carleton)
Van De Walle
Vankoughnet
Warner
White
Wilson
(Swift Current—Maple Creek)
Wilson
(Etobicoke Centre)
Winegard
Wise—142

NAYS

Members

Allmand
Althouse
Axworthy
Benjamin
Blackburn
(Brant)
Boudria
Broadbent
Caccia
Cassidy
Copps
de Corneille
Dingwall
Finestone
Foster
Frith
Fulton
Gagliano
Gauthier
Gray
(Windsor West)
Grondin
Guilbault
(Saint-Jacques)
Henderson
Hopkins
Hovdebo
Jewett
Keeper
Langdon
MacLellan
Malépart
Manly
McCurdy
McDonald
(Broadview—Greenwood)
Mitchell
Nicholson
(Trinity)
Nystrom
Orlikow
Parry
Penner
Pépin
Prud'homme
Riis
Robichaud
Robinson
Rodriguez
Rompkey
Rossi
Tardif
(Richmond—Wolfe)
Tobin
Toupin
Young —50

● (1640)

Mr. Deputy Speaker: I declare the amendment carried.

Mr. McKnight: I was inadvertently delayed in entering the Chamber. You were reading the question when I entered, Mr. Speaker, and respecting tradition and having decorum maintained in the House, I did not vote. I would have voted with the Government had I been here.

Some Hon. Members: Hear, hear!

Mr. Deputy Speaker: The next question is on the main motion. Is it the pleasure of the House to adopt the said motion?

Some Hon. Members: Agreed

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the yeas have it.

And more than five Members having risen:

Mr. Deputy Speaker: Shall I dispense with the ringing of the bells?

Some Hon. Members: Agreed.

The House divided on the motion (Miss Carney) which was agreed to on the following division:

(Division No. 49)

YEAS

Members

Andre
Attewell
Beatty
Belsher
Bernier
Bertrand
Binns
Blackburn (Jonquière)
Blais
Blenkarn
Blouin
Bouchard
Bourgault
Brightwell
Brisco
Browes
Cadieux
Caldwell
Cardiff
Clark (Brandon—Souris)
Clifford
Clinch
Coates
Collins
Comeau
Cook
Cooper
Côté (Lac-Saint-Jean)
Côté (Langelier)
Crofton
Crombie
Crosbie (St. John's West)
Crosby (Halifax West)
Crouse
Darling
Daubney
de Cotret
Desjardins
Domm
Dorin
Duguay
Edwards
Epp (Provencher)
Fennell
Ferland
Fontaine
Forrestall
Fraleigh
Fretz
Friesen
Gagnon
Gass
Gérin
Gervais
Girard
Gormley
Gray (Bonaventure—Îles-de-la-Madeleine)
Gustafson
Halliday
Hamilton
Hardey
Harvey
Hawkes
Hicks
Hnatyshyn
Hockin
Holtmann
Horner
Howie
James
Jepson
Jourdenais
Kelleher
Kempling
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Lesick
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MacDonald (Kingston and the Islands)
MacDougall (Timiskaming)
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Althouse
Axworthy
Benjamin
Blackburn (Brant)
Boudria
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Cassidy
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Finestone
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Frith
Fulton
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• (1650)

Mr. Deputy Speaker: I declare the motion carried.

Bill read the second time and referred to a legislative committee.

Mr. Benjamin: Five o'clock.

Mr. Lewis: Orders of the Day.

Mr. Deputy Speaker: Is it the wish of the House that we call it five o'clock?

Some Hon. Members: Agreed.

Mr. Deputy Speaker: Agreed.

Mr. Lewis: No. Orders of the Day.

Mr. Deputy Speaker: Orders of the Day.

Mr. Tobin: Mr. Speaker, I rise on a point of order. The Speaker rose to ask whether it was agreed that we call it five o'clock.

Mr. Lewis: I said no.

Mr. Tobin: Everyone in the House agreed. Some Members somewhat belatedly changed their minds. The Speaker has ruled. If Members are challenging the ruling of the Speaker, there is an appropriate way in which to do it, not by yelling "no" belatedly.

Mr. Deputy Speaker: We will proceed with Orders of the Day.

National Transportation Act, 1986

NATIONAL TRANSPORTATION ACT, 1986

MEASURE TO ENACT

The House resumed from Friday, December 19, 1986, consideration of the motion of Mr. Crosbie that Bill C-18, an Act respecting national transportation, be read the second time and referred to a legislative committee.

Mr. Deputy Speaker: When Bill C-18 was last before the House, the Hon. Member for Regina West (Mr. Benjamin) proposed an amendment which the Chair took under advisement. I have now had an opportunity to study the amendment. I am prepared to accept it and will therefore propose it to the House. Mr. Benjamin moves in amendment thereto:

That the motion be amended by deleting all the words after the word "that" and substituting the following therefor:

Bill C-18, an Act respecting national transportation, be not now read a second time but that the Order be discharged, the Bill withdrawn and the subject matter thereof referred to the Standing Committee on Transport.

[*Translation*]

Mr. Darryl L. Gray (Bonaventure—Îles-de-la-Madeleine): Mr. Speaker, very seldom do we have an opportunity to come to grips with part of our destiny, our future. In the area of transportation, the last major legislation, the last significant amendment was passed in 1967. So many things have happened during those 20 years, Mr. Speaker. Serious changes here in Canada, in Ontario, in Quebec, in British Columbia, changes in attitudes and significant changes in the way we negotiate with our neighbours, close and remote. Our products and methods of production also have changed.

Our whole history, Mr. Speaker, was already based on our ability to move around in the best possible way, in the fastest possible way, to best survive against the worst of elements. Transportation, Mr. Speaker, always has been the mortar of our national policy.

We depend to a great extent on our transportation systems more especially as a major part of our economic strength is based on the export of our products. The quality of our products, our costs and the reliability of our delivery systems can and should make the difference. So let us have the courage to ask certain questions, Mr. Speaker. Does Canada now have, and will it have tomorrow, the passenger and freight transportation systems required by those new realities?

Does Government approach to transportation problems correspond to recent changes, the last economic upheavals at home and in our other traditional markets?

Recently, our major economic partner has taken new steps in the area of transportation.

It is clear that we are under no obligation to copy what is being done by our neighbours to the south. It is also clear that we cannot afford to ignore the implications of decisions made by those neighbours. So much so, that nearly 80 percent of our external trade is dependent on them. Whether we like it or not, Mr. Speaker, that is a fact.

We have no intention of forgetting that fact. If we do not change, if we do not evolve, we might very well see a significant part of our external trade escape us, and it is rather more difficult to regain markets than to lose them.

Mr. Deputy Speaker: Order, please. It being 5 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

• (1700)

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*English*]

TRADE

UNRESTRAINED INTERPROVINCIAL TRADE

Mr. Dave Nickerson (Western Arctic) moved:

That, in the opinion of this House, interprovincial trade ought to be unrestrained.

He said: Mr. Speaker, it gives me considerable pleasure to rise to begin debate on this motion. It is probably one of the shortest motions on the Order Paper but that is certainly not on account of it lacking in importance. I must confess that I am an unabashed supporter of free trade. I firmly believe both in theory and in practice that it has been demonstrated that the unrestrained flow of goods and capital, and labour for that matter, results in the maximum benefit for the maximum number of people. In general, I think that concept is supported by most Canadians and by the Governments of those Canadians both at the provincial and federal levels. In general, they would agree with it but then go on to state they have certain exceptions.

The Macdonald Commission report, which was largely prepared under the auspices of the previous Government, was, of course, in support of free trade. The Government of Canada is in continuing GATT negotiations on a world scale. We also, of course, have very important bilateral discussions going on with the United States of America. The harmful effects of recent United States protectionist measures show how important it is that we get this bilateral agreement with the United States, our greatest trading partner.

However, I think it is time that we took a look at what is happening within our own borders, right here at home, right here in Canada. The initial concept of Canada, as we know it today, at the time of Confederation was that there would be a customs and commercial union. This was the idea espoused by the Fathers of Confederation. If we look at what was then the British North America Act of 1867, now renamed the Constitution Act, we see in Section 91, which gives the jurisdiction to the federal Government, that the federal Government was to have the exclusive jurisdiction over the regulation of trade and commerce. That was to prevent the various provinces, the former colonies, from making restrictions among themselves. Similarly, the Constitution of that

day gave jurisdiction in other areas along the same lines to the federal Government, areas such as navigation and shipping, bills of exchange, promissory notes, legal tender and patents. All that type of thing was put fully into the hands of the federal Government.

More specifically, in the Constitution of 1867, we should look at Section 121 which states: "All articles of growth, produce or manufacture of any one of the provinces shall, from and after the union, be admitted free into each of the other provinces". It is quite clear what was envisaged at that time, that is that there was to be a customs union and no restriction.

What has happened over the last 100 years as a result of special invested interest and "beggar-thy-neighbour" policies? I do not want to be too forceful because I know how some of these things come about. These types of policies were pursued by the provinces, often with the concurrence of the federal authorities. We now have a veritable mishmash of restrictive practices which have grown up. It is probably worse in the agricultural field. There are, I believe, 144 various marketing boards marketing agricultural products in Canada. If one is trying to sell milk from a province outside of Ontario into Ontario, it is almost impossible. It is the same in British Columbia with respect to pork and eggs, for example. I am familiar with the CEMA problems because the egg producers in the area I represent are unable to sell 60 or 70 miles across the border. It is impossible for them to do that and that is an unnecessary restriction on trade within our own country.

There are various subsidies set up in the agricultural field both federally and provincially. There are differential prices. The Liquor Commission of the Province of British Columbia has a 50 per cent mark-up on wines from British Columbia and 110 per cent mark-up on wines coming in from other provinces of the same country. Surely, that is not fair. The field of Government procurement is another very important aspect. For certain jobs in the Provinces of Quebec and Nova Scotia, no bids are even entertained from firms outside of those provinces. There are systems of provincial preference of one kind or another in most provinces of Canada. There are big differentials put into effect where I come from. We are one of the worst offenders. We have a bid differential in favour of resident companies when it comes to construction contracts.

With respect to provincial hiring practices, there is practically no province which is immune. There were special rules put into effect for the limestone project in Manitoba. Look at construction in Quebec. If one is not from Quebec, there is practically no way one can get a job on a construction site in that province. Work in the oil industry was reserved for Newfoundlanders in their province. There is unnecessary labour licensing legislation. Although we are now trying to make an effort at deregulation in transportation, the trucking industry is a veritable jungle of red tape.

There are all kinds of competitive giveaways and tax incentives to try to get people to locate in specific areas. Of course, there are the back-door methods such as the imposition of British Columbia's sales tax. If one has a construction job in British Columbia and one wants to move one's machinery, one has to pay a British Columbia sales tax. If it is only a two-week job, it is hardly worth-while. Those are the kinds of back-door methods being used.

The result of all this is a lack of competitiveness with Canadian industry and Canadian suppliers. It results in higher consumer prices to the eventual consumer. The cost of all the lobbying which has to go on to get these special favours has to be paid for by someone. A lot of these restrictive practices were put on with the effect of guarding employment within a certain area. However, the wider effect is to create more unemployment elsewhere. In general, it results in an inefficient allocation of resources which in turn results in lower over-all standards of living for Canadians.

How do we reverse this trend? How do we get back to the economic union envisaged by the Fathers of Confederation? First, it will take self-restraint on the part of the special interests involved. They should not look at their special daily interest, they have to be able to look further ahead and try to be fair to all Canadians. There must be self-restraint on the part of governments and legislators who really never like to say no to people. It might take the form of court action because I am sure a lot of these restraints are clearly contrary to Section 121 of the Constitution Act.

I have put forward a proposal which was put forward by the Canada West Foundation for an interprovincial trade commission made up of representatives of various provinces and the federal authorities. The reason for this would be for the negotiation to reduce all these unnecessary barriers. No one likes to say: "I am going to go first", so if we can do it in a co-ordinated way, the Canada West proposal for an interprovincial trade commission might work to our advantage.

• (1710)

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, first, I would like to begin my remarks by complimenting the Hon. Member for Western Arctic (Mr. Nickerson) for introducing this resolution. I think it is a useful contribution to debate in the House. Frankly, it is a resolution that should have been introduced much earlier. It has a major bearing on the broad discussion we have been having over the past 18 months or so with respect to the free trade initiative the Government has inaugurated with the United States of America. The two cannot be divorced.

The theory being put forward by the Hon. Member who argues for a greater sense of economic union is one to which we would all adhere. We all believe that it would be useful to have a clear examination of how we can reduce provincial barriers. From my experience as the Minister of Employment and Immigration I can certainly testify that the seeming irrationality of various labour licensing codes and professional codes from province to province totally impeded the movement of labour across Canada.

There is one thing which we should have learned from that experience, that is, why do we have this mosaic of different rules and regulations that provides preferences or allows differences from province to province? In large part they have emerged historically as a result of economic necessity and imperative. If the economy of a particular province is dependent upon a certain resource, whether it be the fruits and vegetables of the interior of British Columbia, or similar products in Nova Scotia, then it is important for those producers either to find a way of maintaining a market against all the odds of transportation, and sometimes geography, or going out of business.

The peculiar Canadian genus which has developed over the years has been a willingness to pay slightly more in order to maintain this curious amalgam of regions called Canada. It has been to say that we are not a derivative of the Adam Smith textbook, that in Canada, in some ways, we fly against the logic of the economic theorists, whether they be the 18th century Adam Smith or the 20th century Donald Macdonald. The fact of the matter is we fly against that logic and maintain ourselves accordingly.

The reason I say that those are important factors is because if the objectives set forward by the Hon. Member to reduce provincial barriers is to be taken legitimately, then we must recognize that the problem has been compounded geometrically by the initiation of the negotiations with the United States. Not only has that placed an initial burden on each of the provinces to try to reconcile its differences with its neighbours, they must now reconcile their differences with their American competitors. We saw such an example of that raised in the House today. There were members of the New Democratic Party, the Liberal Party and the Conservative Party who stood up to try to protect the interests of the Christmas tree producers in the Province of Nova Scotia. Why? Because they recognize that it is an important industry in that province and that it needs to be represented. However, what we know as a result of dealing with the free trade negotiations is that there are a couple of central issues at stake.

The first issue is that the major American objective is to have a good go at our subsidy programs. That was certainly the case when I met with a senior trade negotiator two weeks ago in Washington. He very clearly told me that the issue comes down to one thing. We have been told by the Americans: "We do not like the way you subsidize your industries. We want you to get rid of those subsidies." That means freight rates in the Maritimes and the marketing boards in British Columbia. It means procurement policies in Manitoba. We are told that we have to wipe those out. We have been told by the Americans: "If you want to change our countervailing policies and laws, if you want greater access to our markets, then you will have to be prepared to accept the elimination or reduction in the type of programs and policies that ensure or have maintained the regional vitality of Canada". We have been told that we cannot have a maritime freight rate or a vegetable or fruit marketing board in British Columbia under the concept of free trade with the United States. The Americans are insisting upon the principle of national treatment.

By the way, this is a principle that has been accepted by the Prime Minister of Canada (Mr. Mulroney) in two of his major official statements on free trade. Once that is accepted as a principle then it must be said: "You cannot discriminate against the activities or entrepreneurs in the United States by giving preference to someone in Nova Scotia, Ontario, Quebec or British Columbia". So we have thrown a real curve ball at the fruit and vegetable producers of British Columbia, the brewery workers of Nova Scotia and the corn producers of southern Ontario by saying that they can no longer have any form of preference, advantage or discrimination in terms of local industry.

In presenting his resolution promoting a national economic union, the Hon. Member must do so with the immense overarching knowledge that that union is very much threatened by the integration into a continental market. That continental market carries with it certain fundamental principles which basically eliminate, or have the potential to eliminate, the 120 some-odd years of development that have allowed us to maintain a regional balance in Canada.

I see the new Member for Pembina (Mr. Van de Walle) is here in the House. I know that he is interested in the question of the use of Alberta coal in Ontario Hydro proposals. It makes a great deal of economic sense for British Columbia and Alberta to move clean coal into southern Ontario for hydro purposes. But it cannot be done under the free trade negotiations. I say that because the Americans say: "How can you provide a preferential rail rate to move western coal to Ontario and discriminate against the movement of coal from Ohio, Indiana or West Virginia?" It is forbidden. It cannot take place.

If the Hon. Member is sincerely interested in pursuing the very difficult but necessary objective of trying to reduce the barriers between provinces, then I say to him: Why add on to that the incredible weight of having to cope with the elimination of all our regional programs and initiatives by negotiating an economic integration in the entire North American continent? I have nothing against dealing with the United States on trade issues. As a Minister I was part of those negotiations. I negotiated the new air pact—

Mr. Forrestall: You ignored it for years.

Mr. Axworthy: I did not. I was responsible for breaking through the negotiation on new air routes to the benefit of the province from which the Hon. Member for Dartmouth—Halifax East (Mr. Forrestall) hails in terms of opening up routes into Boston and the New England markets. But we did it on a one-by-one basis. We did not make the kind of commitments to the principle of national treatment that placed at threat the Maritime Freight Rates Subsidization Program, the marketing boards and the specific procurement policies that allow this country to give certain incentives to our own industries on a regional basis.

That is the real issue at stake here. Until the Government is prepared either to develop an effective regional development program, as opposed to cutting back to the tune of $600 million or $700 million as has been done over the past two years, while at the same time ensuring that there is an effective program for adjustment for the industries and workers affected, then we cannot make those changes. Rather than knocking out the Canadian Industrial Renewal Board, the Labour Adjustment Benefits Program or the Community Futures Program that allow industries to meet competition, rather than wiping those out and leaving people naked to deal with the change, we cannot make those changes. We cannot go about taking away the livelihood of people, destroying communities and pulling out the regional props and say that we will do absolutely nothing to provide for an adjustment or transition in between.

• (1720)

The Hon. Member's resolution is inadequate. It does not complete the statement. The statement is that in order for the Government of Canada to fully support the reduction of interprovincial trade barriers, the Government of Canada must also ensure a fair and equitable distribution of regional economic opportunity and adjustment programs to ensure that there can be transitions. Then the Provinces of British Columbia, Nova Scotia, or Ontario will be interested in negotiation. If those programs are wiped out and there is nothing in return, the type of progress that we would all like to see in reducing interprovincial trade barriers will not take place.

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, the motion before the House is short and sweet, and perhaps one might say a little simplistic:

That, in the opinion of this House, interprovincial trade ought to be unrestrained.

When the Member for Western Arctic (Mr. Nickerson) raised this question, what occurred to me first was: Is he really calling for exactly this type of unrestrained market system across Canada? If so, what will that do to many of the privileges presently built into our legislation to assist the Arctic areas? These systems create certain tax advantages which attempt to offset the geographic problems which exist. When the Member has a chance to comment further on some of the points raised I would be interested in his capacity to say "Yes, I am prepared to see my region suffer because of the unrestricted, beautiful market system which I want to see operating."

I think that hidden in this vision of a complete market system are very serious dangers which would not only damage what we have historically built in this country, but damage a great many people. For instance, our social progress has come province by province. That is part of the reason that we have a patchwork quilt system of different regulations and structures in different provinces. This capacity has allowed provinces to experiment and put into place new systems of social and economic relationships which, in the end, has benefited Canadians a great deal.

For example, tremendous differences in approach were taken with respect to pay equity and to affirmative action in the different provinces as they affect the women of Canada. The Province of Manitoba has taken a different position and is experimenting with different approaches than the Province of Quebec followed in the past. The Province of Ontario is now experimenting with systems which are again different than those in British Columbia. That is part of the value of the provincial structure that we have in Canada that permits us to experiment and compare different approaches in different contexts.

I am sure the Hon. Member himself, and many Members of the House recognize that there are parts of the country which are far less advantaged than the part of Ontario which I represent. The economic development of those parts of Canada also must be encouraged by specific measures which try to run in the face of the normal push of the market which would leave those parts of Canada as disadvantaged, and perhaps even more disadvantaged in the future.

There are experiments taking place in Yukon under the New Democratic Party territorial government that has been established there. For the first time, it has established a strict policy of local purchase for quite a number of its needs in Government. This has led to considerable increases in local jobs, local production, and to a new sense of economic growth and expansion in Yukon which I applaud.

From my trips across Canada two years ago with the action group of the federal New Democratic Party, I have a sense of the dreams that many Canadians have of being able to have a much greater sense of local control, a much greater handle locally on what is happening to them and to their economy, whether it is shipbuilders in Saint John, fishermen in Newfoundland, carpenters in Saskatoon, groups who have formed co-ops in British Columbia, or municipal development corporations. These groups at the grass roots have attempted to build in their locality a sense of something that they can do about the economic problems which face them. It worries me that an expression of opinion which says that the market system should rule supreme would very much undercut their dreams and their hopes for the future.

Picking up here on one of the positive points that the Member made in his introduction to his motion, I think it is important that we have more integration of our economy. For us to do that, we have to plan for it in co-operation with the private sector for the development of high technology sectors in certain parts of the country. We have to shape our transportation system so that western coal, for instance, does serve Ontario Hydro, and so that Cape Breton is producing steel for CN across Canada. That type of planning is the antithesis of the unrestrained market system which I think has been put before us in this motion today.

• (1730)

I think if we as Members in this House of Commons want to reflect somehow on the dream that most Canadians have, that dream has to be a dream in which we build our country from the bottom up, through planning, through organization, not through some kind of market based unrestrained allocation of resources.

Mr. Epp (Provencher): There is a guy who doesn't trust anybody. He thinks the Government can better do for them than what they can do for themselves.

Mr. J. M. Forrestall (Parliamentary Secretary to Minister of Regional Industrial Expansion): Mr. Speaker, I must at the outset of my remarks in response to the intervention this afternoon by the Hon. Member for Western Arctic (Mr. Nickerson) say that I regret very much the literally supercilious argument that we have had from the socialist in this Chamber. He waffled and was on all sides of the question. He was in favour of a great Canadian community but "By God, we have got to plan it. We can't trust anybody to do it himself. Don't trust the private sector".

What did the distinguished Member for Winnipeg—Fort Garry (Mr. Axworthy) say? Just as my socialist friend, he was on four sides of the question. I lost track when he was waffling through the third one. Where was he for 20 years? Where was the Liberal Government for the last 20 years except asleep at the switch? Let there be no equivocation whatsoever, this Party stands for free interprovincial trade. We stand for the removal of the barrier, the lowering of the difficulties that frustrate interprovincial trade.

Mr. Langdon: Especially in Newfoundland.

Mr. Forrestall: I am pleased to speak on behalf of the Minister of State for Small Business and Tourism (Mr. Valcourt) who, God love him, if he is watching, I hope is resting comfortably. He is in hospital with some minor difficulties. Bernie, I will do my best. I am pleased to report on his behalf that he and his provincial colleagues, Ministers responsible for regional and economic development, met last October to discuss this very issue. They did agree in principle. Unlike my socialist and Liberal friends, there is some common sense among our provincial counterparts with regard to a very substantial program, substantial in the sense that it is an historic first step. We will recommend to the First Ministers the putting in place of mechanisms to begin to deal with the questions raised by the Hon. Member for the Western Arctic.

The Minister will recommend to Government and through the Government to the First Ministers the establishment of a priority short list that will really move this question off centre, off the base it has apparently been stuck on for some years. We will start with Government procurement policies. We will look particularly, for example, at liquor regulations that cause enormous problems between the provinces.

If the First Ministers accept these recommendations, and I would hasten to add that recent events encourage us to believe that this will be the case, the federal and provincial Governments will be embarking on a very historic process of reducing barriers to interprovincial trade for the first time. This process will bring long-term benefits for all Canadians by stimulating growth and encouraging a dynamic and a relatively more competitive economy.

The agreement which was reached on October 29 has, as its origin, a recognition by the federal and provincial Governments that increasing interprovincial trade can be an important means for stimulating regional development. With access to the larger Canadian market, competitive firms will be encouraged to grow and become more competitive. This is particularly important to firms located in the less populous regions of the country where markets are often too small to support an economically viable operation. For such firms, ensuring freer interprovincial trade could well be crucial to their continued growth.

Encouraging interprovincial trade will also encourage the development of a dynamic and competitive economy. That is, after all, what we are after. Entrepreneurs in all parts of the country will have greater access to the wider Canadian market. Those with the ability and ambition to take advantage of the opportunity will become those entrepreneurs who will be our success in the future.

Encouraging the development of competitive and dynamic businesses is essential to Canada's long term economic well-being. We are, as we all know, heavily dependent for our well-being on our ability to export and on our ability to compete in foreign markets. In today's world, foreign markets are increasingly competitive. Only the most competitive suppliers can succeed. For our own good, we must encourage Canadian firms to become competitive internationally. How better to do this than by first encouraging Canadians to become more competitive within Canada. But to do this, Canadians must first have access to as wide a market as possible within Canada. When I talk about market, I refer to the topic areas that range through the whole spectrum of our culture and economic well-being. They range and touch upon everything.

On this subject of international trade, I should note in passing that the said practices that result in barriers to interprovincial trade also result in barriers to international trade. Consequently, some of them will arise in the context of our trade negotiations on an international basis. I would like to emphasize, and I am sure the Minister would want me to do so, that we are concentrating on the domestic effects of these practices rather than on their role in the international trade discussions.

The Minister for International Trade (Miss Carney) will be dealing with their effect as barriers to international trade in another context and at another time. Needless to say, whatever happens on the domestic front, Mr. Speaker, and this is the point we are trying to make, will be of importance on the trade front, just as the trade negotiations will have to be factored

into whatever we do in terms of international barriers. Consequently, the Minister of State will be working closely with the Minister for International Trade to ensure that we achieve compatible results in the international and domestic aspects of this question.

The current international trade talks have focused attention on barriers to interprovincial trade. People have, quite rightly, argued that we must put our own house in order if we are to negotiate closer trade ties with other countries. Reducing barriers to interprovincial trade is one way of putting our own house in order, so to speak, as we enter international free trade discussions.

While the connection with international trade talks is important, I do not want to leave the impression that this is the only reason we are pursuing this subject. Quite the contrary. Barriers to interprovincial trade predate the trade talks as an issue and have repeatedly arisen in many other contexts. Such barriers restrain economic growth, raise costs to consumers and hinder the development of competitive Canadian suppliers. We must work to reduce barriers to interprovincial trade come what may on the international free trade talk scene.

In embarking on this consultative process, all provincial Governments have demonstrated a great deal of goodwill. They have recognized that we as Canadians must work together to ensure our mutual prosperity. Discussions have taken place in a cordial and co-operative atmosphere. The provincial Governments are to be commended on the positive approach which they themselves have brought to these discussions.

The federal Government has also been an active participant in these discussions. I intend to continue to participate in support of my Minister on behalf of the talks that are going on. I would urge members of this Chamber to commend the Member for Western Arctic for his beautifully simplistic statement. We must work toward the removing of interprovincial trade barriers and we, as a Government, have pledged to do that.

[*Translation*]

Mr. Darryl L. Gray (Bonaventure—Îles-de-la-Madeleine): Mr. Speaker, I would also like to add a few words to this debate.

I would first like to mention that I am very pleased to have as much as ten minutes of time, and not only three minutes, as was the case earlier.

Mr. Speaker, I shall begin by congratulating my hon. friend for the Bill which he introduced in the House this afternoon. To my mind, it is a very important Bill for the federal Government as well as for the provinces of eastern and western Canada.

Mr. Speaker, I believe also that my hon. friend has put an important question. For several years now we have been talking about Canadians and Quebecers. I am a Quebecer and proud of it, but I am also a Canadian and therefore proud to be a Canadian from Quebec.

With regard to the Bill which is before us this afternoon, we knew the obstacles beforehand, but we must be aware of the fact that in each province of our beautiful country, whether in the Gaspe Peninsula or elsewhere, jobs are important to us.

Sometimes we tend to say that the Gaspe region is where we want to live and the jobs we want saved are those we have at home. Well, that is what we want, Mr. Speaker, and that is what I am working for.

But we are looking further ahead with a plan of action for our future: that is what we aim to do, and that is why we were elected in 1984. Canadians had had enough of the former Government.

Once again I want to congratulate my colleague for introducing this motion. As I pointed out earlier to the Hon. Member for Dartmouth—Halifax East (Mr. Forrestall) when he said "we are prepared to hold consultations with the provinces", I would suggest that the fact this process is already under way is indeed very significant, Mr. Speaker.

A few examples might be in order. I am sure that the example of the sidewalks conveys a message to us, to our constituents, and to all Canadians. As you may recall, because the paving materials had been bought in a neighbouring province, the municipality had to demolish the sidewalks. Here is another example, Mr. Speaker. The Hay River Dene band was considering setting up a commercial egg producing company, and the only way it could have shown a profit would have been to get access to the egg markets outside the Northwest Territories. However, not being signatory to the first egg marketing agreement reached in 1967, the Territories will not have a quota and the company will be allowed to sell its products only within the Northwest Territories market.

Mr. Speaker, if Canadians, Hay River Denes or others want to market their eggs in Quebec or the Maritime Provinces, as a federal Member, as a Canadian and as a Quebecer I would suggest that they be allowed to sell their products anywhere they want in this country.

Mr. Speaker, there is another aspect to all this. We know that interprovincially the more we buy at home and the freer we are to shop at home or elsewhere, the more buoyant our economy—and it has been a thousand times more buoyant since 1984. The stronger our economy, the more jobs we create on a national, provincial and regional basis.

As you know, Mr. Speaker, each province has its own marketing board. I would not want the federal Government to disturb existing programs.

I am asking this House and this Government, as well as my hon. colleague, to work in co-operation. This is what we want to do; it is our formula for success in Canada.

In closing, Mr. Speaker, I would like to say that, in addition to the economic importance of these proposals, it will be because of Canadian solidarity that our country and we ourselves as citizens will grow stronger. Think of what has

happened in the past and look at our discussions and negotiations with the provinces, and that does not necessarily always mean good or positive things—I could speak longer on this subject. If we take another example, such as transport which was mentioned earlier, the rules change from province to province. This is illogical, Mr. Speaker. However, I understand that the provinces have agreed to discuss the matter and to try to improve our economy and our society for the good of Canada.

• (1740)

[*English*]

It is time for each of us in the House of Commons, regardless of Party, to look at this question because it is important to Canadians. It is important that we can negotiate between provinces. Interprovincial trade is important to the Dene band in Hay River, to the people on the Gaspé, to the people in the west, to the people of British Columbia, to the people of the Maritimes and to the people of Nova Scotia. The secret to our success is working together as good Canadian citizens.

Mr. Chuck Cook (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, I am more than delighted to have an opportunity to speak to this particular motion. I will vote for it if it does come to a vote because it is a move in the right direction. I am a western Canadian. In fact, I come from the far west. I have watched what has been happening in this country for a lifetime. The fact that central Canada is so favoured by freight rates quite frankly appals me.

We in Canada talk about unity. We talk about the country being unified and about all of us working together. That should include everyone. I have several examples of inequities I would like to cite.

A farmer with a farm in Saskatchewan and an egg ranch in Alberta was not allowed by the Canadian Wheat Board to move his own grain from Saskatchewan to Alberta to feed his own chickens. Is that free trade? Flour mills basically no longer exist in western Canada because it is much cheaper to ship grain to eastern flour mills than it is to ship flour. There is nothing fair about that whatsoever. The rate on flour should be the same both ways. Freight rates must be part of the issue of free trade. That an egg farm in the Northwest Territories cannot ship eggs anywhere in Canada it can compete I find offensive as well.

Let us talk about marketing boards for a moment. They have been mentioned and looked on with favour by some of my political opponents. Why is there no one who speaks for the consumers? Quite frankly, marketing boards increase the cost of everything to consumers and I defy any marketing board to deny that statement. In effect, marketing boards subsidize the inefficient producer. That was the case with egg marketing, milk marketing and many other areas in my Province of British Columbia. I am against them. They achieve nothing except to subsidize the inefficient.

• (1750)

My home in Vancouver is within an hour's drive of the City of Bellingham, Washington. The difference in prices between those two cities is intolerable in many respects. I will give you one concrete example dating from a few years ago when I became interested in the issue. A major manufacturer of paper products, Westminster Paper Products, is located in New Westminster, British Columbia. The paper towels they manufacture can be bought in Bellingham, Washington, for something like 40 per cent less than in Vancouver. They are manufactured in my city yet they charge me more than they do 50 miles away in Bellingham, Washington.

I inquired as to why. The reason was very simple, they said. In order to have a Canadian market they add the freight rates on in Canada, equalize the price, and sell the product for exactly the same in Toronto as they do in Vancouver and other regions of the country. Of course, export sales are a different matter. That is all very good except for one thing. If you were buying an automobile in Ontario at that time it was $300 less than it would cost in Vancouver. It suddenly occurred to me that there is something manifestly unfair about that because if our manufacturers equalize their rates and charge the same price across the country, why are we paying that extra amount in Vancouver? Perhaps General Motors should equalize its rates and allow those who buy cars in Ontario next to the factory to subsidize those who are further away. Yet that does not happen. There are many examples of this kind of thing where free trade does not truly exist in Canada.

Another small example. Why can we ship our cattle to eastern feedlots at a very low freight rate, yet if we want to ship dressed beef from our own feedlots in refrigerated cars to eastern Canada the freight rate makes it almost impossible to do so? We are talking about free trade now so let us talk about free trade and economic freedom for the west. Rail freight rates are a major issue in that respect. For years and years and years in the City of Kamloops, about 160 miles into the interior from Vancouver, if you wanted to ship two-by-fours to eastern Canada the freight rate was structured in such a way that it was cheaper to ship the lumber all the way to Vancouver and then turn around and ship it to eastern Canada. Kamloops did not get the benefit of the lower rate directly.

If we want this country to work, if we want to discuss free trade with any intelligence at all, we have to look very closely at not only federal but provincial marketing boards. Who do they really help? Believe me, they do not help the consumer and it is about time we stopped using marketing boards to subsidize inefficient producers who should not be in the business at all because they do not know what they are doing. As long as we allow them to exist, no one is looking after the consumer's interests. As someone who represents consumers, I would certainly like to see a lot more protection for them.

Let us turn now to the alcohol business. I do not think there is any doubt at all that if there had not been provincial protection across this country, there would be very few breweries in Canada. In any event, all of them would be

located in eastern Canada. I am not so sure that is bad. I believe my friend, the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy), mentioned the Maritimes and beer. Obviously he is not aware that Moosehead beer out of the Maritimes is sold all over North America and extremely successfully. That company knows what it is doing. It has good business people. If you are running an inefficient brewery, if you do not know what you are doing, why are you in the brewery business? We have breweries in British Columbia that can compete with any in the world and should be allowed the same right across this country.

Again, so many of these things have built up over the years. There is such a patchwork of regulation that it will be a terrible job to get back to where the efficient survive and do well and the marginal producers who really do not know what they are doing are forced out of business. Market forces will do that. More than that, I believe the role of Government is to ensure safety and health standards, but when you have to pay hundreds of thousands of dollars in order to obtain a quota for some product, that is where the problem begins. The simple fact is that it is the consumer who is paying that money and it is about time someone spoke up in favour of consumer protection as opposed to inefficient producer protection.

Mr. Sid Fraleigh (Lambton—Middlesex): Mr. Speaker, I first want to express the view that I am glad eastern Canada did not get blamed for the number of breweries we have in the country. Second, I want to tell the Hon. Member for Western Arctic (Mr. Nickerson) how pleased I am to be able to participate in this debate.

At the outset I want to say that Governments at both levels have been paying lip service to a reduction in interprovincial trade barriers for as long as I can remember. For those of us who come here from industry and who happened to be involved in industries which are vitally dependent upon interprovincial trade, this has been an almost insurmountable road-block. We as Canadians are being urged to become more competitive so that we can take our rightful place in the world in bilateral and multilateral trade with the U.S. and the rest of the world. Yet we have all these road-blocks thrown in our way in our own country. In a nation as large as ours, regional disparity is a fact of life. It is a problem we have to address and there is no doubt about that. Unfortunately, the way we have chosen to attack that particular problem in many cases impacts on the way we do business across the country.

• (1800)

I see you signalling, Mr. Speaker, just as I was getting started.

Mr. Deputy Speaker: The hour provided for the consideration of Private Members' Business has now expired.

[*Translation*]

Pursuant to Standing Order 42(1), this item is dropped from the Order Paper.

Adjournment Debate

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

UNEMPLOYMENT INSURANCE—PAYMENT OF BENEFITS IN ATLANTIC REGION. (B) REGIONAL DISPARITY

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, on October 14, 1986, I put a series of questions to the Prime Minister (Mr. Mulroney) regarding the recommendations of the Forget Commission, recommendations which would see the Government of Canada cutting the sum of $3 billion from the Unemployment Insurance Commission fund, with some $727 million coming out of the Atlantic Canada economy. I asked the Prime Minister to give the House and Canadians the position of the Government of Canada to the report of the Forget Commission. At that time the Prime Minister said that the report had not been tabled, that it was not formalized, and that therefore he could not speculate on what indeed would be the response of the Government of Canada.

It is a matter of common knowledge that the Forget Commission report has been tabled for some months, since the end of November. The House and the people of Canada have still not received from the Government of Canada a response to the recommendation to cut some $3 billion from the UIC fund and, more specifically, to cut three-quarters of a billion dollars out of the economy of Atlantic Canada alone.

The Government has now had a matter of months to study the report. I would like its formal response to what I would call Draconian recommendations.

The other matter I raised was the whole question of a government strategy or policy to deal with regional disparity in the country. On October 14 the Prime Minister indicated that he was going to Charlottetown to meet the provincial Premiers and hoped to initiate a new day of consultation, co-operation, and discussion to ensure that a regional development policy was forthcoming soon. That was in October; much water has gone under the bridge since then, and we still see no regional development policy. We certainly have not seen the dawning of a new day of consultation and co-operation.

The fact of the matter is that even today in Question Period there were some very strong and angry questions being asked about the actions of the Minister of Fisheriess and Oceans (Mr. Siddon) who proposes to sign an agreement or a protocol with France on fish stocks off Saint Pierre and Miquelon, which will have the effect of denying to Newfoundlanders their traditional and historic right to catch fish in Canadian waters.

That agreement was signed without consulting any Atlantic Premiers, the unions of Atlantic fishermen, Members of Parliament from Atlantic Canada, or even, we have been told today, cabinet members from Atlantic Canada. If that is the

dawning of the new day of consultation and co-operation in federal-provincial relations, then God forbid that this new policy should ever mature beyond the present mess which was exhibited today by the Minister of Fisheries.

We will not let the matter die. Again I ask the Government: What is the formal response to the report of the Forget Commission? Will it attempt to balance the books on the backs of the people who can afford it least? Is that the policy of the Government, or is it something else? When will the Prime Miniser and this administration recognize that, beyond the borders of southern Ontario and the growth centres, people in the extremities of the land are suffering unbearably high unemployment. People are asking that their existence be recognized. People are asking that a policy for all Canadian citizens, not only some of them, be developed.

Will we see co-operation, consultation, sensitivity, and caring from the Government which would prevent the kind of brutal and insensitive decision taken by the federal Minister of Fisheries in the absence of any consultation with Atlantic Canadians, a decision which resulted today in otherwise intelligent and rational people calling open-line programs in Newfoundland and talking about having a referendum on getting out of Confederation just as we had a referendum on getting into Confederation. That kind of talk is not the answer and I do not endorse it, but neither do I endorse the kind of arrogant action by a federal Government that would give rise to that kind of arrogant reaction and anger. We expect an answer.

• (1805)

Mr. Gordon Towers (Parliamentary Secretary to Minister of State for Science and Technology): Mr. Speaker, on behalf of the Minister of Employment and Immigration (Mr. Bouchard) I wish to respond in greater detail to the question of October 14 from the Member for Humber—Port au Port—St. Barbe (Mr. Tobin).

The objective of the Commission of Inquiry on Unemployment Insurance was to study thoroughly and impartially the unemployment insurance program and make recommendations to the Government to improve and simplify the program.

In the past few years, the Macdonald Royal Commission, the House Commission in Newfoundland and other studies have reviewed the unemployment insurance program. The recommendations of these several studies are not compatible in many instances. They were studies that were prescribed by the Liberal Party of Canada.

The Government does not endorse the Commission of Inquiry's or any individual report and will not respond directly and specifically to the details in them. All these reports, however, will be used as references in the Government's consideration of unemployment insurance.

Unemployment insurance in its present form is imperfect and adjustments are required. Our objective, as stated in the 1985 Budget, is to improve and simplify the unemployment insurance system to make it fairer and to ensure that it encourages opportunities in the labour market.

I want to emphasize, as did the Minister of Finance (Mr. Wilson) in his Budget in May, 1985, that our purpose is not to reduce federal contributions to the unemployed. The main objective of unemployment insurance will always be to provide temporary income protection for unemployed workers. The unemployment insurance program should also be able to enhance work incentives and prospects for long-lasting and productive employment. The Government has embarked on such a program.

The Government will listen to the public debate that will follow these studies and will return to the House by May 15 with the Government's proposals.

Mr. Tobin: Point of order, Mr. Speaker.

Mr. Deputy Speaker: There are no points of order. The Hon. Member for Parkdale—High Park (Mr. Witer).

EXTERNAL AFFAIRS—LIFTING OF SANCTIONS AGAINST SOVIET UNION

Mr. Andrew Witer (Parkdale—High Park): Mr. Speaker, the announcement that the Canadian Government decided to restore cultural, educational, scientific and technical contracts with the Soviet Union led me to question the Secretary of State for External Affairs (Mr. Clark) as to the reasons for his decision and the timing of the announcement. As my hon. colleagues will recall, the sanctions were imposed in order to censure the Soviets for their invasion of Afghanistan.

The Minister responded to my question by stating that while the sanctions were successful when first imposed, it was time to consider using other instruments in order to change the practices of the Soviet Government. He has stated his belief that sanctions against the U.S.S.R. do not work.

Almost simultaneously, the Minister has imposed sanctions against South Africa and on numerous occasions has stated his belief in their effectiveness. This would appear to be a contradiction and I would welcome the Minister's further elaboration on why sanctions work against South Africa and not against the Soviet Union.

If we accept the premise that sanctions were originally imposed to lend moral weight to our opposition to the Soviet invasion and illegal occupation of Afghanistan, then the question is raised: have circumstances in Afghanistan improved to warrant withdrawal from our earlier position? I submit that circumstances have not improved in Afghanistan since 1980. As a matter of fact, they have worsened significantly.

The United Nations Human Rights Commission, Amnesty International, and Helsinki Watch have all reported numerous documented human rights violations and that violations by the Soviet and regime forces continue on a massive scale. The Soviets have mounted reprisal attacks and an indiscriminate air and artillery bombardment. The use of anti-personnel

mines has been widespread. Bombs have been concealed in pens, soap, matchboxes and bundles of bank notes. For more than a year now we have had proof of the most horrendous of their activities, the use of butterfly shaped bombs disguised as toys whose primary target are children.

• (1810)

Canada's Ambassador to the United Nations, Stephen Lewis, has stated: "It is inconceivable that in 1986 any invading army, no matter what the circumstances, no matter what the provocation, would use such weapons against innnocent children. But it is being done. It suggests a sickness equivalent to depravity".

There is no question that Afghanistan has become one of the great horrors of our time, a scene of devastation, torture, massacre and famine. Surely, in light of the Soviet Government's role in these atrocities, Canada should be considering strengthening our stance in opposition to the U.S.S.R., not weakening it. The United Nations has put the number of official political murders at 12,000 and disappearances at 9,000. Amnesty International adds another 4,500 unofficial "liquidations". About one half millon people have been reduced to a state of famine. Total casualties amount to over one million while 4.5 million refugees have fled the country. These figures are appalling, yet the international community seems to be reluctant to intensify pressure against the aggressive and repugnant tactics adopted by the Soviet Government. The United Nations Human Rights Commission Report of February 1986 sums up the situation. It concludes: "Continuation of the military solution in Afghanistan will lead to a situation approaching genocide".

It is clear that Canada must not forget with whom we are dealing. To suggest that the pursuit of normal relations with the Soviet Union will allow us to exert a more effective influence on the Soviets *vis-à-vis* Afghanistan, is to, and I quote from the Minister's own statement at the CSCE Conference in Vienna: "—forget that one participating state, U.S.S.R., has over the past seven years violated virtually all principles guiding relations between states".

The time for questioning the effectiveness of sanctions has passed. Canada has a duty and responsibility to uphold sanctions until such time as the Soviets cease their illegal occupation of Afghanistan.

The Secretary of State for External Affairs in answer to my question stated that sanctions have helped to galvanize world opinion on Soviet atrocities in Afghanistan. He was correct in this assessment and I urge him to once again focus international attention on the abhorrent situation in Afghanistan by setting an example of Canadian commitment and opposition to Soviet aggression. Canada has a moral obligation to do so.

In accepting the Nobel Peace Prize last year, Elie Wiesel said:

> We must always take sides, neutrality helps the oppressor, never the victim. Silence encourages the tormentor, never the tormented . . . When human lives are endangered, when human dignity is in jeopardy, national borders and sensitivities become irrelevant. Whenever men and women are persecuted because of their race, religion or political views, that place must, at that moment, become the centre of the universe".

Will the Minister accept this noble challenge on behalf of Canada? And will he act to ensure that Canada's opposition to the unconscionable Soviet occupation of Afghanistan is expressed by strong and tangible action? Will he reimpose sanctions against the U.S.S.R.?

Mr. J. M. Forrestall (Parliamentary Secretary to Minister of Regional Industrial Expansion): Mr. Speaker, I know of no Minister more aware of the cowardice of the neutrality position than the present Secretary of State for External Affairs (Mr. Clark). I welcome the Hon. Member's intervention and his expansion on his earlier question.

• (1815)

In response to the Soviet invasion of Afghanistan the Government did in fact introduce, in concert with similar actions by our NATO allies, sanctions designed to demonstrate our condemnation of this unjustified act of military aggression. As was stated before by the Secretary of State for External Affairs: "These sanctions were successful at the time because they helped galvanize world opinion against the Soviet actions in Afghanistan". They were also intended to warn the Soviet Union against further adventures of this kind.

It is clear, though, that by their very nature many of these sanctions could only be temporary since high-level dialogue, wider contacts and greater co-operation are all necessary in order to develop more secure and broadly-based East-West relations. In deciding to resume our academic, scientific and cultural exchanges with the Soviet Union, we not only acted in accord with our efforts to contribute to better East-West relations, we also took into account our own interests and needs. The program we have drawn up is very much on a mutually profitable basis.

Moreover, the resumption of these exchanges at last puts Canada in a similar position to its NATO allies, many of whom did not suspend such exchanges. In fact, since Afghanistan, Canada has been generally more conservative than many of its NATO allies in the reinstatement of suspended programs.

With respect to Afghanistan, we are bringing pressure to bear on the Soviet Union by other means. We do not accept the continued Soviet military intervention in that country nor its flagrant violations of human rights.

We are working hard to ensure a continuing and increasing international pressure on the U.S.S.R. *vis-à-vis* Afghanistan. The statements by the Secretary of State for External Affairs during the Shevardnadze visit and at the opening of the CSCE review meeting in Vienna leave absolutely no doubt about that.

While our sanctions against the U.S.S.R. were meant as a political signal that would have an immediate impact on that country, our sanctions against South Africa are intended to convince the South African authorities that they should

change their policies. Because of a different political and economic context, and South Africa's greater vulnerability, we believe there exists a possibility of real progress. We are hopeful that in his visit to that part of the world the Prime Minister (Mr. Mulroney) will be able to bring about some meaningful progress. I thank the Hon. Member for his intervention.

NATURAL RESOURCES—UTILIZATION OF NOVA SCOTIA AND NEW BRUNSWICK COAL IN ONTARIO—REQUEST FOR STUDY. (B) REQUEST FOR GOVERNMENT CONSIDERATION

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, I rise tonight with regard to a question I posed to the Deputy Prime Minister (Mr. Mazankowski) on December 10, 1986. At that time I asked about the utilization of Nova Scotia coal and New Brunswick coal in Ontario. At the time I was somewhat amazed, but not really surprised, that the Government had taken upon itself the initiation of a coal utilization study for western Canadian low-sulphur coal. With respect to the substance of the matter, I am happy to see that research and development in this very important area will take place, and has taken place, in terms of coal technologies and the utilization of coal.

But there is another region of the country that deserves some consideration by the Government of Canada. When the federal Department of the Environment, the Department of Transport and the Department of Energy, Mines and Resources combine their resources to look at one region of the country and purposefully forget about another entire region of the country whose coal reserves are somewhat substantial, then I say that something must be done. Indeed, the economic base of eastern Nova Scotia has been predicated on the utilization of coal, not only for the purposes of export markets, but also for the production of power in the Province of Nova Scotia. On that very day I directed a question to the Deputy Prime Minister as to whether any consideration was or will be given to the utilization of coal from the Atlantic area. He was not in a position to give me an undertaking, but he took it under advisement. I hope that today the Parliamentary Secretary or his representative will give the House a clear undertaking and commitment that studies will commence forthwith into the utilization of coal from eastern Nova Scotia and parts of New Brunswick, both for the purpose of Ontario Hydro and the purpose of the added-on value that will take place as a result of new coal technologies which may result from any investigation.

• (1820)

It is high time that the Government of the day stopped playing cheap, dirty politics in placing one region against another. To those of us who reside in Atlantic Canada, it seems that we are the brunt and the goat with regard to national policies taken by the Conservative Government of the Right Hon. Prime Minister (Mr. Mulroney).

I wish to give you two other examples, Mr. Speaker. The Minister of Finance (Mr. Wilson) placed a 30 per cent tax on the importation of Christmas trees from the United States. Who does it affect most negatively? The Province of Nova Scotia. What about the sovereignty issue with regard to the giving of the nine factory freezer licences to France to fish in an area in Newfoundland where Newfoundlanders have been told that they must conserve?

Now when we look at a Canadian resource, the Government has totally abandoned and forgotten eastern Nova Scotia, which is a region whose economic livelihood has been based on the utilization of coal. We are not asking for anything to which we are not entitled. We are just asking for fair treatment for the future so that the coal industry in those communities can be buttressed and embellished to create new jobs and wealth for the people in that area. How can it be done if the national Government refuses to recognize its importance, and refuses to spend dollars for research and development and the utilization of our coal in both domestic and international markets? It is very difficult to achieve those objectives that all people would like to see in eastern Nova Scotia, particularly in industrial Cape Breton.

I am disappointed that to date the Government has only moved on one front, that is for western coal. I am not against western Canadians. I am for western Canadians. But I am also for Atlantic Canadians. We do not like this unfair treatment. I echo those words not in a partisan way. There are members and union representatives of the United Mine Workers of America who have written to the Prime Minister, asking him to deliver on his election promises of 1984 and come up with an eastern Nova Scotia and New Brunswick Canadian low sulphur coal utilization study. Who knows what the results of that study may be. They may be very good for the economy of Canada. But stop forthwith this playing of one region against another. It is unfair, un-Canadian, and in breach of the intent of the Canadian Constitution which quite clearly states that all Canadians notwithstanding where they may reside should have an equal economic opportunity.

I say through you, Mr. Speaker, to the Parliamentary Secretary who will be responding tonight: Give us some answers. Give us an undertaking that you will utilize our coal in eastern Nova Scotia and New Brunswick. Stop playing one region against the other region because it is fundamental to the economic well-being of eastern Nova Scotia and New Brunswick. I would ask the Parliamentary Secretary, who I know has a great interest in energy-related matters, to give me that undertaking not two weeks from now, but tonight on the floor of the House of Commons.

• (1825)

Mr. Jack Shields (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, it is reprehensible that the Member for Cape Breton—East Richmond (Mr. Dingwall) would demean a very sincere representation he made to the Deputy Prime Minister (Mr. Mazankowski) on December 10 by his rhetoric tonight.

In response to a question in the House on December 10, 1986 from the Member for Cape Breton—East Richmond, the

Deputy Prime Minister indicated that he would take into consideration the Hon. Member's representation to consider the utilization of eastern Nova Scotia and New Brunswick coal in the Province of Ontario by Ontario Hydro.

As the Hon. Member knows, references the Deputy Prime Minister has made to western Canadian coal have been in response to the joint federal provincial task force on the use of western Canadian low sulphur coal in Ontario that was tabled in August of last year. This report was initiated in response to important environmental considerations, particularly acid gas emissions that result from the use of high sulphur coal.

As Ontario Hydro has to reduce its acid gas emissions by 50 per cent by 1994, the two levels of Government agreed to study the potential to meet these requirements by utilizing low sulphur coal in Canada. As well, Mr. Speaker, the Deputy Prime Minister has been meeting with all concerned parties in order to work toward a possible solution to some existing barriers to the project. The Deputy Prime Minister has met with union officials, Ontario Hydro officials, federal officials, and next month he will be meeting with Premier Peterson in order to discuss this proposal.

There are, for instance, transportation costs that must be dealt with in order to make this project a reality. Through the National Transportation Act we can reduce the unit costs in our transportation industry, whether it be by rail or lake vessel. We can be more competitive and attract more business, such as this, and ultimately create more jobs.

This project is one which this Government supports and one which I am sure the Hon. Member understands is good for the economy, good for the environment and good for Canadians.

The Hon. Member for Cape Breton—East Richmond suggested that the Government consider eastern coal from Nova Scotia and New Brunswick. Certainly this is an idea worth considering which, if possible, would also be good for regional development reasons and create jobs in a very depressed area. The environmental concerns that are the driving force behind the decision to use low sulphur coal in Ontario are, of course, central to the development of any proposal.

Officials are investigating the possible use of low-sulphur coal from regions in Canada and whether there are these important environmental benefits. I know all Parties support a proposal which will reduce environmental concerns and create important jobs across the country, and our Government has taken the lead to ensure that this can become a reality.

[*Translation*]

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 3(1).

The House adjourned at 6.28 p.m.